

**American Recovery and Reinvestment Act of 2009:  
Office of Inspector General's  
Strategy for Promoting Accountability  
and Challenges Facing the  
Department of Transportation**



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**OIG-Wide Recovery Act Initiatives**

- Established the Accountability Committee and the Recovery Funds Working Group/Committee to assist the Recovery Board in its mission of coordinating and conducting oversight of ARRA funds.
- Focused oversight efforts on contract & grant activities, and quality of recipient data.

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**Recovery Funds Working Group  
Completed Projects**

- Summary of IG Reports on Federal Agencies' Data Quality Processes (Dec 2009)
- Recovery Act Data Quality: Errors in Recipients' Reports Obscure Transparency (February 2010)
- Review of Contracts and Grants Workforce Staffing and Qualifications in Agencies Overseeing Recovery Act Funds (March 2010)

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**Recovery Funds Working Group Ongoing  
Projects**

- Review of the Effectiveness of Agencies' Data Quality Review Processes (underway)
- Review of the Accuracy of Recipient Reporting (underway)

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**OIG's Risk-Based Strategy for Overseeing  
the Recovery Act: 3 Phased Approach**

- **Phase 1:** Conduct comprehensive review of prior work to identify major challenges facing DOT and ongoing work with a direct link to the Recovery Act (completed - issued March 2009 comprehensive report)
- **Phase 2:** Conduct structured reviews, or scans, of DOT agencies to identify vulnerabilities (completed - issued November 2009 comprehensive report)
- **Phase 3:** Conduct audits of high-risk areas based on prior work and new areas identified during our scans (13 audits under way)

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**Results of Phase 1 Comprehensive Report:  
Major Challenges Facing DOT**

- Based on our review of prior work, we saw three major Recovery Act oversight challenges facing DOT:
  - Ensuring that DOT's grantees properly spend Recovery Act funds.
  - Implementing new accountability requirements and programs mandated by the Recovery Act in an effective manner.
  - Combating fraud, waste, and abuse.
- Linked each challenge to 10 focus areas where prior work highlighted vulnerabilities.

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## Phase 2: Agency Scans to Identify Major Vulnerabilities and Needed Improvements or Course Corrections

- Evaluated vulnerabilities that could impede DOT's ability to (1) provide effective oversight to recovery program projects and (2) meet new requirements mandated by the Recovery Act and OMB, including financial and job creation reporting.
- Conducted scans at 5 modal administrations receiving recovery funds: Highways, Railroad, Transit, Maritime, and Office of the Secretary.
- Used a standardized methodology, including assessment of actions DOT has taken or planned to address our 10 focus areas.

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## Phase 2 Results: Two Types of Oversight Vulnerabilities Facing DOT

- Vulnerabilities that require
  - Immediate action to mitigate a documented risk of tasks that should be finalized ASAP, or
  - Sustained focus, because of their complexity, size or scope, although no deficiencies may be evident now.

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## Phase 2 Results: DOT Areas with Vulnerabilities

- (1) project selections for existing programs;
- (2) project and contract oversight for existing programs;
- (3) new programs created by ARRA; and
- (4) newly mandated reporting requirements.

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## ARRA Advisories Used to Provide Timely Reporting of Results and Affect Change

- Developed new reporting format to expeditiously communicate results to ensure that DOT, Congress, and taxpayers have real-time information related to our Recovery Act work.
- Issued advisories to DOT as we identify vulnerabilities that warrant immediate attention—three advisories issued to date.

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## Phase 3: Long-term Audit Plan Focusing on High-Risk Areas

- Use the results of agency scans to identify new areas that warrant additional work and reporting based on potential risks.
  - 3 reports issued
  - 13 audits underway
  - 11 additional audits planned for FY 10

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## Investigative Oversight Approach

- Conducting fraud prevention and awareness briefings.
- Independently assessing risks.
- Developing relationships with agency officials.
- Collecting data that can be analyzed to identify the potential for fraud.

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## Next Steps

- Continue to collaborate and coordinate with the accountability community as we move forward with audits and investigations.
- Focus on the Department's oversight efforts at the state and local area.
- Issue ARRA Advisories, as needed.
- Pursue indictments and convictions.

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## For More Information

See <http://www.oig.dot.gov/recovery>

- Audit Announcements, Reports, and Testimonies
- Whistleblower Protection
- Monthly ARRA Financial & Activity Report
- Economic Recovery Oversight Plan and Audit Plan
- OIG-wide info:  
<http://www.recovery.gov/Accountability/inspectors>

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