

FWA Conference

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When we passed the Recovery Act just after taking office, in the midst of the worst economic crisis since the Great Depression, President Obama and I had clear goals:

- To save and create jobs today;
- To lay a foundation for long-term prosperity tomorrow;
- And to do it right. To do it well. To make sure every dollar is accounted for and every official is held accountable. To cut out any and all cases of waste and fraud so that tax dollars go exactly where tax dollars are supposed to go.

Although I worked very closely with the President and our economic team to fashion and pass the Recovery Act, I then made a mistake after passage. I wrote the president a long and detailed memo and told him exactly how I thought the Recovery Act should be implemented.

We were having lunch together, and I brought him the memo. He picked it up, read it, slid it back across the table, and said: Great, now go do it. I have not written a memo to him since.

And, the next thing I knew—he was referring to me in the State of the Union Address as “Sheriff Joe.” And it became clear that I would be chiefly responsible for making sure the Recovery Act kept the promise we had made of unprecedented transparency and accountability.

This was an extremely consequential undertaking—\$787 billion over two years. I knew the only way to do something this big—the only way this had any chance of working—was if everything we did was transparent and accountable.

That’s the only way to build and maintain the public’s trust.

So, the first thing I did was go get the real sheriff. I hired the toughest IG in the government, Earl Devaney.

And I asked him to put together a posse, and he did. And I told him I wanted him to do this fundamentally differently.

And, now, I think because of Earl and his team, Ed Deseve and his team, and all of you in this room—we've succeeded in keeping our commitment to transparency and accountability.

After more than a year implementing this Act – nearly \$800 billion dollars – I can say proudly that not only are we creating jobs across the country—not only are we spurring growth in new and emerging industries—but we're doing it responsibly, accountably, and with a level of transparency never before seen in American history.

You, and Earl Devaney at the Recovery Accountability and Transparency Board, have literally shifted the paradigm. You have changed the culture, from just detecting fraud and abuse, to preventing it.

Where once the focus was mainly on those who had engaged in fraud and abuse—now you are using sophisticated tools that are shining the spotlight so bright that would-be abusers don't even try.

And there are four primary ways we have succeeded.

The first thing we did was develop an incredible website, Recovery dot gov. Earl and the Board did this with new collaboration and transparency. They held an online dialogue and solicited ideas on how to build the site. They got ideas on mapping, on new technology standards, and data presentation that are in the site today.

Quarterly, that site gets updated with what the people who have Recovery contracts, grants and loans – people who have taxpayer dollars – and what, exactly, recipients are doing with the money. Through the site, we basically deputized thousands of citizen IGs.

If they hear of a road project at the corner of 9th and Main Street, they can go check out the construction site, make sure the job's getting done, and that it's getting done well. Not only can any citizen see these details, on every page of the site, they can hit the button at the top right of the screen and report fraud, waste or abuse. We knew the American people could be some of our best watchdogs, so we gave them the tools they'd need to keep their eyes on everything.

The second thing we did was took the most modern technology available, within the purview of the law, and put that to work in service of unprecedented transparency.

Earl and his team went and looked at what was going on in the intelligence arena and at the Department of Defense. They also talked to private sector companies to see how they managed fraud.

Out of this, he came up with the models that work best for ferreting out fraud and waste.

The result was a war room over at the Recovery Accountability and Transparency Board. It's called the ROC and you should see what goes on at The Recovery Operations Center. It's like a NASA control room. It's astounding.

They've got large screens on all the walls going at all times with analysts stationed underneath them looking for connections in data, for patterns—patterns that mirror steps taken by those engaged in illegal activities—an early warning system.

These are a diverse group of folks with background in economics, mathematics, and engineering, in addition to traditionally trained investigators. These people are sifting through over 15 data sources – some that are publicly

available and some that are not open to the public – to look at troubling trends in the data.

They use software to sift through colossal amounts of data, looking for potential problems like criminal convictions, lawsuits, and bankruptcies. It's all about information sharing. It's all about fusing data.

The idea is to pull together all information from public and government sources to one central place where it can be analyzed. It's like making sure that info the CIA has is made available to the FBI when seeking to foil a terrorist plot.

Let me give you an example. In one case, a recipient looked like he was running a good upstanding business. Once you looked at all the data, however, Earl and his team discovered that all of the business partners have a criminal history and thus posed a greater degree of risk. This information is factored into an investigation and gives the government a

chance to know who we are really doing business with. Techniques like this allow us to evaluate risk and make a smart decision earlier in the process.

Simply put, the Board's analysts look for early warning signs of trouble. Once they identify a concern, they forward the issue to the various Inspectors General, who are engaging in great depth with their respective agencies to prevent fraud.

The third thing we did was training: We know that many of you went the extra step and trained personnel charged with implementing this Act, so they would know exactly what to look out for, and exactly how to prevent it from happening.

This happened across the United States and we know that more than 100,000 men and women – from Federal, State and Local government, as well as the private sector – economists, mathematicians, engineers--have all been trained in fraud awareness, financial management, anti-trust practices, and

many other prevention techniques that can be applied to rooting out fraud, waste, and abuse.

Now, there is a fourth thing we've done which is to engage the entire system on this issue—constant engagement with the leaders charged with implementing it.

I have regularly met with the Cabinet on Recovery – at least 15 times – and we make this a topic of conversation. The Cabinet knows that this is important.

I also want you to know that my recovery office, led by Ed Deseve, tracks every one of the more than 250 programs continuously.

Both the agencies and the recovery implementation team work hard to ensure that the money is moving into the economy.

And the agencies were required to literally put plans in place ahead of time to look at what the risks were in their projects and how they were going to prevent those risks once the programs got going.

We also worked with agencies and OMB to review project lists before they are put into the procurement process. By doing this, we filtered out “unwise” projects and stopped bad projects before they hit the system.

Quite simply, this type of foresight made the oversight easier.

These processes stopped work at skate board parks, swimming pools and water parks, and in one case, changed the physical printing of pamphlets to web distribution of information, saving taxpayer dollars.

In addition, with so much Recovery Act funding flowing through state and local governments, it's important that I stay in touch with the leaders at the state and local level who are seeing it put to work every day.

I have hosted 57 conference calls, which have collectively included governors of all 50 states, five representatives from U.S. territories, 119 mayors, and 37 county executives.

I have committed to a 24-hour turnaround on any issues or concerns they have: If they've got a question, they can give us a call, and if we don't immediately know the answer, we will call them back within 24 hours and tell them when they are going to get an answer.

Let me tell you about one conversation I had where we stopped some potential waste.

Senator Roberts from Kansas and I were talking, and he raised a concern that we were paving roads that would then have heavy trucks on them doing some environmental cleanup work. Those trucks could have undone the original investment.

We looked into it, we saw it didn't make sense, and changed that. It's a little thing, yet it demonstrates how our system can work.

I like to think of all we have done as building a well-lit house. Burglars don't break into the house on the block with all the lights on, the one that everyone can see in, the one patrolled by the most committed, fiercest protectors.

They don't. They don't even try.

So, we've kept this house exceptionally well-lit. As any American can see on Recovery.gov, more than 210,000 prime and sub-recipients of Recovery Act funds report quarterly what they have done with roughly \$250 billion in taxpayer dollars.

You look at the results, and what you see is the single best-implemented major piece of economic legislation in American history.

And the numbers bear this out.

As of September 30, 2010, the Recovery Board and the federal Inspectors General have received a total of 4,809 complaints of wrongdoing associated with Recovery funds. 577 are currently open as active investigations.

To put these numbers in context, with the 210,107 prime and sub-recipients posted on Recovery.gov those 577 represent less than point-three percent of the number of total Recovery Act awards in Recovery.gov.

And, the fraud and abuse we do catch—so far it's been small.

Of the non-tax cases that have been charged as of September 30th, less than three million dollars of Recovery-related awards were involved. Thus far, this is a surprisingly low figure. That's only point-zero-one percent of the money that's gone out.

Now, don't get me wrong—any and all fraud is unacceptable. That number should be zero.

But, do you remember what the critics were saying at the beginning?

They were saying there is absolutely no way we could do this without massive fraud—and large programs that will prove to be totally wasteful.

Well, none of that happened. So far, as I like to say, the dog hasn't barked.

Look—their criticism was understandable—never before had the government implemented something like this—of this size, with this speed.

But I stand before you today to say firmly: Our critics were wrong.

It's because everyone knows how seriously we are all taking this. It's because of the sophisticated tools we have developed to root it out. And, most importantly, it's because of you.

Look, at the end of the day, people can argue about the Recovery Act.

They can argue about the exact number of jobs we've created. They can argue about how much we spent on tax cuts versus how much we spent on infrastructure programs.

There can be arguments about that. And there will be. But one thing they can't argue about is whether we have done it all transparently, accountably, and with great care not to abuse the public's trust.

There is simply no argument about that.

[PAUSE]

So, let me end where I began ... when I first met with the cabinet, I said I didn't just want to aim for this kind of transparency only in the Recovery Act. It needed to go beyond, to other parts of government.

And, because of our success—because of your hard work—it has.

I may have been tapped as Sheriff Joe for the Recovery Act, but nothing said my jurisdiction was limited to just that—and the methods of fraud and waste prevention we've used here are going to make a difference in how the government goes forward in eliminating fraud and abuse throughout our programs.

Quite simply, we aren't just building a system to root out fraud and abuse in the Recovery Act—we're building a template for rooting out fraud and abuse in every government spending program.

We are in a new era—a welcome era—where the people expect the government to be transparent and accountable with the resources they have entrusted with us, no matter the size or shape or goals of the program.

These programs belong to the American people—and it is our responsibility to keep vigilant watch over them all.

We're off to an unprecedented start here. There's still much more to come. We've got to keep the house lit as bright as can be.

But please know that the President and I could not have done this without each of you. We owe you a great debt of thanks—as do the American people.

So, keep up the good work. May God bless you all. May God bless America. And may God protect our troops.