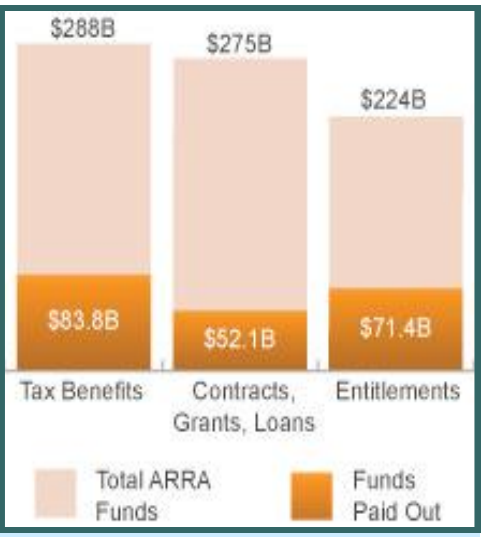
RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD

2009 PERFORMANCE AND ACCOUNTABILITY REPORT

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD



Education | **Oversight** | **Transparency**

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On Feb. 17, the President signed into law, the American Recovery and Reinvestment Act of 2009 and ushered in a new era in government accountability and transparency. Shortly thereafter, President Obama appointed me as Chairman of the Recovery Accountability and Transparency Board, which was established by the Act. I accepted the job for one simple reason. To become part of a historic exercise to develop a new model for transparency and accountability of government spending.

In the nine months since the signing of the Act, much attention has been focused on the Recovery Board's efforts to fulfill what the Board members and I view as a dual mission. First, we established a user-friendly website designed to foster historic levels of transparency on Recovery spending. Second, we coordinated oversight of Recovery funds to help minimize fraud, waste, and abuse.

I am pleased to submit the Recovery Board's FY 2009 Performance and Accountability Report. This report highlights our accomplishments in these two critical areas and provides our financial condition in relation to our mission and the responsibilities given to us in the Recovery legislation.

Where We've Been

Starting a new government agency is a formidable task under the best of circumstances. But if, at the same time, the agency being created is designated to watch over the expenditure of the largest federal spending initiative ever undertaken, the challenges increase exponentially. Developing the infrastructure necessary to accomplish a charge this broad could easily have taken a year or two, but that timetable was unacceptable. The Recovery Act required a quick set-up and there was simply no room for delay.

The Board was established from the ground up, and a team of professionals was assembled to take on the work ahead. The Board's staff initially worked from existing offices at the Interior Department. In two months, the staff found permanent office space. Routine, yet time-consuming tasks—as well as the more difficult ones—were performed with minimal personnel at an expedited pace.

The Board members and I went to work creating governing documents and establishing three standing committees. The committees quickly executed two major initiatives—website development and an accountability program. We also established close ties with the Recovery Funds Working Group, which had previously been constituted under the auspices of the Council of Inspectors General on Integrity and Efficiency (CIGIE) and includes all 29 IGs with Recovery oversight responsibilities.

What We've Done

The first version of Recovery.gov was ready to go live the moment the President signed the Recovery Act into law. Since, the original website did not have enough transparency and information features to give the fullest details of Recovery spending, the Board sought the assistance of a non-profit research organization to provide an in-depth analysis of the original website. The evaluation concluded that significant improvements were needed to provide accountability and transparency on spending and contracting, as envisioned by the Recovery Act.

The Board's information technology staff developed two new websites – one to collect volumes of data never before reported by recipients of grants, loans and contracts awarded by 28 federal agencies, and the other to manage and display the information in an easy-to-use and useful format.

Getting to this point required collective efforts of Board members, staff, and our federal partners. It involved maximizing public input, leveraging existing technology, expediting the writing of specifications, objectives and technical design requirements for the website redesign, and partnering with federal agencies to speed the advertisement and competitive bidding process for the contract.

As a result, thousands of recipients of Recovery funds were able to submit data reports to the federal government by the October 10 deadline. That data was then posted on our website, Recovery.gov giving citizens a way to see how their tax dollars are being spent on Recovery projects.

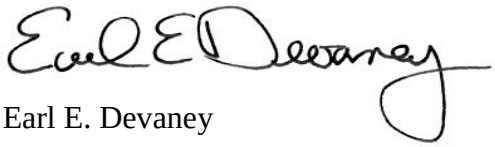
The job of monitoring Recovery spending is not simple, but we have a plan and we are implementing it. We have developed a strong network of personal contacts among senior procurement executives across the federal government, forged solid working relationships with federal, state and local oversight entities, led vigorous reviews of contracts and recipient data reports, and encouraged "Citizen IGs" who live in the neighborhoods where Recovery dollars are being spent to join in the oversight effort.

The specifics of our accomplishments are detailed in later sections of this report.

Where We're Going

The American Recovery and Reinvestment Act is an extraordinary response to a crisis unlike any since the Great Depression. In a perfect world, all of the accountability, transparency, and training efforts would stop fraud and waste dead in their tracks. But given the large amount of money involved, the variety of projects being funded and the speed with which contracts and grants are being awarded, that is not realistic. We have to ensure that the economic stimulus does not become the springboard for fraudulent activity. To do this, we will pursue several strategies. We will continue to partner with the IG community and federal, state and local agencies to educate stakeholders on preventive and proactive measures, employ leading-edge technological solutions to perform risk-based assessments, encourage millions of "Citizen IGs" all over the country to find and report potential abuses on the website, and promote swift enforcement action when serious problems arise.

The accomplishments of the Board and its staff reflect a well-managed, fully accountable organization. The information we present in this report is fundamentally complete and reliable as required by the Office of Management and Budget guidance. As we move into this next phase, we do so with a high-performing team, a sound strategic plan, and a commitment to fulfill our dual mission of providing accountability and transparency for Recovery Act funds.

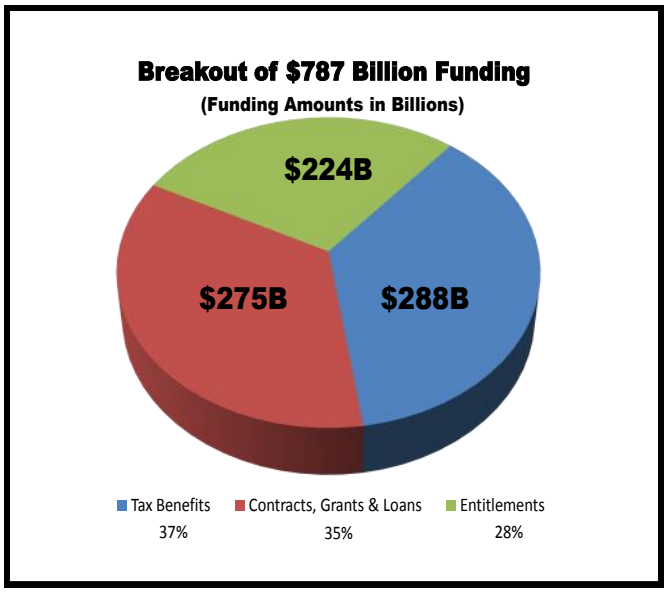


Earl E. Devaney

Tennessee Department of Transportation crews install Recovery Act logo signage along state Route 66 in Sevier County, Tennessee. Photo courtesy of Tennessee Department of Transportation.

MANAGEMENT DISCUSSION and ANALYSIS

Agency Overview



The Recovery Accountability and Transparency Board (the Recovery Board) was established on Feb. 17, 2009, when the President signed the American Recovery and Reinvestment Act of 2009 (Recovery Act) into law. The Board is the watchdog for the American public on the use of Recovery Act funds. Chairman Earl E. Devaney and the Inspectors General (IGs) who serve on the Recovery Board are charged with developing a system of transparency and accountability for the $787 billion Recovery initiative. Although only 12 agency IGs serve on the Recovery Board, a total of 28 federal agencies received Recovery monies and 29 Inspectors General are involved in oversight of those agency spending programs (see Exhibit 1).

The Recovery Board received $84 million in Recovery funds to carry out its dual mission of establishing and maintaining a user-friendly website to show the American people how and where their money is being spent and coordinating and conducting oversight of Recovery funds to help minimize fraud, waste, and abuse. For more information on the legislation, please visit:

From the American Recovery and Reinvestment Act of 2009. Subtitle B, section 1521 – "There is established the Recovery and Transparency Board to coordinate and conduct oversight of covered funds to prevent fraud, waste, and abuse".

http://www.recovery.gov/About/Pages/The_Act.aspx.

The Board's office is located in Washington, DC.

Exhibit 1

AGENCIES & OIGS WITH RECOVERY FUND OVERSIGHT

NAME	RECOVERY AGENCY	INSPECTOR GENERAL OVERSIGHT	RECOVERY BOARD MEMBER *
Agency for International Development	✓	✓	
Amtrak		✓	
Corporation for National and Community Service	✓	✓	
Department of Agriculture	✓	✓	✓
Department of Commerce	✓	✓	✓
Department of Defense	✓	✓	✓
Department of Education	✓	✓	✓
Department of Energy	✓	✓	✓
Department of Health and Human Services	✓	✓	✓
Department of Homeland Security	✓	✓	✓
Department of Housing and Urban Development	✓	✓	
Department of the Interior	✓	✓	✓
Department of Justice	✓	✓	✓
Department of Labor	✓	✓	
Department of State	✓	✓	
Department of Transportation	✓	✓	✓
Department of Treasury	✓	✓	✓
Department of Veterans Affairs	✓	✓	
Environmental Protection Agency	✓	✓	
Federal Communications Commission	✓	✓	
General Services Administration	✓	✓	
National Aeronautics and Space Administration	✓	✓	
National Endowment for the Arts	✓	✓	
National Science Foundation	✓	✓	
Railroad Retirement Board	✓	✓	
Small Business Administration	✓	✓	
Smithsonian Institution	✓	✓	
Social Security Administration	✓	✓	
Treasury Inspector General for Tax Administration		✓	✓
US Army Corps of Engineers	✓		
Total Participating	**28**	**29**	**12**

Inspectors General Who Serve on the Recovery Board

MISSION

Mission of the Board

- Provide the public with unprecedented transparency of Recovery spending and job creation (Recovery.gov)

- Provide oversight of Recovery spending to prevent fraud, waste, and abuse

POWERS & FUNCTIONS

To fulfill its oversight mission, the Board was given specific powers and functions under the Recovery Act.

Powers - The Board can:

- ✓ Audit and review stimulus spending either on its own or in collaboration with federal Inspectors General.
- ✓ Issue subpoenas to carry out its audit and review responsibilities.
- ✓ Refer instances of fraud, waste, and mismanagement to federal Inspectors General.
- ✓ Hold public hearings and compel testimony through subpoenas.
- ✓ Enter into the contracts for audits, studies, analyses and other services with public agencies and private entities.

Functions - The Board shall:

- ✓ Review whether there are sufficient and qualified acquisition and grant personnel overseeing Recovery Act funds.
- ✓ Submit quarterly and annual reports to the President and Congress as well as "flash reports" on potential problems that require immediate attention.
- ✓ Make all reports publicly available through the Recovery.gov website.
- ✓ Make recommendations to federal agencies on measures to prevent fraud, waste, and mismanagement of Recovery Act funds.

Recovery Board Members

The 13- member Board is charged with developing a system of transparency and accountability for the Recovery Act funds.

Richard L. Skinner - Vice Chair of the Recovery Board and Inspector General, Department of Homeland Security. Accountability Committee Chair.

Phyllis K. Fong: Inspector General, Department of Agriculture. Member, Recovery Funds Working Group Committee.

J. Russell George: Treasury Inspector General for Tax Administration. Recovery.gov Committee Chair.

Earl E. Devaney - Chairman of the Recovery Board.

Glenn A. Fine: Inspector General, Department of Justice. Vice Chair, Accountability Committee.

Gregory H Friedman: Inspector General, Department of Energy. Member, Accountability Committee.

Gordon S. Heddell: Inspector General, Department of Defense. Member, Recovery.gov Committee.

Recovery Board Members

Mary Kendall: Acting Inspector General, Department of the Interior. Member, Recovery Funds Working Group Committee.

Mary Mitchelson: Acting Inspector General, Department of Education. Member, Accountability Committee.

Eric Thorson: Inspector General, Department of Treasury. Vice Chair, Recovery Funds Working Group Committee.

Daniel R. Levinson: Inspector General, Department Health and Human Services. Vice Chair, Recovery.gov Committee.

Calvin L. Scovel III: Inspector General, Department of Transportation. Recovery Funds Working Group Committee Chair.

Todd J. Zinser: Inspector General, Department of Commerce. Member, Recovery.gov Committee.

Organization

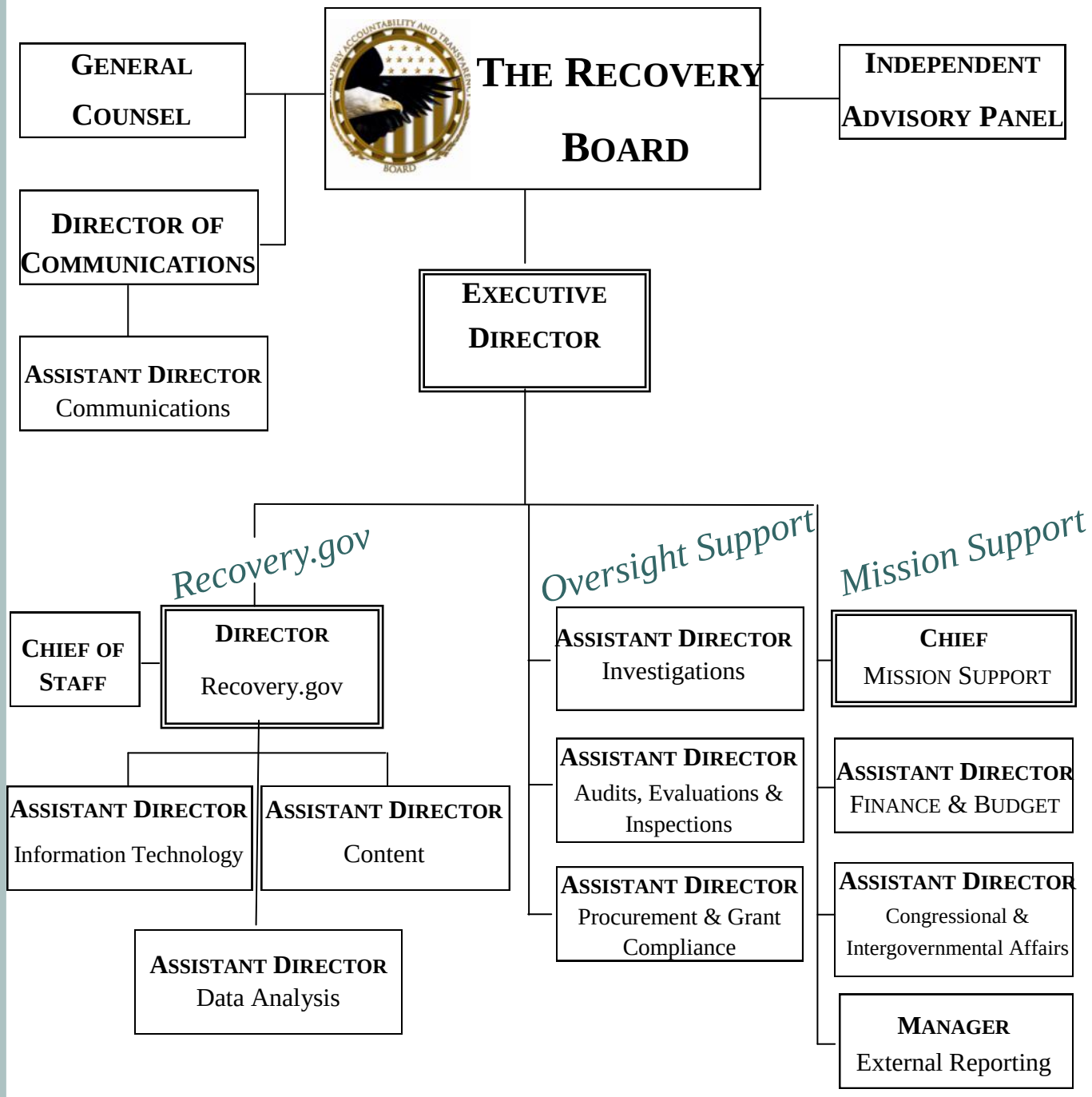
On April 20, 2009, the Recovery Board moved into permanent office space at 1717 Pennsylvania Avenue in Washington, DC. The Recovery Board is an Executive Branch Accountability of Tax Dollars Act (ATDA) entity created by the American Recovery and Reinvestment Act of 2009. The Board consists of a Board Chairman and 12 Board members. In addition, the Board has assembled a support staff that provides the overall management of the agency's operations. The support organization is led by an Executive Director, Director of Communications, Director of the Recovery.gov website, eight Assistant Directors, and a Chief of Mission Support. This team along with approximately 30 other employees handles the day-to-day management of Recovery Board operations including: Recovery.gov technology and content, investigations, audits, evaluations and inspections, procurement and grant compliance, finance and budget, legal requirements and inquiries, external reporting, and all interaction with Congress, agencies, and members of the media. Approximately half the staff members are on detail from various federal agencies. To maintain a streamlined workforce, the Board partners with the 29 Inspectors General with Recovery oversight and obtains administrative support from the General Services Administration. Section 1541 of the Recovery Act also established an Independent Advisory Panel, which will be composed of five presidentially-appointed members. The Panel will make recommendations to the Board on preventing fraud, waste, and abuse of covered funds. In accordance with the Recovery Act, the Board is scheduled to terminate in 2013.

Exhibit 2 shows the organizational structure of the Recovery Board.

From the American Recovery and Reinvestment Act of 2009. Subtitle B, section 1530 – "The Board shall terminate on September 30, 2013."

Exhibit 2

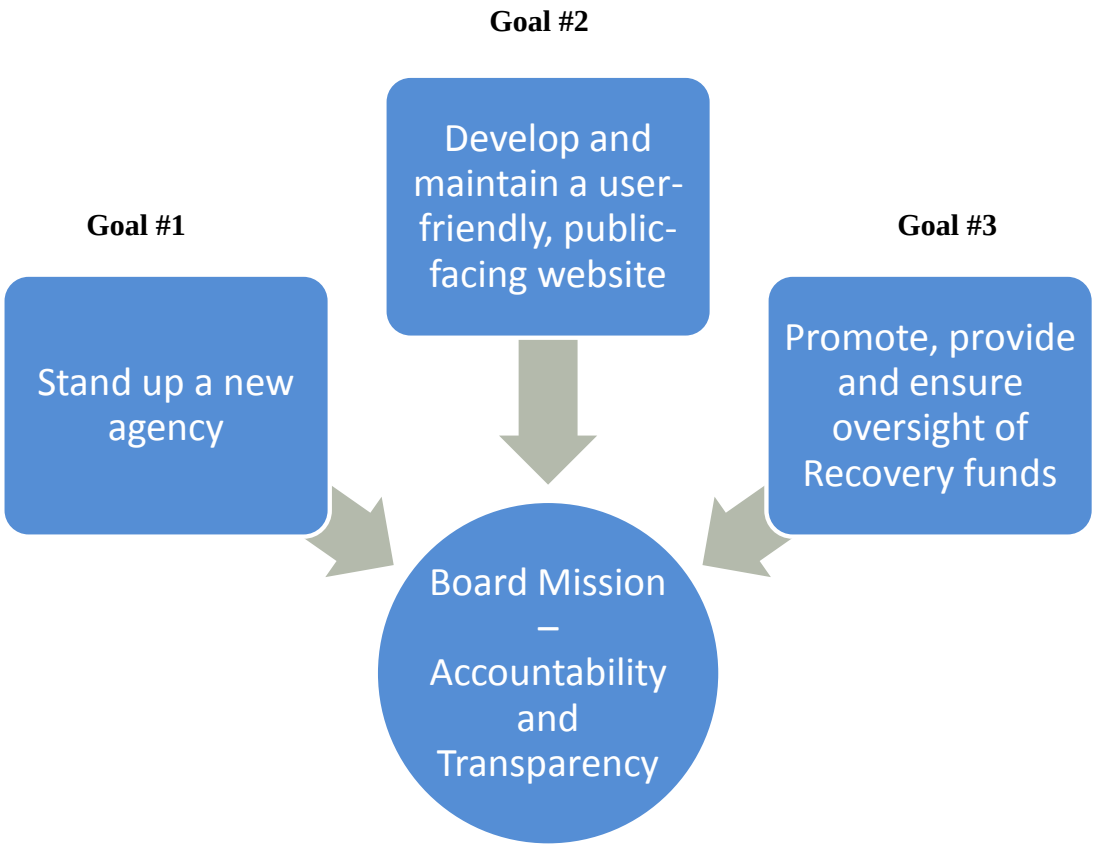
SUPPORT STRUCTURE OF THE BOARD



Mission and Performance Highlights

Exhibit 3

Recovery Accountability and Transparency Board



The Board's responsibilities include holding accountable those who receive Recovery money and providing the American people with unprecedented levels of transparency. Key to the success of Phase 1 of the Board's mission was standing up the agency, retooling Recovery.gov into version 2.0 and building the companion site FederalReporting.gov by Oct. 1, ensuring that tens of thousands of recipients reports were available on the site by Oct. 30. The Board also created a strong accountability and anti-fraud program.

Mission and Performance Highlights

The following tables highlight the Recovery Board's accomplishments associated with each of the goals set for the start-up year 2009 (see Exhibit 3). For each strategic goal, we identify the operational target and the results achieved.

Strategic Goal #1	Operational Target	Result Achieved
Effectively build a new government agency and assemble a support staff to efficiently carry out the mission of the Board.	Locate and secure economically feasible office space. Effectively negotiate contract.	Recovery Board moves into permanent office space in strategic location on April 20.
	Appoint staff and assign roles and responsibilities	Board assembles staff, work begins on critical path items.
	Complete operational tasks: purchase/procure furniture and equipment; establish logistics, communications and computer networks; etc.	Recovery Board is fully functional within 30 days.
	Complete agency branding activities: agency treasury code, logo, stationery, government listings and establish management and reporting systems.	Board adopts governance documents and collaborates with OMB and GSA to complete start-up actions and establish financial and management reporting systems.
	Establish governing guidelines and procedures	Board establishes three standing committees to ensure accountability and transparency of covered funds.
	Comply with all legal requirements	Board complies with all legal requirements, including Federal Register Notices, Federal Account Notices, and FOIA Requests.

Mission and Performance Highlights

Strategic Goal #2	Operational Target	Result Achieved
Establish and maintain a user-friendly, public-facing website to foster greater accountability and transparency of Recovery funds.	Transition ownership of existing site. Evaluate existing site for shortcomings and work required. Link Recovery.gov to all IG and agency Recovery websites	Recovery.gov launched on Feb. 17. Ownership transferred from GSA to Recovery Board by late February. Recovery Board staff makes enhancements to existing site and all IG and agency Recovery sites successfully linked to Recovery.gov.
	Engage IT community on best practices for site development and American public on site expectations	Recovery Board, OMB and NAPA host online technology forum April 27 - May 3. Board hosts five focus group sessions around the country in September 2009. Board launches four social networking sites to engage public.
	Select IT partner to build FederalReporting.gov to collect data	Recovery Board partners with EPA to build FederalReporting.gov. Site opens for recipient registration Aug. 17.
	Identify IT requirements for retooled Recovery.gov site. Select IT partner to build Recovery.gov version 2.0	Contract to build Recovery.gov 2.0 awarded to Smartronix on July 8. 2009. Revised site launched on Sept. 28.
	Assist recipients to successfully transmit data to FederalReporting.gov.	Recovery Board provides training, establishes a Help Desk, and partners with OMB to implement High Volume Coordinator (HVC) Program, designed to assist state and local entities with initial recipient reporting from Oct. 1 - 10.
	Post all fiscal year 2009 recipient reports in two phases from Oct. 15 - Oct. 30	Federal agency contract data and reports made available on Oct. 15. Recipient loan and grant data and reports made available on Oct. 30.

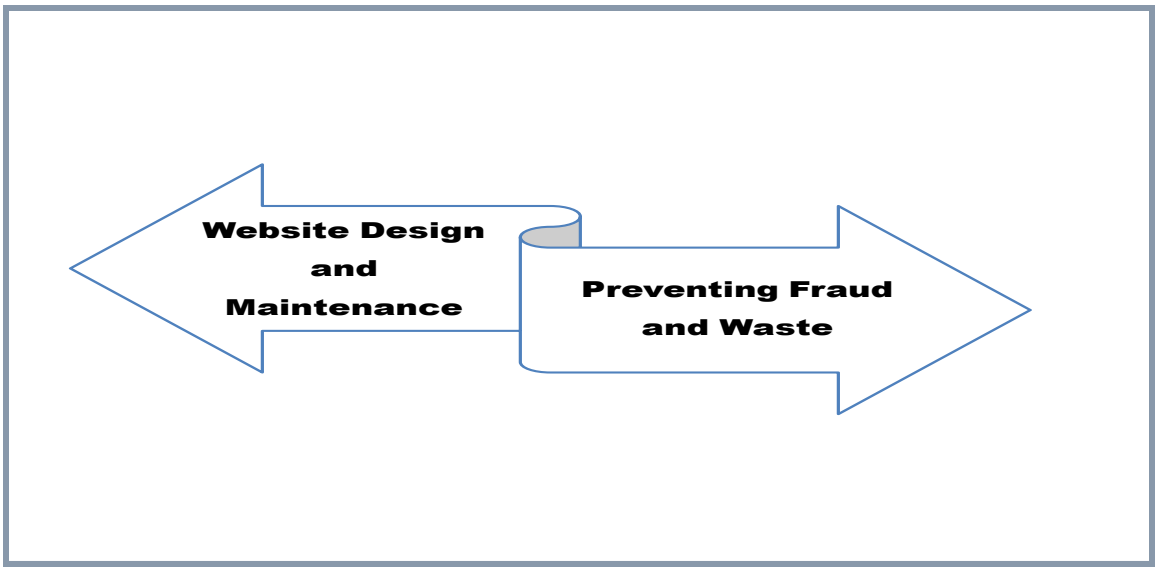
Mission and Performance Highlights

Strategic Goal #3	Operational Target	Result Achieved
Coordinate and conduct oversight of Recovery funds in order to prevent fraud, waste, and mismanagement.	Identify roles and processes for recommending oversight strategies. Leverage experience of IG community and establish relationship with 29-Member Recovery Funds Working Group.	Recovery Board leverages IG experience by tapping into the Recovery Funds Working Group created by the Council of Inspectors General on Integrity and Efficiency (CIGIE). The IGs begin intense focus on prevention and outreach activities. More than 1,000 training and outreach sessions held during FY 2009.
	Perform front-end review of all federal Recovery Act contracts and recommend correction and/or send referrals to appropriate Inspector General.	More than 4,000 Recovery Act contracts reviewed by late August. Scope of reviews expanded in early September to include all federal Recovery Act contracts.
	Initiate dialogue with federal, state, and local entities and organizations to take on challenge of minimizing fraud and waste.	Collaborative efforts with OMB, GAO, other federal agencies, states, and local entities result in numerous policy and technical webinars and conference calls.
	Identify potential solutions for Fraud Hotline.	Recovery Board Hotline established under the guidance of the Accountability Committee to accept fraud and whistleblower complaints.
	Analyze existing Recovery Act contracts to identify high risk and frequently occurring errors and document solutions. Implement outreach efforts and tools to increase prevention measures.	IGs identify potential high-risk Recovery programs. Recovery Board develops Contract Checklist Brochure and distributes approximately 6,000 Contract Checklist brochures to federal, state, and local agencies. IGs and Recovery Board provide training to more than 46,000 individuals involved in Recovery activities.
	Identify technology solutions to establish a comprehensive fraud analysis platform within the IG community. Plan and construct Recovery Operations Center (ROC).	Recovery Board identifies successful vendor to develop predictive analysis software and ROC goes live Oct. 1.

Financial Summary & Highlights

The Recovery Accountability and Transparency Board was established on Feb. 17, 2009, as a non-CFO Act agency governed by the Accountability of Tax Dollars Act. Since that time, the Board has constructed and implemented effective internal controls and financial management systems to promote accountability and transparency of the $84 million appropriation it received to fulfill its mission.

These appropriated funds will be utilized in two broad categories.



Functional activities in these categories include:

- ⇦ Website design and content management
- ⇦ Website hosting and operations
- ⇦ Improving data integration and data integrity
- ⇦ Data storage and collection
- ⇦ IT resource, performance and value management

- ⇨ Oversight coordination
- ⇨ Reporting responsibilities
- ⇨ Administrative expenses
- ⇨ Additional oversight and capability requirements

As of Sept. 30, $27.7 million had been obligated for website development and enhancement, content management, development of FederalReporting.gov, Recovery.gov and numerous oversight initiatives.

Financial Summary & Highlights

At the end of FY 2009, the gross outlays related to these obligations were $6.6 million, and our unobligated balance is $56.2 million. Tables 1 and 2 summarize our budgetary resource outlays and obligations and identify our initial projections for FY 2010.

Table 1

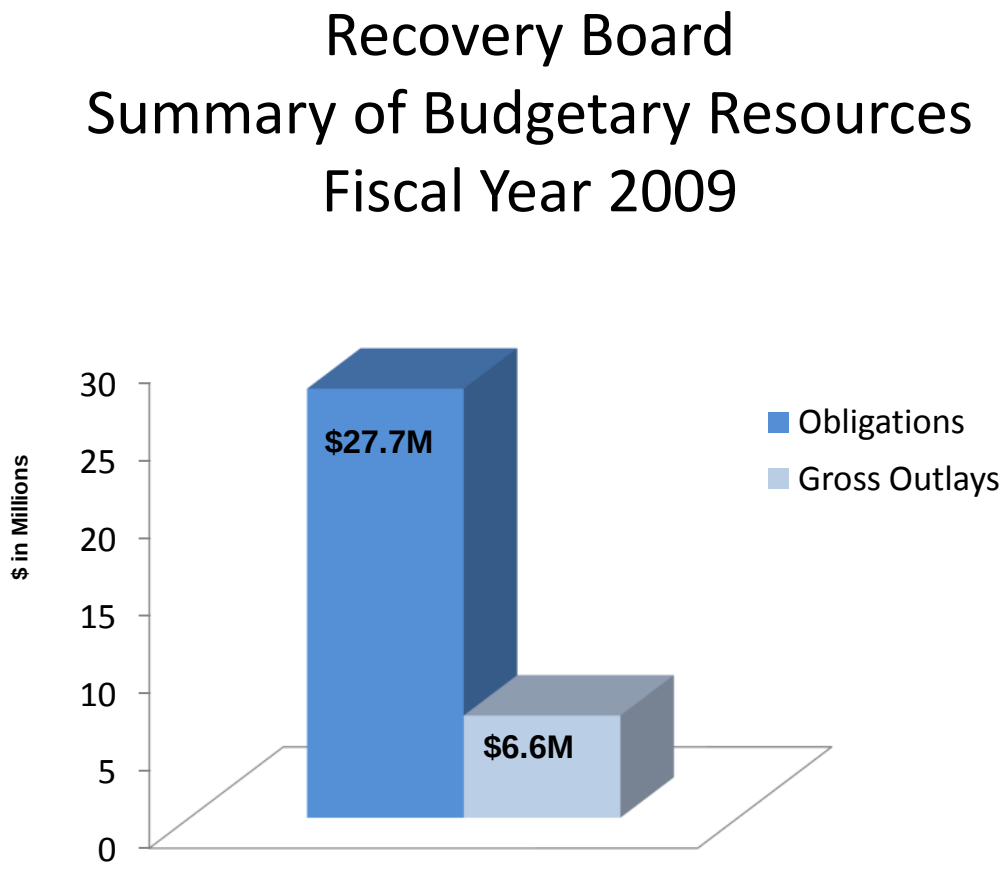
RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD
SUMMARY OF BUDGETARY RESOURCES
For the Year Ended September 30, 2009*

		Budgetary
Budget Authority:		
Appropriations Received	$	84,000,000
Subtotal		84,000,000
Total Budgetary Resources	$	84,000,000
Status of Budgetary Resources:		
Obligations Incurred **(Note 7)**		
Direct	$	27,740,299
Subtotal		27,740,299
Unobligated Balances		
Apportioned		54,659,701
Subtotal		54,659,701
Unobligated Balances - Not Available		1,600,000
Total Status of Budgetary Resources	$	84,000,000

*Data represents the period February 17 - September 30.
Note: Amounts may not add due to rounding

Financial Summary & Highlights

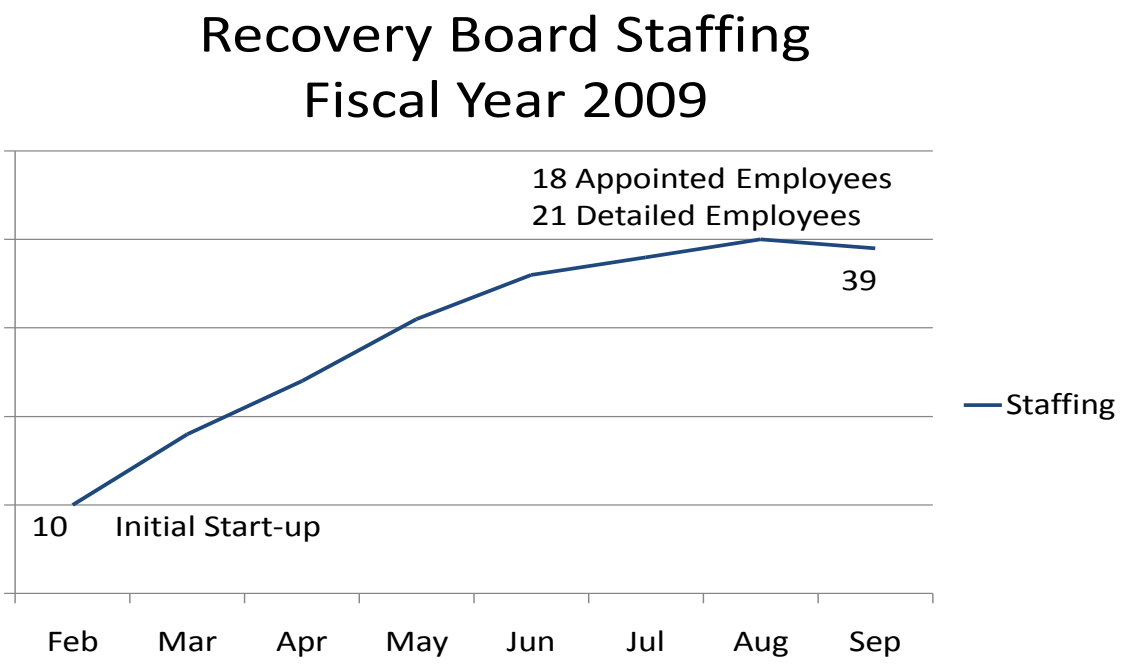
Table 2



Financial Summary & Highlights

The Board currently has thirty-nine (39) employees. Eighteen (18) are direct appointees, while the remainder are detailed from other federal agencies.

Chart 1



Every employee plays a vital role in achieving the Board's mission. Our vision is to provide a new paradigm in government accountability. If successful, we may lay the foundation for a new model in tracking and reporting government spending.

Management Assurances—Systems and Controls and Legal Compliance

Review and Limitations of the Financial Statements

The CPA Firm of Martin and Wall, P.C. has reviewed the financial records and internal controls of the Board and submitted an unqualified audit opinion. Also, the audit found no material internal control weaknesses in the Board's financial reporting.

The principal financial statements have been prepared to report the financial position and results of operations of the Recovery Board, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the Recovery Board in accordance with GAAP for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Compliance with Legal and Regulatory Requirements

The Recovery Board Executive Staff participates in all internal controls. We have assessed the effectiveness of our internal controls in accordance with the Federal Managers' Financial Integrity Act (FMFIA) and OMB Circular A-123, Management's Responsibility for Internal Control. Based on our assessment, the Recovery Board can provide reasonable assurances that objectives have been achieved. No material weaknesses have been reported in our internal controls over financial reporting.

Given our comprehensive management controls, I am pleased to certify with reasonable assurance the following:

Compliance with Legal and Regulatory Requirements (Continued)

⇒ Recovery Board's financial reporting is reliable.
- ✓ Transactions are recorded properly, processed and summarized to permit preparation of financial statements in accordance with generally accepted accounting principles.
- ✓ Assets are safeguarded against loss from unauthorized acquisition, use or disposition.

⇒ Recovery Board is in compliance with all applicable laws and regulations.
- ✓ Our financial and business exchanges are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct material impact on the financial statements.

⇒ Recovery Board performance reporting is reliable.
- ✓ Focus areas have been properly described and goals and accomplishments accurately relayed.

Earl E. Devaney
Chairman

PERFORMANCE DISCUSSION

Goal 1: Set Up New Agency

Effectively build A New Government Agency and assemble a support staff to efficiently carry out the mission of the Board

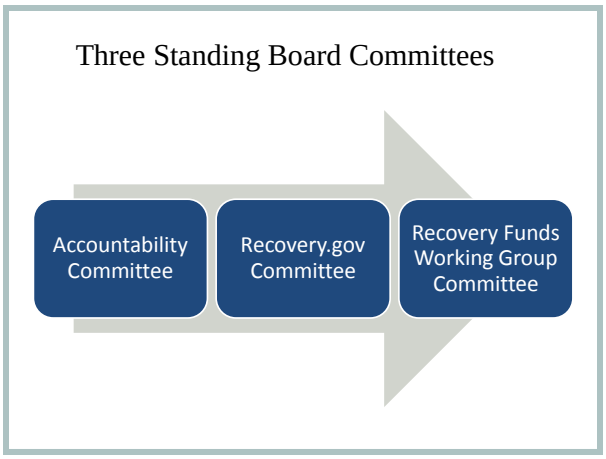
Establishing the new agency was a significant part of the Recovery Board's start-up mission. It was the first of three main goals for the agency in 2009.

Photo By: T.R. Moyle

The Board performed many essential tasks: locating and negotiating a contract for office space, purchasing and leasing necessary furniture and equipment, complying with all federal and legal requirements, and beginning to build the network that would enable us to perform our core mission. Much credit goes to the Office of Management and Budget and the General Services Administration for their guidance and support with administrative and agency branding issues. Our partnership with the IG community and state and local entities is also a key component to achieving our mission.

Policies and procedures governing our financial reporting, internal controls, and legal framework were all established successfully. We continue to fine-tune these policies but feel confident that these provide a strong foundation.

Three standing committees were also created during the start-up. These committees focus on the website, and investigative and accountability activities.



Goal 2: The Website

Establish and maintain a user-friendly, public-facing website to foster greater accountability and transparency of Recovery funds

From the very beginning, the public demonstrated great interest in Recovery. gov. But the initial site, which went live on Feb. 17 when the Recovery Act became law, lacked the features and capabilities that would give the public a clear picture of where its money was going. The Board realized that it needed to build a new website to fully meet the transparency requirements of the Recovery Act. That decision resulted in a new website that became known as Recovery.gov 2.0.

As part of its early planning, the Recovery Board hired Mitre Corp., a prominent national research organization, to do an independent review of Recovery.gov, essentially a "home inspection.'' Mitre pulled no punches. Its review made clear that a second generation of Recovery.gov was needed to give taxpayers deeper insight into reporting data, along with tools for greater analysis of data and searching capabilities. In addition, Mitre's candid assessment determined that the Board needed to develop a technical solution for receiving recipient data reports. The reason: Many federal agencies collect data, but none had the technical capacity to handle the large amount of data that would be coming in. Finally, Mitre identified this project as high-risk.

The Board decided to develop two websites—one to collect report data from recipients and a second, public site for displaying the data to the American people, Congress, the media, and interest groups. Simply put, FederalReporting.gov would collect data from recipients who logged in and filled out their reports and then transfer that data to the public website, Recovery.gov.

Working with the OMB, which developed the guidelines for recipient reporting, the Board established FederalReporting.gov. The Board's staff sought the help of the Environmental Protection Agency (EPA), which has been collecting environmental data from states for years. To develop the inbound reporting site, the Board utilized an existing, competitively bid contract that EPA uses for its web-based reporting system. The system, built by CGI Federal of Fairfax, VA, can be upgraded to meet the technical specifications for recipient reporting.

The law directs prime recipients and sub-recipients of Recovery funds, including state and local government agencies as well as contractors and other private entities, to report on their spending within 10 days of the close of each calendar quarter.

Recipients are required to report almost 100 pieces of data, including the type of award, the date and amount, the project description and the number of jobs created or saved on each project.

In developing the 2.0 version of Recovery.gov, the Board early on took the public's temperature. What did the average American want in a website that would be both accountable and transparent? What did web experts and innovators want? Teaming with OMB and the National Academy of Public Administration, the Board held a week-long electronic town hall meeting, "Recovery Dialogue on Information Technology Solutions.''

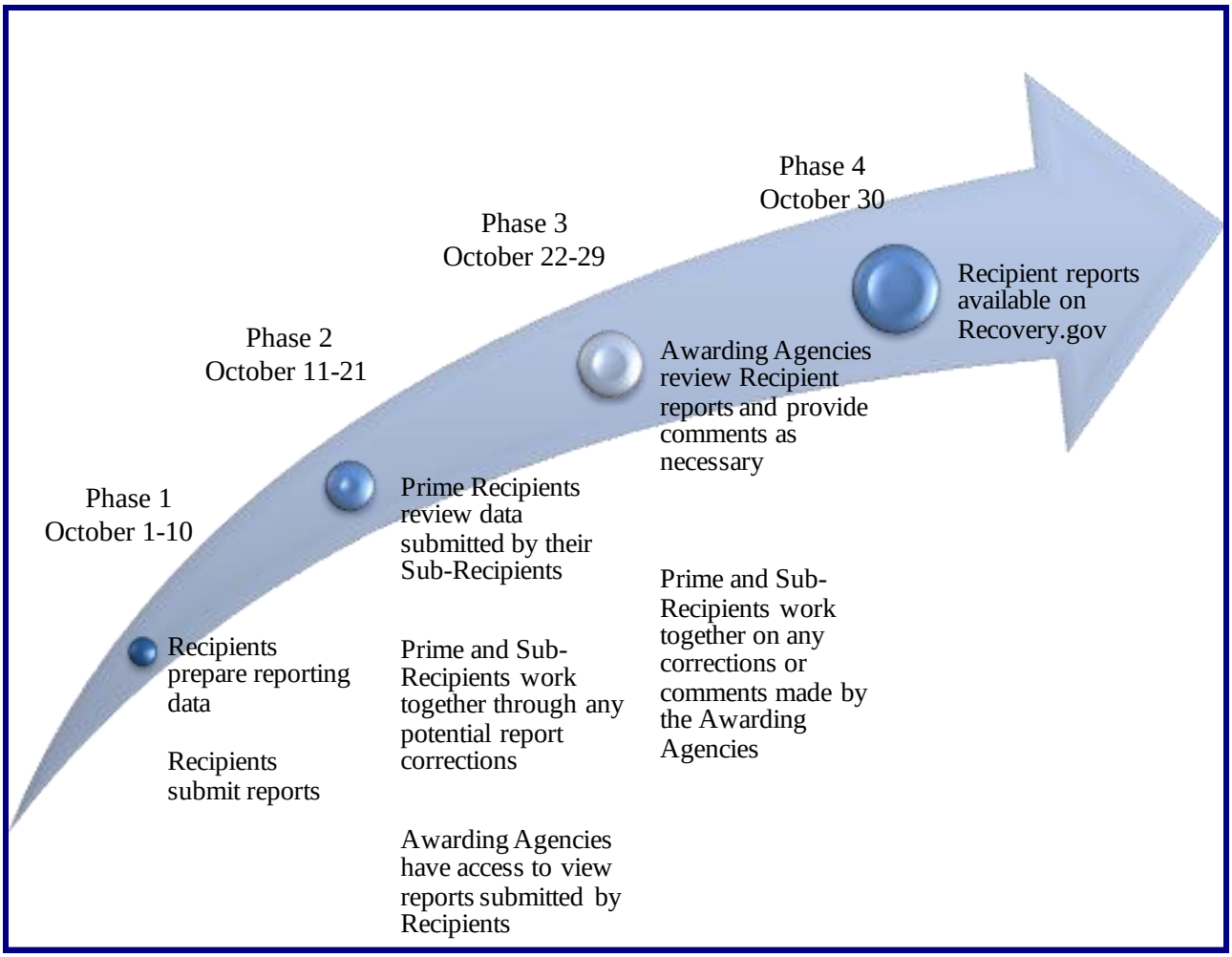
The message received was loud and clear: Users wanted the next generation of Recovery.gov to display huge amounts of data as content on the site. The site had to look good, be easy to navigate and provide searching capabilities and sophisticated mapping technology. The forum yielded about 500 ideas, many of which have already been adopted, including a standardized reporting system for recipients, a greater use of maps and a feedback section for users.

The extreme deadlines and high-risk nature of this project limited potential bidders. Of the 59 companies that were on the government's pre-approved list, only three actually bid on the contract. The Board and GSA used four factors to evaluate the bids: management approach, technical expertise, past performance and price. Acting on the Board's behalf, GSA awarded the contract to Smartronix, a Maryland technology-solutions firm. The initial $9.5 million price tag, among other things, covered a new design, installation of hardware and software infrastructure, security, and an enhanced content management system. The company also updated the site's look and capabilities so it is more user-friendly, visually pleasing and highly interactive. As a result, the new website demonstrates the Board's commitment to transparency, one of its core missions under the Recovery Act.

Taxpayers want greater openness and transparency in their government programs. To that end, Recovery.gov is an unprecedented effort by the federal government to show taxpayers how and where their money is being spent. In the end, Recovery.gov will tell the story of Recovery Act spending to the American people. The Board believes that the website could also serve as the blueprint for future accountability and transparency in the federal government.

Exhibit 4 depicts the start-up timeline for recipient reporting.

Exhibit 4



Goal 3: Oversight Responsibilities

Coordinate and conduct oversight of Recovery funds in order to prevent, fraud, waste, and mismanagement

Given the large amount of money involved—$787 billion—and the thousands of Recovery projects that would be created, the Board realized that there was no way that it could police the spending program on its own. But there were investigative and audit resources that could be tapped, both in Washington and around the country. The Board created an accountability program designed to focus on *preventing* fraud, not just detecting it. As structured, the Board coordinates audits and investigations of Recovery spending, but does not conduct the reviews itself. Instead, it relies heavily on federal Inspectors General and its close relationships with state investigators and auditors. In addition, the Board's staff uses sophisticated technology programs to analyze and pinpoint possible fraud or waste in projects funded in the 50 states, the District of Columbia, and U.S. territories.

Given the new emphasis on prevention, the massive amount of money being awarded and the many players involved in the Recovery program around the country, the Board believes that greater scrutiny of spending in the early stages should significantly help reduce fraud and waste down the line.

Training also is an important element of the accountability program, including heavy emphasis on fraud awareness. In this area, the Board has relied on the 29 federal Inspectors General who oversee Recovery Act spending. The Antitrust Division of the Department of Justice also has played a significant role, teaming with IG offices to focus on pre-award contract issues such as collusion and bid-rigging.

What red flags suggest procurement fraud? What contract-management practices need to be followed? What do recipients of funding need to know about their responsibilities under the Recovery Act? Through lectures, webinars and panel discussions, those questions, and others, have been addressed by the IG staffs for more than 46,000 people; participants included contract and grant officials at the state and federal government levels, as well as contractors and other recipients.

Table 3 summarizes the Board and IG training and outreach efforts through Sept. 30, 2009.

Table 3

STATISTIC	QUANTITY
Training Sessions Provided	710
Number of Persons Trained	46,094
Hours of Training Provided	75,520
Outreach Sessions Conducted	418

The Board's accountability program had to be implemented swiftly. Soon after taking charge of the Recovery oversight program, the Board created two committees from within its ranks to focus on accountability issues. A four-member Recovery Funds Working Group Committee was established to encourage coordination, participation, and input from all 29 Inspectors General directly involved in the Recovery program. The committee tackled several major projects: identifying high-risk Recovery spending programs, developing ways to collect data from Inspectors General on their Recovery efforts, assessing the staffing and training needs for procurement and grant personnel in federal agencies that disburse Recovery funds, and assessing the ability of these federal agencies to identify material errors and omissions in recipient spending reports.

Meanwhile, the Board's separate four-member Accountability Committee focused on developing strategies to prevent and detect fraud and waste in the Recovery program. Under its guidance, a Recovery Board Hotline was established to accept fraud and whistleblower complaints.

No one knows for certain how much fraud and waste will infect the Recovery program. But because so many eyes will be trained on the spending, the Board believes that fraud and waste can be deterred. By putting a strong accountability program in place, the plan is to ensure that result.

Cumulative statistics for all oversight activities performed by the Board and the 29 Inspectors General involved in oversight activities are detailed on the following table.

Table 4

Key Statistics—Through September 30, 2009

Cumulative Statistics—Recovery Board and All Inspectors General

Complaints	*382 Received*
Investigations	*16 Closed Without Action* *11 Accepted for Prosecution* *1 Prosecution Denied* *1 Referred for Alternative Resolution*
Audits, Inspections, Evaluations & Reviews	*163 Completed**
Whistleblower Reprisal Allegations	*1 Received*
Testimonies	*16 Provided*

*All reports are not available on Recovery.gov due to sensitive content.

Outlook

In FY 2010, we will continue to monitor our performance measures and ensure that they are aligned with our mission. Our primary focus will be to move forward with new technologies that allow us to provide the American people with unprecedented accountability and transparency in relation to how their Recovery dollars are being spent.

Our aim is to continue to promote sound business practices while fulfilling our historic mission of transparency and accountability.

FINANCIAL DISCUSSION

Letter from the Chief Financial Officer

The Recovery Board received $84 million of Recovery funds to fulfill its mission of ensuring accountability and transparency of the nearly $800 billion of Recovery funds being distributed by 28 federal agencies. Management's responsibility includes providing the American people with accountability and transparency on how its $84 million appropriation is being used. To accomplish this task, each month we provide detailed spending reports on Recovery.gov, along with reporting on our efforts to prevent and detect fraud in the Recovery program.

During our nine months of existence, the Recovery Board staff has established and applied accounting and financial reporting policies and procedures that comply with all applicable laws and regulations and safeguard U.S. government assets related to the Recovery Board's operations. Our prepared financial statements and appropriate disclosures conform to generally accepted accounting principles (GAAP), and we are committed to making certain that internal controls and financial management systems meet the objectives of the Accountability of Tax Dollars Act of 2002.

We have engaged the services of independent external auditors to review our financial records and related information to establish and relay the effectiveness of our internal controls and our compliance with OMB guidance and the laws and regulations that govern the Board.

I am pleased to announce that the firm of Martin & Wall, P.C. Certified Public Accountants has given the Recovery Board an unqualified audit opinion and has found no material weaknesses in our internal controls or financial management. The audit accomplished three key objectives. First, it determined that all material aspects of our financial statements conform to U.S. generally accepted accounting principles. Second, it informed management that there were no significant deficiencies or material weaknesses in our internal controls over financial reporting. Third, and finally, the audit tested the Board's compliance with selected provisions of laws and regulations for which noncompliance could have a material effect on our financial statements. Our successful audit results are a reflection of our commitment to financial integrity and signal that our financial management foundation is sound.

The ultimate goal from now until 2013 is to diligently fulfill the mission for which the Board was established by reaching new heights in government accountability and transparency. We will continue to improve our financial management and reporting systems, strengthen our internal controls, and fine-tune our key performance indicators.

On Oct. 30, 2009, the Recovery Board's contract information was available, along with thousands of other agencies and Recovery fund awardees, on www.recovery.gov for review by our stakeholders and the American people. This detailed information will be updated quarterly on the website.

Eric M. Lippold
Assistant Director of Finance and Budget/Chief Financial Officer

Consolidated Financial Statements

Table 5

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD
BALANCE SHEET
As of September 30, 2009

ASSETS:		
Intragovernmental:	**$**	77,353,028
Fund Balance with Treasury **(Note 2)**		77,353,028
Total Intergovernmental		
General Property, Plant and Equipment **(Note 3)**		464,569
TOTAL ASSETS	**$**	**77,817,597**
LIABILITIES: (Note 4)		
Intragovernmental Liabilities		
Accounts Payable	**$**	3,277,032
Other **(Note 5)**		24,982
TOTAL INTRAGOVERNMENTAL LIABILITIES		3,302,015
Liabilities With the Public:		
Accounts Payable	**$**	5,478,905
Other **(Note 5)**		147,601
TOTAL LIABILITIES with the PUBLIC		5,626,506
TOTAL LIABILITIES		8,928,521
NET POSITION		
Unexpended Appropriations - Other Funds		68,458,059
Cumulative Results of Operations		431,017
TOTAL NET POSITION		68,889,076
TOTAL LIABILITIES AND NET POSITION	**$**	**77,817,597**

Note: Amounts may not add due to rounding

The accompanying notes are an integral part of these statements.

Consolidated Financial Statements

Table 6

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD
STATEMENT OF NET COST
For The Year Ended September 30, 2009*

Board Oversight, Coordination and Reporting, Including Administrative Expenses: (Note 6)		
Gross Costs	$	2,346,368
Net Program Costs		2,346,368
Other Programs: (Note 6)		
Systems Enhancements, Policy, Guidance, Program Management, Oversight:	$	12,790,021
Total Other Program Costs		12,790,021
NET COST OF OPERATIONS	**$**	**15,136,389**

*Data represents the period February 17 - September 30.

The accompanying notes are an integral part of these statements.

Consolidated Financial Statements

Table 7

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 2009*

		Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
Budgetary Financing Sources:					
Appropriations Used	$	-	15,541,941	-	15,541,941
Other Financing Resources (Non-Exchange):					
Imputed Financing			25,465		25,465
Total Financing Sources			15,567,406		15,567,406
Net Cost of Operations (+/-)			15,136,389		15,136,389
Net Change		-	431,017	-	431,017
					-
Cumulative Results of Operations	$	-	431,017	-	431,017
Budgetary Financing Sources:					
Appropriations Received			84,000,000		84,000,000
Appropriations Used			(15,541,941)		(15,541,941)
Total Budgetary Financing Sources			68,458,059		68,458,059
Total Unexpended Appropriations		-	68,458,059	-	68,458,059
Net Position	$	-	68,889,076	-	68,889,076

*Data represents the period February 17 - September 30.
Note: Amounts may not add due to rounding

The accompanying notes are an integral part of these statements.

Consolidated Financial Statements

Table 8

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD
STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2009*

		Budgetary	Non-Budgetary Credit Program Financing Accounts
Budget Authority:			
Appropriations Received	$	84,000,000	-
Subtotal		84,000,000	-
Total Budgetary Resources	$	84,000,000	-
Status of Budgetary Resources:			
Obligations Incurred **(Note 7)**			
Direct	$	27,740,299	-
Subtotal		27,740,299	-
Unobligated Balances			
Apportioned		54,659,701	-
Subtotal		54,659,701	-
Unobligated Balances - Not Available		1,600,000	-
Total Status of Budgetary Resources	$	84,000,000	-
Change in Obligated Balances:			
Obligations Incurred	$	27,740,299	-
Gross Outlays (-)		(6,646,972)	-
Obligated Balance, Net End of Period:			
Unpaid Obligations (+) **(Note 8)**		21,093,327	-
Total Unpaid Obligated Balance, Net End of Period	$	21,093,327	-
Net Outlays:			
Gross Outlays (+)	$	6,646,972	-
Net Outlays	$	6,646,972	-

The accompanying notes are an integral part of these statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Recovery Accountability and Transparency Board (Board) is an independent agency of the Executive Branch of the United States Government. The Board was created by the American Recovery and Reinvestment Act of 2009 (Recovery Act) on February 17, 2009, to promote accountability by coordinating and conducting oversight of Recovery Act funds to prevent fraud, waste, and abuse and to foster transparency on Recovery Act spending by providing the public with accurate, user-friendly information.

The Board is the watchdog for the American people on the use of Recovery Act funds. Earl E. Devaney, appointed by the President, serves as Board Chairman. The Board also includes 12 federal Inspectors General from various government agencies. The Board has two principal goals: to prevent and detect waste, fraud and mismanagement; and to provide the American people with extraordinary transparency on how Recovery Act funds are being used by states, local governments and private recipients. The Board will issue quarterly and annual reports on its oversight findings and provide advice to government agencies. When a matter requires immediate attention, the Board will send "flash reports" to the President and Congress. The Board also maintains Recovery.gov, which provides information on agency plans and programs and disbursements around the country. Beginning in October 2009, reports from recipients of stimulus funds will be posted on Recovery.gov.

The Recovery Act appropriated $84 million of multi-year funds to the Board available for use through September 30, 2011.

(b) Basis of Presentation

These financial statements have been prepared from the accounting records of the Board in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the form and content for entity financial statements specified in Office of Management and Budget (OMB) Circular A-136, “Financial Reporting Requirements.” GAAP for Federal entities is the hierarchy of accounting principles prescribed in Statement of Federal Financial Accounting Standards (SFFAS) 34, “The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board.”

OMB Circular A-136, requires agencies to prepare principal statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2009, amounts of future economic benefits owned or managed by the Board (assets), amounts owed by the Board (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the Board’s operations, which includes costs of identifiable supporting services provided by other federal agencies. The Statement of Budgetary Resources reports Board’s budgetary activity.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Accounting

Transactions are recorded on the accrual accounting basis of accounting in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash.

(d) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(e) Budgets and Budgetary Accounting

The Board follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, "Preparation, Submission, and Execution of the Budget," dated June 2008. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. In fiscal year 2009, the Board received a one-time appropriation of multi-year funds to incur obligations in support of agency programs. The Board recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and when spending authority from the offsetting collection is incurred.

(f) Revenues and Other Financing Sources

The Board received the funding necessary to support its programs from the American Recovery and Reinvestment Act of 2009. On February 17, 2009, the President signed the legislation into law which appropriated $84 million of multi-year funds. None of the appropriations is "earmarked" funds.

(g) Imputed Financing Sources

In certain instances, operating costs of the Board are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, "Accounting for Liabilities of the Federal Government," all expenses of a federal entity should be reported by that agency regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of the Board, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. The Board records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Personnel Compensation and Benefits

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

The Board's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. The Board and its employees both contribute to these systems. Although the Board funds a portion of the benefits under CSRS and FERS and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans in accordance with SFFAS 5.

For CSRS employees, the Board contributes an amount equal to 11.2% of the employees' basic pay to the plan. For FERS employees, the Board contributes an amount equal to 7% of the employees' basic pay to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS. For FERS employees, the Board contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from the Board.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including the Board's employees. The Board has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Board and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and the Board paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because the Board's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Board has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Assets and Liabilities

Intra-governmental assets and liabilities arise from transactions between the Board and other Federal entities.

Funds with the U.S. Treasury comprise the majority of assets on the Board's balance sheet. All other assets result from activity with non-federal sources.

Liabilities represent amounts that are likely to be paid by the Board as a result of transactions that have already occurred. The accounts payable portion of liabilities consists of amounts owed to federal agencies and commercial vendors for goods, services, and other expenses received but not yet paid.

Liabilities covered by budgetary or other resources are those liabilities of the Board for which Congress has appropriated funds, or funding is otherwise available to pay amounts due.

(j) Fund Balance with Treasury

The U.S. Department of the Treasury (Treasury) processes the Board's receipts and disbursements. Fund Balance with Treasury is the aggregate amount of the agency's accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of non-expenditure Treasury warrants for appropriations, positive non-expenditure transfers, and other expenditure inflows of funds. The Fund Balance with Treasury is reduced through non-expenditure Treasury warrants for recissions, negative non-expenditure transfers, disbursements, and other expenditure cash outflows of funds.

The Board's funds with the U.S. Treasury are cash balances from appropriations as of the fiscal year-end from which the Board is authorized to make expenditures and pay liabilities resulting from operational activity.

(k) Property, Plant, and Equipment (PPE)

PPE consists of capitalized equipment, furniture and fixtures, and software. There are no restrictions on the use or convertibility of property, plant, or equipment.

The Board capitalizes PPE with a useful life of at least two (2) years and individually costing more than $10,000 ($25,000 for leasehold improvements). Bulk purchases of lesser value items are capitalized when the aggregate cost is $100,000 or greater.

Assets are depreciated on a straight-line basis over the estimated used life of the property. Information Technology (IT) equipment and software is depreciated over a useful life of two (2) years. All other equipment is depreciated over a four (4) year useful life and leasehold improvements are depreciated over the remaining life of the lease.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Prepaid and Deferred Charges

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

(m) Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act payments and annual leave. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

(n) Contingenicies

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). The Board recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

(o) Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority to include unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations is comprised of the following: (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out without reimbursement, and (3) donations, all since inception of the fund(s).

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Allocation Transfers

The Board is party to allocation transfers with other federal agencies as a transferring (parent) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created by the U.S. Treasury as a subset of the parent fund account for tracking purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activities related to these allocation transfers (e.g. budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. The Board allocates funds, as the parent, to the General Services Administration and the Office of Management and Budget to provide support for its mission and programs.

NOTE 2 – FUND BALANCE WITH TREASURY

The Board's funds with the U.S. Treasury consist only of appropriated funds. The status of these funds as of September 30, 2009 is as follows:

	FY 2009
A. Fund Balances	
General Fund	$ 77,353,028
Total	$ 77,353,028
B. Status of Fund Balance with Treasury	
1) Unobligated Balance	
(a) Available	54,659,701
(b) Unavailable	1,600,000
2) Obligated Balance not yet Disbursed	21,093,327
Total	$ 77,353,028

NOTE 3 - GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The Board's total cost, accumulated depreciation, and net book value for PPE for the year ended September 30, 2009 is as follows.

2009	Equipment	Internal-Use Software	Total
Cost	**$ 483,341**	**$ 32,851**	**$ 516,192**
Accum. Depr.	**(44,704)**	**(6,919)**	**(51,623)**
Net Book Value	**$ 438,637**	**$ 25,932**	**$ 464,569**

NOTE 4 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of the Board are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2009, the Board had liabilities covered by budgetary resources of $8,894,969 and liabilities not covered by budgetary resources of $33,552.

Liabilities covered by budgetary resources is composed of Accounts Payable of $8,755,937, Employer Contributions and Payroll Taxes Payable of $24,982 and Accrued Funded Payroll and Accrued Funded Payroll and Leave of $114,050.

	2009
Unfunded Leave	$ 33,552
Total liabilities not covered by budgetary resources	$ 33,552
Total liabilities covered by budgetary resources	$ 8,894,969
Total Liabilities	$ 8,928,521

NOTE 5 – OTHER LIABILITIES

Other liabilities with the public for the year ended September 30, 2009, consist of Accrued Funded Payroll and Leave and Unfunded Leave in the amounts shown below. Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable.

			FY 2009
	Non-Current	**Current**	**Total**
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	$ 0	$ 24,982	$ 24,982
Total Intragovernmental	0	24,982	24,982
Unfunded Leave	33,532	0	33,532
Accrued Funded Payroll & Leave	0	114,050	114,050
Total Other Liabilities	$ 3,532	$ 139,032	$ 172,564

NOTE 6 – LEASES

Entity as Lessee:

The Board leases office space located at 1717 Pennsylvania Avenue, NW, Suite 700 in Washington, DC. The lease was entered into on April 10, 2009, became effective April 13, 2009, and has a term of 54 months, terminating September 30, 2013. The tenant may relinquish space upon four (4) months notice. Thus, at any time, the Board's financial obligation can be reduced to four (4) months of rent, plus the unamortized balance of any tenant improvements financed through GSA's Public Building Services, plus any rent concession not yet earned. The Board has elected to expend a total of $199,000 for their tenant improvements. This amount has been amortized in rent.

The following is a schedule of future minimum lease payments required by the lease:

Year Ending September 30, 2010	$ 698,534
2011	707,336
2012	716,403
2013	725,742
Total Future Lease Payments	$ 2,848,015

For the year ended September 30, 2009, occupancy expenses were $85,127.

NOTE 7 – INTRAGOVERNMENTAL COSTS

The portion of the Board's program costs related to Intragovernmental Costs and Costs with the Public are shown as follows (Note: As the Board earns no revenue from its operations, gross and net costs are identical). Intragovernmental costs are costs incurred from exchange transactions with other federal entities (e.g., building lease payments to GSA). Costs with the Public are incurred from exchange transactions with non-Federal entities (i.e., all other program costs).

FY 2009	Intragovernmental Costs	Costs with the Public	Total Program Costs
Board Oversight, Coordination, and Reporting, Including Admin Expenses	$1,375,215	$971,153	$2,346,368
Systems Enhancements, Policy, Guidance, Program Management, Oversight	$5,983,676	$6,806,345	$12,790,021
Total	$7,358,891	$7,777,498	$15,136,389*

* Rounding

NOTE 8 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED: DIRECT VS. REIMBURSABLE OBLIGATIONS

The Board is subject to apportionment. All obligations are category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132.

	FY 2009
Direct	
Category B	$27,740,299

NOTE 9 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

The amount of Unpaid Obligated Balance, Net, End of Period shown on the Statement of Budgetary Resources includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year by the Board for good and services received). The amount of each is as follows:

	Undelivered Orders	**Accounts Payable**	**Unpaid Obl. Balance, Net**
FY 2009	$12,198,358	$8,894,969	$21,093,327

NOTE 10 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc., made by the Board in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Board in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for Board employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered by not yet provided represents the difference between the beginning and ending balances of undelivered orders (i.e., good and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets are budgetary resources used to finance assets and not cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

NOTE 10 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (CONTINUED)

A reconciliation between budgetary resources obligated and net cost of operations (i.e., providing an explanation between budgetary and financial – proprietary – accounting) is as follows (Note: In prior years this information was presented as a separate financial statement (the Statement of Financing)):

	FY 2009
Budgetary Resources Obligated	$27,740,299
Imputed Financing from Costs Absorbed by Others	25,465
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(12,198,358)
Resources that Finance the Acquisition of Assets	(516,192)
Financing Sources Yet to be Provided	33,552
Components Not Requiring or Generating Resources	51,623
Net Cost of Operations	$15,136,389

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 13, 2009, which is the date the financial statements were available to be issued.

MARTIN & WALL
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Independent Auditors' Report

Chairman & Board Members
Recovery Accountability and Transparency Board
Washington, DC

In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting an audit of the Recovery Accountability and Transparency Board. In our audit of the Recovery Accountability and Transparency Board for fiscal year ended September 30, 2009 we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations,
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management Discussion and Analysis and other supplementary information, (3) our audit objectives, scope and methodology, and (4) agency comments and our evaluation.

Opinion on Financial Statements

The financial statements including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Recovery Accountability and Transparency Board's assets, liabilities, and net position as of September 30, 2009; and net costs; changes in net position; and budgetary resources; for the year then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Recovery Accountability and Transparency Board's internal control over financial reporting and compliance. We did this to determine our procedures for auditing the financial statements and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on internal control included in Management's Discussion and Analysis. However, for the controls we tested, we found no material weakness in internal control over financial reporting (including safeguarding assets) and compliance.

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A material weakness is a control deficiency that results in more than a remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements. Our internal control work would not necessarily disclose all deficiencies in internal control that might be material weaknesses or other significant deficiencies.

Compliance with Laws and Regulations

Our tests of the Recovery Accountability and Transparency Board's compliance with selected provisions of laws and regulations for fiscal year 2009 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

The Recovery Accountability and Transparency Board's Management's Discussion and Analysis, required supplementary information (including stewardship information), and other accompanying information contain a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with Recovery Accountability and Transparency Board officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

Objectives, Scope, and Methodology

Recovery Accountability and Transparency Board's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act; and
- tested compliance with selected provisions of the following laws and regulations: the Anti-Deficiency Act; Provisions Governing Claims of the U.S. Government (31 U.S.C. 3711-3720E), including the Debt Collection Improvement Act of 1996 (DCIA), the Prompt Payment Act; the Pay and Allowance System for Civilian Employees as provided primarily in Chapters 51-59 of title 5, United States Code; the Civil Service Retirement Act, 5 U.S.C. Chapter 83; Federal Employee Health Benefits Act, 5 U.S.C. Chapter 89; Federal Employees Compensation Act (FECA), 5 U.S.C. Chapter 81; Federal Employee's Retirement System (FERS) Act of 1986, 5 U.S.C. Chapter 84; and the American Recovery and Reinvestment Act of 2009 (PL 111-5).

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the Recovery Accountability and Transparency Board. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Recovery Accountability and Transparency Board's financial statements for the fiscal year ended September 30, 2009. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Agency Comments and Our Evaluation

In commenting on a draft of this report (see Appendix A), the Recovery Accountability and Transparency Board concurred with the facts and conclusions in our report.

Martin & Molly P.C.

Washington, DC
November 16, 2009

Accompanying Information

Recovery Board Committee Information

There are three standing Board Committees, which are responsible for various facets of the Board's mission. Here is a summary of each.

The Accountability Committee

Purpose

The purpose of the Committee is to assist the Board in its mission of coordinating and conducting oversight of covered funds by providing advice and recommendations to the Board regarding strategies for a referral management system and preventing and detecting fraud, waste, abuse, and mismanagement.

The Recovery.gov Committee

Purpose

The purpose of the Committee is to assist the Board in its mission of coordinating and conducting oversight of covered funds by providing advice and recommendations to the Board regarding strategies for the operation and maintenance of Recovery.gov and FederalReporting.gov.

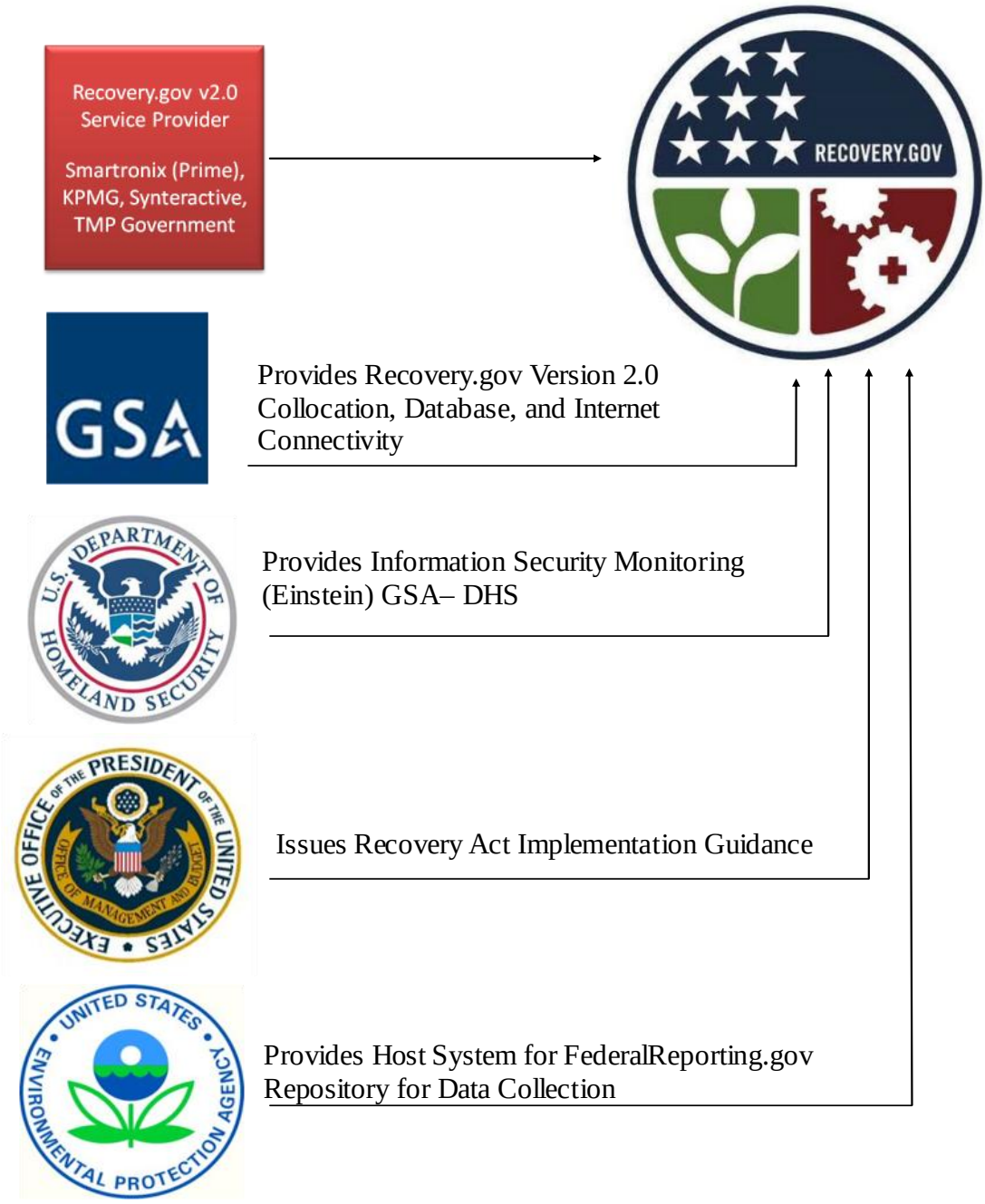
The Recovery Funds Working Group Committee

Purpose

The purpose of the Committee is to assist the Board in its mission of coordinating and conducting oversight of covered funds by providing advice and recommendations to the Board regarding strategies for coordinating oversight efforts across the federal government and with state and local governments.

Redesigning and creating the two websites—Recovery.gov and FederalReporting.gov— was the result of a collaborative effort between the Board and several federal agencies. These agencies play a significant role in maintaining the site's infrastructure. The chart below depicts the relationships.

Infrastructure of RECOVERY.GOV VERSION 2.0



Accomplishing the oversight mission of the Board will require a delicate balancing act of prevention and detection. During this start-up period, the Board and the IG community have focused on educating federal, state, and other entities on the responsibilities associated with Recovery funding. During the period Feb. 17—Sept. 30, more than 1,000 training and outreach sessions have been provided to various audiences. The following tables identify statistics on the types of training, target audience, and outreach efforts conducted by the Inspectors General during this period.

OIG Recovery Act Training and Outreach
(February 17 - September 30, 2009)

Training Details by Type and Target Audience

Type of Training	
Fraud Prevention	52.3%
Recovery Overview	20.6%
Single Audit	7.8%
Grants and Contracts Management	6.4%
Whistleblower	3.9%
Anti-Trust	1.8%
Suspension/Debarment	1.1%
Program Specific	0.7%
Financial Management	0.4%
Other	5.0%

Target Audience for Training	
Federal	55.2%
Mixed	28.5%
State	10.7%
Private	3.2%
Local	1.8%
Tribal	0.4%
Other	0.2%

Source: OIGs

The following table identifies the funds spent to-date by all 29 IGs on Recovery Act oversight and other key Recovery funding data.

OIG Recovery Act Oversight Spending
(February 17 - September 30, 2009)

$ in Millions

Agency IG	Board Member	Recovery Funds Received	Date OIG Funds Expire	Recovery Funds Obligated	Non-Recovery Funds Obligated	Total Funds Obligated for Recovery Oversight
Agency for International Development		$ -	N/A	N/A	$ 0.212	$ 0.212
Amtrak		$ 5.0	2013	$ 0.104	$ 0.229	$ 0.333
Corporation for National and Community Service		$ 1.0	2012	$ 0.029	$ 0.063	$ 0.092
Department of Agriculture	✓	$ 22.5	2013	$ 5.019	$ 0.881	$ 5.900
Department of Commerce	✓	$ 16.0	2013 *	$ 0.061	$ 0.672	$ 0.733
Department of Defense	✓	$ 15.0	2011	$ -	$ 2.705	$ 2.705
Department of Education	✓	$ 14.0	2012	$ 0.825	$ 0.607	$ 1.432
Department of Energy	✓	$ 15.0	2012	$ 4.419	$ 1.312	$ 5.731
Department of Health and Human Services	✓	$ 17.0	2012	$ 2.516	$ 3.353	$ 5.869
Department of Homeland Security	✓	$ 5.0	2012	$ 1.178	$ -	$ 1.178
Department of Housing and Urban Development		$ 15.0	2013	$ 0.084	$ 2.320	$ 2.404
Department of Justice	✓	$ 2.0	2013	$ -	$ 1.461	$ 1.461
Department of Labor		$ 6.0	2012	$ 0.548	$ 1.823	$ 2.371
Department of State		$ 2.0	2010	$ 0.038	$ 0.060	$ 0.097
Department of the Interior	✓	$ 15.0	2012	$ 2.209	$ 0.335	$ 2.544
Department of Transportation	✓	$ 20.0	2013	$ 0.380	$ 1.572	$ 1.951
Department of Treasury	✓	$ -	N/A	N/A	$ 0.270	$ 0.270
Department of Veteran Affairs		$ 1.0	2011	$ 1.000	$ 0.015	$ 1.015
Environmental Protection Agency		$ 20.0	2012	$ 1.629	$ -	$ 1.629
Federal Communications Commission		$ -	N/A	N/A	$ 0.289	$ 0.289
General Services Administration		$ 7.0	2013	$ 0.528	$ 0.640	$ 1.168
National Aeronautics and Space Administration		$ 2.0	2013	$ 0.273	$ 0.014	$ 0.287
National Endowment for the Arts		$ -	N/A	N/A	$ 0.026	$ 0.026
National Science Foundation		$ 2.0	2013	$ 0.018	$ 0.200	$ 0.218
Railroad Retirement Board		$ -	N/A	N/A	$ 0.113	$ 0.113
Small Business Administration		$ 10.0	2013	$ 0.677	$ 0.322	$ 0.999
Smithsonian Institution		$ -	N/A	N/A	$ 0.030	$ 0.030
Social Security Administration		$ 2.0	2012	$ 0.603	$ 0.389	$ 0.992
Treasury Inspector General for Tax Administration	✓	$ 7.0	2013	$ 0.804	$ -	$ 0.804
	12 Members	$ 221.5	23 OIGs Received Funds	$ 22.942	$ 19.910	$ 42.853

*$10M of the funds allocated to DOC does not expire

For more information on the Recovery Board

or

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