



Accountability Objectives of the Recovery Act

- Funds are awarded & distributed in a prompt, fair, & reasonable manner;
- The recipients & uses of all funds are transparent to the public, & the public benefits of these funds are reported clearly, accurately, & in a timely manner;
- Funds are used for authorized purposes & instances of fraud, waste, error, & abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays & cost overruns; &
- Program goals are achieved, including specific program outcomes & improved results on broader economic indicators.

Recovery Act Reporting

Reporting Requirements	Period
Major Communications	immediate
Funding Notification Report	immediate
Weekly Financial & Activity Report	weekly
Award-level Reporting (as required for USASpending.gov)	immediate
Agency-wide Recovery Act Plans	Draft 5/1
Program-specific Recovery Act Plans	Final 5/15
Recipient Reporting	Starting 10/10

GAO's Oversight Role

- Recovery Act requires GAO to “conduct bimonthly reviews and prepare reports on such reviews on the use by **selected States and localities** of funds made available in this Act.”
- Strategy
 - Longitudinal study of 16 states & D.C.
 - Selection criteria based on the stated purposes of the Recovery Act
 - Additional states may be added/Ongoing GAO work
 - Localities sampled within selected states
 - GAO senior executives to coordinate with each selected state

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GAO's Recovery Act Reporting Strategy

- Bimonthly reports on State & local use of funds
- Comment (with CBO) on quarterly recipient reports
- Other reporting mandates, such as:
 - Appointments to the Health Information Technology Policy Committee
 - SBA efforts to increase liquidity in the secondary market
 - Current & past economic downturns since 1974- lessons learned

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GAO Coordination of Oversight Activities

- A non-duplicative, risk-based approach
 - Federal IG's: federal programs/agencies
 - State & local auditors provide on-the-ground perspective
 - Recovery Accountability & Transparency Board
 - National state associations

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April Bi-Monthly Reporting Objectives

- How are states & localities planning to spend Recovery Act funds consistent with the stated purposes of the Act?
- What safeguards and monitoring is in place to guard against mismanagement & waste, fraud, & abuse?
- What are the selected states and localities' plans to evaluate impact of Recovery Act programs, projects, & activities?

**April Bi-Monthly Report:
What We Found**

- On use of funds:
 - Of the estimated \$49 billion in fiscal year 2009 federal outlays for programs administered by states and localities, about 90% will be for health, education, & transportation
 - The focus of our first bi-monthly was on the three largest programs in these areas:
 - Increased Medicaid FMAP (\$87 billion)
 - State Fiscal Stabilization Fund (~\$54 billion)
 - Highway Infrastructure Investment (\$27 billion)
 - State efforts are on planning, funds beginning to be made available, but few obligations to date

**April Bi-Monthly Report:
What We Found**

- On safeguards:
 - In selected states & D.C. various approaches are being taken to evaluate program vulnerabilities & to address risks
 - Officials in most states & D.C. expressed concerns about proper implementation & management of Recovery Act funds with declining revenue & reduced staff capacity
 - State auditors are planning to focus on Recovery Act programs & funding through design & early testing in advance of significant expenditures expected in 2010
- On impact of Recovery Act funding:
 - Officials are expecting more guidance on recipient reporting requirements, in particular approach to jobs retained & created

Recommendations

- **Accountability & Transparency Requirements**
 - Adjust the single audit act process
 - Identify methodologies to determine jobs created & retained
 - Evaluate current data collection before adding further requirements
- **Administrative Support & Oversight**
 - Clarify what Recovery Act funds can be used to support these activities
- **Communication**
 - Provide timely notification: to states for funding to state agencies & localities & to all recipients on planned releases of federal guidance

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GAO Recovery Act Information

- April 2009 Bi-Monthly Report [GAO-09-580](#)
 - Recovery Act: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential
- GAO Recovery Act website: <http://www.gao.gov/recovery>

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