

**PRESS****RELEASE**

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## **BREAKING NEWS**

**FOR IMMEDIATE RELEASE**

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### **Watching Over \$276 Billion**

WASHINGTON—Executive Director Michael Wood, in a blog posted today on [Recovery.gov](http://Recovery.gov), discusses how the Recovery Board uses sophisticated technology and a group of talented analysts to uncover risky practices by recipients of Recovery Act funds.

Wood explains the development of the Recovery Operations Center, a state-of-the-art command center that serves as the heart of the Recovery Board's oversight program. He notes that, because of the oversight efforts of the Board and the Inspector General community, money lost to fraud is surprisingly low.

*The text of Wood's blog follows:*

The Recovery Board, when you get right down to it, has two principal jobs—giving taxpayers a close-up look at how Recovery money is being spent and ensuring that those dollars are not misused.

To accomplish the first job of transparency, the Board posts detailed information from recipients of Recovery Act funds on [Recovery.gov](http://Recovery.gov). The second job—accountability—requires the Board to review many of those recipient reports and work closely with the federal Inspector General community to protect taxpayer dollars.

The Recovery Operations Center, an analysis facility based in our offices in Washington, serves as the heart of our oversight operation. Known within the Board as the ROC, the center is an exceedingly useful analysis tool for the Board and for those in law enforcement, including Inspectors General. We also give access to the ROC to some federal agencies that fund Recovery contracts, grants, and loans.

Given that backdrop, I thought I would explain the history of the ROC and how we use it to keep fraudsters from running off with your tax money. The Board developed and launched the ROC in the early days of the Recovery program. The idea was pretty simple: We needed an analysis capability that would allow us to track \$276 billion—the amount of taxpayer money allocated for contracts, grants, and loans that would be awarded to tens of thousands of recipients.

We weren't looking to develop just another pay-and-chase oversight program that would detect fraud after all the money went out the door. Detection was part of the plan, of course, but our focus was on being proactive—preventing criminals and other bad actors from ever getting their hands on Recovery funds. To do that, we decided to build a program that would identify potential risks early on—questionable activities and business practices, business owners with shady backgrounds, and other factors that could put taxpayer funds at risk.

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The Recovery Accountability and Transparency Board was created by the American Recovery and Reinvestment Act of 2009 to oversee the expenditure of Recovery funds and bring transparency and accountability to the process. The Board consists of a chairman, Earl E. Devaney, and 12 federal Inspectors General. The Board runs the [Recovery.gov](http://Recovery.gov) website that provides information on the Recovery initiatives and spearheads an accountability effort that involves both federal and state investigators and enforcement officials.

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But a serious oversight program required more than sophisticated computer technology that integrated 27 government and commercial datasets into a single analytical platform. Someone had to review and make sense of the data fed into that IT system. We set about finding a group of young analysts and trained them to scour the recipient data looking for risk factors in the backgrounds of recipients of Recovery funds.

Coupled with the strong work of the IG community and law enforcement agents around the country, the ROC has proved to be a very effective oversight tool the past three years. What have been the results? For a program with so much money in the pipeline, the fraud numbers are surprisingly low. All told, the latest statistics show, an estimated \$11.1 million has been lost to fraud. The 29 IGs with Recovery oversight responsibility have more than 1,900 investigations under way; convictions and judgments total 598. Many of those IG inquiries are based on information referred by ROC analysts.

Meanwhile, we are continually helping agencies review sensitive procurement issues, including some with criminal potential sent to us by the Department of Justice and others in law enforcement. "The ROC allows the IGs and DOJ prosecutors to focus their assets better. They can target risks within a program," says John McCarty, the Board's Assistant Director for Law Enforcement Liaison. "The ROC allows you to build a case from a reasonable suspicion to probable cause—rapidly and with reliability."

Let's take a look at some of the ROC's results:

- Working with the Veterans Benefit Administration, an arm of the Department of Veterans Affairs, ROC analysts discovered that veterans claimed more than 16,000 dependents with Social Security numbers matching those of dead people. We briefed the benefits agency on our findings.
- In a separate review, conducted jointly with the Department of Veterans Affairs, ROC analysts found that more than 150 potential shell companies may have improperly received Recovery funds set aside for the Service-Disabled Veteran-Owned Small Business program. Our findings were forwarded to the relevant IGs for further review.
- Acting on information supplied by a news reporter, ROC analysts identified nearly 30 potentially fraudulent Medicare providers operating in two dilapidated buildings. The information was provided to the Office of Inspector General at the Department of Health and Human Services.
- ROC analysts discovered that more than 400 Recovery Act recipients of funds from 15 federal agencies had previously been terminated for default. Most certified incorrectly, some multiple times, that they had not been terminated for default.

The list could go on but suffice it to say that we are undertaking even more ambitious projects and handling dozens of requests for assistance from various federal agencies. Most involve Recovery funds but we are using the limited authority given to us by Congress to analyze other government spending projects unrelated to the Recovery program. What that tells you is this: The Recovery Board is taking the lead in providing strong oversight of the use of taxpayer funds.

--Michael Wood, Executive Director, Recovery Board

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