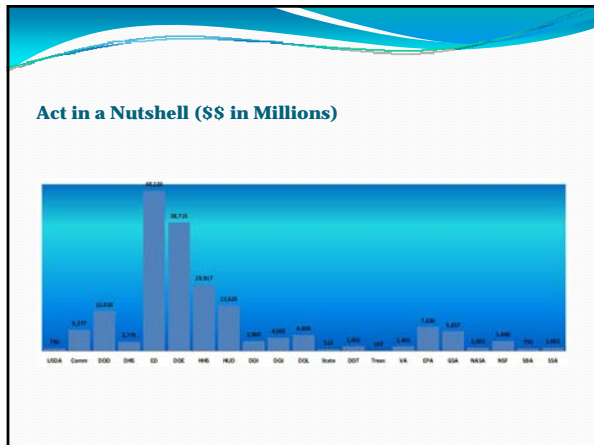




American Recovery and Reinvestment Act of 2009

Federal Inspectors General Oversight Responsibilities



Inspector General Funding

HUD	\$15 MILLION	DOJ	\$ 2 MILLION
USDA	\$22 MILLION	DOD	\$ 15 MILLION
COMMERCE	\$ 6 MILLION	GSA	\$ 7 MILLION
EPA	\$ 20 MILLION	VA	\$ 1 MILLION
HHS	\$17 MILLION	SSA	\$ 2 MILLION
DOT	\$20 MILLION	STATE	\$ 2 MILLION
SBA	\$10 MILLION	GAO	\$25 MILLION
DHS	\$ 5 MILLION	BOARD	\$84 MILLION
INTERIOR	\$15 MILLION		
TREASURY	\$ 7 MILLION		
LABOR	\$ 6 MILLION		
EDUCATION	\$14 MILLION		
TOTAL:		\$ 295 MILLION	



Overview of Recovery Act Board

Recovery Accountability and Transparency Board

The Board is responsible for coordinating and conducting oversight of Federal spending under the Recovery Act to prevent waste, fraud, and abuse.

- **Members:** President Appointed Chair and Designated IG s
- **Functions:** Monitor the *accountability objectives* established by the Recovery Act
- **Reports:** Submitted to the President, Congress and the Senate/House Appropriations Committees
 - Flash
 - Quarterly
 - Annual
- **Website**

Recovery Act Board

- **Earl E. Devaney** Chairman
- **Phyllis K. Fong** IG Agriculture
- **Todd J. Zinser** IG Commerce
- **Gregory H. Friedman** IG Energy
- **Daniel Levinson** IG Health and Human Services
- **Richard L. Skinner** IG Homeland Security
- **Glenn A. Fine** IG Justice
- **Calvin L. Scovel, II** IG Transportation
- **Eric M. Thorson** IG Treasury
- **J. Russell George** Treasury IG for Tax Admin
- **Mary Mitchelson** IG Education

Board Description

- Mission of providing oversight and promoting transparency
- Quarterly and annual reports on the use of Recovery Act funds and any oversight matters
- Makes recommendations to agencies to avoid problems and prevent fraud, waste and abuse.
- Sends Flash reports to the President and Congress on potential management and funding problems that require immediate attention.
- Runs a user friendly website, Recovery.gov, to foster greater accountability and transparency in the use of covered funds.

Board's Mission

- **Education:** Explain the American Recovery and Reinvestment Act;
- **Transparency:** Show how, when, and where the money is spent;
- **Accountability:** Provide data that will allow citizens to evaluate the Act's progress and provide feedback.

Act Section 1523. Functions of the Board

- **GENERAL—** coordinate and conduct oversight of covered funds in order to prevent fraud, waste, and abuse.
- **SPECIFIC** include reviewing—
 - Whether contracts and grants meet standards
 - Whether competition has been satisfied
 - Whether matters are appropriate for investigation and refer to agency IG
 - Whether there are sufficient qualified oversight personnel
 - Whether personnel have adequate training
 - For appropriate interagency collaboration

Act Section 1523. Powers of the Board

- Conduct audits and reviews and coordinate with the IGs of the relevant agency to avoid
- Has all IG authorities
- Issue subpoenas to compel testimony
- Hold public hearings

Act Section 1514 INSPECTOR GENERAL REVIEWS

- Any inspector general of a Federal department or executive agency shall review, as appropriate, any concerns raised by the public about specific investments using funds made available in this Act.
- Any findings of such reviews not related to an ongoing criminal proceeding shall be relayed immediately to the head of the department or agency concerned.
- The findings of reviews and any audits conducted by any inspector general of funds made available in this Act, *shall be posted on the inspector general's website and linked to Recovery.gov*

Act Section 1515 Access Of Inspectors General to Certain Records and Employees

With respect to each contract or grant awarded using covered funds, any representative of an inspector general is authorized-

- To examine any records of the contractor or grantee, any of its subcontractors or subgrantees, or any State or local agency administering such contract, that pertain to, and involve transactions relating to, the contract, subcontract, grant, or subgrant; and
- To interview any officer or employee of the contractor, grantee, subgrantee, or agency regarding such transactions.

Act Section 1527 Independence of IGs

- "Nothing in this subtitle shall affect the independent authority of an inspector general . . ."
- If the Board requests that an inspector general conduct or refrain from conducting an audit or investigation and the inspector general rejects the request in whole or in part, the inspector general shall, not later than 30 days after rejecting the request, submit a report to the Board, the head of the applicable agency, and the congressional committees of jurisdiction, including the Committees on Appropriations of the Senate and House of Representatives. The report shall state the reasons that the inspector general has rejected the request in whole or in part. The inspector general's decision shall be final.

Act Section 1528. Coordination with the Comptroller General and State Auditors.


The Board shall coordinate its oversight activities with the Comptroller General of the United States and State auditors.

Section 1553 Protecting State and Local Government and Contractor Whistleblowers

- IGs must investigate whistleblower complaints within 180 days
- Report semi-annually *those investigations for which the inspector general went beyond 180 days.*
- Report semi-annually *those investigations the inspector general decided not to conduct or continue under this paragraph.*

Act Section 1530 Termination of the Board

- **The Board shall terminate on September 30, 2013.**



Board Website

User-friendly and public website containing:


1. Materials explaining what Act means to citizens
2. Accountability information , including findings from audits, Agency IGs, and GAO
3. Data on relevant economic, financial, grant and contract information
4. Detailed data on awarded contracts that expend funds including information on competitiveness and process used for contract award, and summaries for contracts over \$500,000.
5. Printable reports on covered funds obligated by month to each state and congressional district
6. A method for public feedback on contract performance

Board Website

7. Detailed information on Federal government contract/grant expending funds
8. A link to estimate of jobs sustained/created by Act
9. A link to information on announcements of grant competitions and solicitations for contracts to be awarded
10. Links to other state and government websites with info on covered funds

Board Website

- 11. The plan from each federal agency using covered funds
- 12. Info on federal allocation of formula grants & awards of competitive grants using covered funds.
- 13. Info on federal allocations of mandatory & other entitlement programs by State, country of geographical unit.
- 14. Job opportunities organized by location, and links to accessing job opportunities, with local employment agencies, State job banks, Labor Dept Career One Stop website, state, local and other public agencies plus contracted private firms receiving Federal funding



**Overview
of OMB Guidance
for the
Recovery Act 2009**

OMB Guidance Table of Contents

- SECTION 1 - GENERAL INFORMATION
- SECTION 2 - AGENCY PLANS AND PUBLIC REPORTING
- SECTION 3 - GOVERNANCE, RISK MANAGEMENT, AND PROGRAM INTEGRITY
- SECTION 4 - BUDGET EXECUTION
- SECTION 5 - GRANTS AND COOPERATIVE AGREEMENTS
- SECTION 6 - CONTRACTS
- SECTION 7 - LOANS AND LOAN GUARANTEES

- APPENDIX 1 - DETAILED INSTRUCTIONS ON TRANSMITTING MATERIALS
- APPENDIX 2 - AGENCY RECOVERY RELATED WEB PAGES
- APPENDIX 3 - AGENCY AND PROGRAM DATA ELEMENTS
- APPENDIX 4 - RISK CONSIDERATIONS
- APPENDIX 6 - AGENCY RISK TEMPLATE
- APPENDIX 7 - COUNCIL ON ENVIRONMENTAL QUALITY NEPA REPORTING GUIDANCE
- APPENDIX 8 - INTERIM FAR RULES
- APPENDIX 9 - INTERIM FINAL GUIDANCE FOR FEDERAL FINANCIAL ASSISTANCE

Accountability Objectives

- Funds awarded/distributed in prompt, fair, and reasonable manner
- Uses and benefits of funds are reported clearly, accurately, timely and are transparent to the public
- Fraud, waste, abuse and errors are mitigated
- Funded projects avoid cost overruns and delays
- Program goals are achieved with specific outcomes and improved results

Risk Management

- Involves oversight by the Recovery Accountability and Transparency Board (RAT) Board
- Agencies must initiate risk mitigations strategies to address:
 - Audits-Investigations of Recovery Act funds to identify wasteful spending and minimize fraud, waste and abuse.
 - Qualified personnel overseeing Recovery Act funds
 - Competitive awards maximized
 - Timely expenditure of funds
 - Cost overruns minimized
 - Improper payments minimized

Risk Management for *individual programs* receiving funds includes:

- Programs receiving (or providing) the most funding
- Clear and Measureable program outputs and outcomes
- Existing resources are sufficient to achieve program objectives
- Final recipient(s) of funds are identified (i.e., contractor, subcontractor, state, locality, educational institution)

Risk Management for *individual programs* receiving funds includes:

- Existing internal controls are sufficient to adequately mitigate the risk of fraud, waste, and abuse
- Agencies must have *defined strategies, developed with input from the Inspector General* for the agency, to prevent or timely detect waste, fraud, or abuse.
- Possible performance issues with (potential) funding recipients
- Leading or lagging indicators (error measurements) to monitor ongoing program performance

4.20 Do Inspectors' General need to follow special rules in reporting their own Recovery Act spending?

Yes.

- *separately report obligations* associated with oversight of Recovery Act programs. The Recovery Act includes provisions that provide supplemental funding to some IGs to carry out additional oversight of activities funded by the Act.
- report these funds *separately in their budget execution reports and submissions to Recovery.gov.*
- *report other funds* not provided through the Recovery Act that are *used to monitor Recovery Act programs in their agency.*

5.4 Are Federal agencies expected to initiate additional oversight requirements for grants to comply with grant rules and regulations?

- Yes.
- Agencies in *consultation with the Inspectors General*, shall establish procedures to validate the accuracy of information submitted on a statistical basis and/or risk based approach as approved by OMB.
- Consistent with normal practices, agencies must use appropriate internal control assessments to assess the *risk* of program waste, fraud, and/or abuse. Using the aforementioned risk assessments, agencies must have defined strategies, *developed with input from the Inspector General* for the agency, to prevent or timely detect waste, fraud, or abuse.

5.6 What audit tools will be used to drive accountability for Federal awards under the Recovery Act?

- In addition to *single audits*, OIGs will use *risk assessment techniques* where data is available to identify high risk programs and non-Federal entities to be targeted for priority audits, inspections, and investigations with faster turnaround reporting.
- Single audits normally are not received until at least 9 months after the end of the non-Federal entity's fiscal year. *OIG audits can be completed and reported on more of a real time basis.*
- OIGs will *perform audits and inspections* of their respective agencies awarding, disbursing, and monitoring of Recovery Act *funds to determine whether safeguards exist to for funds to be used for their intended purposes.*

5.7 What steps will be taken to make Single Audits effective in promoting accountability of Recovery Act grants?

- OMB will use the OMB Circular A-133 Compliance Supplement to notify auditors of compliance requirements which should be tested for Recovery Act awards. OMB will issue interim updates as necessary to keep Recovery Act requirements current.
- Offices of Inspectors General will reach out to the auditing profession and *provide technical assistance and training* as well as *perform quality control reviews* to ensure single audits are properly performed and improper payments and other non-compliance is fully reported. OIGs will perform follow-up reviews of Single Audit quality with emphasis on Recovery Act funds and report the results on Recovery.gov.

Are Federal agencies expected to initiate additional oversight requirement for grants (Sec 5.4) and loans/loan guarantee (Sec 7.3) under the Recovery Act

Performance Management and Accountability
Agencies in consultation with the Inspectors General, shall establish procedures to validate the accuracy of information submitted on a statistical basis and/or risk based approach as approved by OMB.

Internal Controls Assessment
 Consistent with normal practices, agencies must use appropriate internal control assessments to assess the risk of program waste, fraud, and/or abuse. Using the aforementioned risk assessments, *agencies must have defined strategies, developed with input from the Inspector General for the agency, to prevent or timely detect waste, fraud, or abuse.*

5.7 What steps will be taken to make Single Audits effective in promoting accountability of Recovery Act grants.

- OIGs will reach out to the auditing profession and *provide technical assistance and training* as well as *perform quality control reviews* to ensure single audits are properly performed and improper payments and other non-compliance is fully reported.
- OIGs will *perform follow-up reviews of Single Audit quality* with emphasis on Recovery Act funds and *report the results on Recovery.gov*.
- It is anticipated that this review will be performed for *fiscal years ending between June 30, 2010 and 2011* which will cover the majority of the Recovery Act awards.

5.8 How will transparency be provided for the results of Single Audits?


- For fiscal years ending September 30, 2009 and later, *all Single Audit reports filed with the Federal Audit Clearinghouse (FAC) will be made publicly available on the internet*. A link will be provided from Recovery.gov.
- Federal agencies will review Single Audits of Recovery Act funding and *provide a synopsis of audit findings relating to obligations and expenditures of Recovery Act funding*.

5.9 Are there terms and conditions, beyond standard practice, that must be included under the Recovery Act?

- **Include the requirement that each grantee or sub-grantee awarded funds made available under the Recovery Act shall promptly refer to an appropriate inspector general any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.**

7.4 Are there terms and conditions, beyond standard practice, that must be included in loan and loan guarantee agreements under Recovery Act?

- In addition, agencies shall establish requirements that recipients of awarded funds made available under the Recovery Act shall promptly refer to an appropriate inspector general any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.**



**American Recovery and Reinvestment Act of 2009
HUD IG Preliminary Plan**

Office of Audit

Action Plan

Overall plan is to quickly review for Risk and Capacity of Both HUD and funding recipients.

Goal is for several audits involving fund allocation and capacity issued in time for inclusion in the September 30, 2009 Semiannual.

HUD Implementation of the Recovery Act Funds (#13.61B)	
Promoting Energy Efficiency and Creating Green Jobs	
Public Housing	\$4B
Native American Housing Grants	\$510M
Assisted Housing Energy Refit	\$250M
Lead Hazard Reduction	\$100M
	4.860B
Supporting Shovel-Ready Projects and Assisted Housing Improvements	
Tax Credit Assistance	\$2.25B
Community Development Block Grants	\$1.0B
Project-Based Rental Assistance	\$2.0B
	\$5.25B
Promoting Stable Communities and Helping Families Hardest Hit by the Economic Crisis	
Neighborhood Stabilization Program	\$2.0B
Homelessness Prevention	\$1.5B
	\$3.5B

HOUSING FUNDING SUMMARY	
PUBLIC HOUSING CAPITAL FUND	\$4 BILLION
GREEN ASSISTED HOUSING	\$350 MILLION
SECTION 8 PROJECT BASED	\$1 BILLION
CDBG	\$1 BILLION
NEIGHBORHOOD STABILIZATION	\$1 BILLION
HOME (TCAP)	\$2,350 BILLION
EMERGENCY SHELTER GRANTS	\$1,200 BILLION
NATIVE AMERICAN BLOCK GRANTS	\$20 MILLION
LEAD HAZARD GRANTS	\$100 MILLION
WEATHERIZATION GRANTS	\$5 BILLION
ENERGY CONSERVATION GRANTS	\$6,300 BILLION
CDFI	\$100 MILLION
RURAL HOUSING	\$200 MILLION
FEMA	\$100 MILLION
INDIAN PROGRAMS	\$40 MILLION
VETERANS	\$50 MILLION
TRANSITIONAL FOR WOMEN	\$50 MILLION
MILITARY	\$969.6 MILLION
TOTAL	\$26,411.6 BILLION

Action Plan – Timely Reporting

- Memo Reports (no GAGAS Statement)
- Interim Reports (Significant Findings)
- Focused Objectives
- Shared Audit Programs
- Shared Audit Reports
- Trimmed audit process

Office of Audit

Action Plan

- Formula funding review as part of Financial Statement audit with eye to publishing a Recovery Act Report(s).

Office of Audit

Action Plan

- Determine what systems HUD plans to use and review developing RAMP system. (ISAD Audit)

Office of Audit

Action Plan

Front End Risk Assessment Reviews

- Use OMB Guidance & Recovery Act

Office of Audit

Action Plan
Capacity/Risk Assessment Reviews

- Target known auditees using existing work and FY 09 Audits
- Additional work for a Capacity Audit
- Target date – select one or more from each region for inclusion in 9/30 Semiannual.

Office of Audit
