

Glossary of Terms

The federal definitions that follow are provided for use as a guide in the identification of fraud, abuse, and other criminal activity. Since the definitions cannot address every possible activity, questions as to whether an activity is reportable under this policy should be referred to your Regional Advisor for clarification and guidance.

Emergency is defined as a situation involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount much larger than \$50,000 (e.g. \$500,000).

Employee/Participant Misconduct are actions occurring during or outside work hours that reflect negatively on the Employment Development Department (EDD) or its mission, including, but not limited to: conflict of interest or the appearance of conflict of interest involving outside employment, business and professional activities; the receipt or giving of gifts, fees, entertainment, and favors; misuse of government property; and, misuse of official information and other activities that might adversely affect the confidence of the public in the integrity of the government as well as serious violations of federal and State laws.

Fraud, Misfeasance, Nonfeasance or Malfeasance is defined as any alleged deliberate action which may be in violation of government statutes and regulations. This category includes, but is not limited to, indications of bribery, forgery, extortion, embezzlement, theft of participant checks, kickbacks from participants or contractors, intentional payments to a contractor without the expectation of receiving services, payments to ghost enrollees, misuse of appropriated funds, misrepresenting information in official reports, and falsification of records and claims regarding trainees (e.g. knowingly enrolling ineligible participants). Criminal fraud is a type of larceny and is punishable under both federal and California law as a felony. Civil fraud is subject to tort actions under civil laws.

Gross Mismanagement is defined as any actions or situations arising out of management ineptitude or oversight and leading to a major violation of the legislative process, regulations, or contract/grant provisions. These actions or situations have the potential to severely hamper accomplishment of program goals, waste government resources, and jeopardize future support for a particular project. This category includes, but is not limited to, unauditible records, unsupported costs, highly inaccurate fiscal reports or program reports, payroll discrepancies, payroll deductions not paid to the IRS or the State of California, and lack of good internal control procedures.

Incident Report is the primary form for reporting instances of fraud, misapplication of funds, gross mismanagement, and any other incidents of known or suspected criminal or other serious activities.

Misapplication of Funds is defined as any alleged deliberate use of funds, assets or property not authorized or provided for by legislation or regulations, grants, or contracts. This category includes, but is not limited to, nepotism, political patronage, use of participants for political activity, ineligible enrollees, conflict of interest, failure to report income from federal funds, violation of contract/grant procedures, the use of government funds for other than specified purposes, and the use of WIA funds for other than WIA purposes. Indian and Native American programs are excluded from the nepotism category, as cited in Section 632.118 of 20 CFR Part 632, Subpart F of the WIA regulations.

Note: An incident report should be filed when there appears to be an intent to misapply funds rather than merely for a case of minor mismanagement.

Standard of Conduct Violations are violations of terms and conditions stipulated in the subgrant agreement. The relevant stipulations in the subgrant agreement are General Assurances, Employment of Former State Employees, Conducting Business Involving Relatives, Conducting Business Involving Close Personal Friends and Associates, Avoidance of Conflict of Economic Interest, and Maintenance of Effort.

OIG Hotline: The OIG operates the hotline to receive and process allegations of fraud, waste, and abuse concerning grants, contracts, programs and operations. The OIG also uses the hotline to address allegations of criminal activity and serious misconduct involving government employees.

Note: The OIG Hotline should NOT be used for resolving employee grievances, Equal Employment Opportunity complaints, labor disputes, or other personnel concerns.