INTERAGENCY REVIEW

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

Lessons Learned From the Recovery Act: An Agency and OIG Retrospective

Report No.: RO-SP-MOI-0008-2012

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A Message From the Office of Inspector General

On behalf of the Recovery Accountability and Transparency Board (the Board), the U.S. Department of the Interior's Office of Inspector General (DOI OIG) is pleased to present this final report, entitled "Lessons Learned from the Recovery Act: An Agency and OIG Retrospective."

The report summarizes the results of a recent review of lessons learned by Federal agencies and OIGs during the implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act). The review, led by DOI OIG, identified actions, processes, or mechanisms implemented by agencies, OIGs, and the Board that either benefitted or posed challenges to their meeting the requirements of the Recovery Act. Sixteen agencies, their OIGs, and the Board staff participated in the review:

- Internal Revenue Service
- National Aeronautics and Space Administration
- National Science Foundation
- U.S. Department of Agriculture
- U.S. Department of Commerce
- U.S. Department of Defense
- U.S. Department of Education
- U.S. Department of Health and Human Services
- U.S. Department of Housing and Urban Development
- U.S. Department of the Interior
- U.S. Department of Justice
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Department of Veterans Affairs
- U.S. Environmental Protection Agency
- U.S. General Services Administration

This report is not a formal audit or evaluation. Rather, it is a capstone report identifying the major themes highlighted by agencies and OIGs as they reflected on their experiences during implementation.

We appreciate the opportunity to coordinate with the Board and the participating OIGs for this important initiative. We want to thank the staffs of the participating OIGs for their hard work and cooperation throughout this review, and we give special thanks also to the Department of Education OIG and the Board staff for their assistance to the DOI OIG review team.

Sincerely,

Mary L. Kendall

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Deputy Inspector General
Department of the Interior

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Results in Brief

The American Recovery and Reinvestment Act of 2009 (the Recovery Act, or the Act) provided $840 billion to 28 Federal agencies to save and create jobs, stimulate economic activity, and invest in long-term economic growth. Agencies had just over a year and a half to award and disburse nearly all of their Recovery Act funds to recipients, primarily through tax benefits, contracts, grants and cooperative agreements, loans, and entitlement payments. Furthermore, they were required to expend their funds with unparalleled levels of transparency and accountability.

As the implementation of the Recovery Act ends, the Recovery Accountability and Transparency Board (the Board) set out to document the lessons learned by agencies and Offices of Inspectors General (OIGs) during their implementation and oversight of the Act. The objective of this review was to identify those actions, mechanisms, or processes implemented by agencies, OIGs, and the Board that were effective in the implementation and administration of Recovery Act programs, and those that were obstacles. On behalf of the Board, the U.S. Department of the Interior's (DOI) OIG compiled and analyzed data from 16 OIGs on what they and their agencies experienced while implementing Recovery Act programs.[1] In addition, a small working group of representatives from DOI OIG, the Department of Education OIG, and the Board conducted follow-up interviews with six select agencies. This capstone report identifies the major themes review participants highlighted as they reflected on their experiences during the implementation.

Agencies, OIGs, and the Board reported several practices that aided the implementation of the Recovery Act:

- Agencies credited their use of unique governance structures, including designated steering committees and workgroups, as contributing to the effective administration of the Recovery Act. These structures were often centralized, involved many layers of management and staff, included executive-level agency officials, and were actively involved throughout all phases of implementation.
- While maintaining their independent status, OIGs worked closely with their agencies throughout implementation of the Recovery Act to prevent inefficiencies, ensure compliance, and increase fraud awareness. This collaboration served to strengthen or reinforce working relationships between agencies and OIGs. The Board's key role in coordinating efforts across agencies and OIGs also fostered an environment of cooperation and

[1] Oversight of the Internal Revenue Service is provided by the Treasury Inspector General for Tax Administration. The Department of Energy issued its own Recovery Act lessons learned report and therefore did not participate in this review (http://energy.gov/sites/prod/files/OAS-RA-12-03.pdf).

timely information sharing that promoted effective implementation of the Act.

- Agencies conducted extensive outreach to recipients to inform them of Recovery Act funding opportunities and help them during the reporting process. They noted having relatively low rates of noncompliance in reporting. In addition, OIGs and the Board engaged in numerous fraud awareness and prevention activities during the implementation of the Act, reaching tens of thousands of Federal contractors, grantees, and government personnel.
- In response to the Recovery Act's accelerated timeframes, agencies and OIGs employed a variety of new business practices, or altered existing ones, in an effort to meet obligation deadlines and ensure timely and effective oversight.

In addition to these beneficial practices, there were also challenges during the implementation:

- The myriad of requirements surrounding the Recovery Act's implementation and reporting created a significant learning curve for recipients, agencies, and OIGs alike. Agencies and OIGs found it challenging to keep up with the evolving nature of early Office of Management and Budget guidance, and with the frequency and level of detail required for recipient and agency reporting.
- The Recovery Act created a dramatic spike in agency workloads. To address this challenge, agencies and OIGs hired new employees and used a number of techniques to increase staffing flexibilities—a task that was easier for agencies that were able to use administrative funds to help with implementation efforts. Nevertheless, implementing the Recovery Act required a level of effort from agencies that would not have been sustainable in the long term.
- Even as they recognized that the accelerated timeframe was a primary purpose of the Recovery Act, agencies were still challenged by the lack of time they had to sufficiently plan for implementation, including increasing staff capacity and developing improved oversight, monitoring, program guidance and performance measures specific to the goals of the Act.

We believe that the practices and mechanisms identified in this report, along with other innovative, agency-specific practices, benefitted agencies and OIGs as they implemented the Recovery Act. We hope that agencies and OIGs will continue to apply these practices, where appropriate, to enhance the overall effectiveness with which Federal funds are used. We also hope that the lessons agencies and OIGs learned during the Recovery Act can be applied to the planning, implementation, and oversight of future Government programs.

Introduction

The Recovery Act

Congress passed the American Recovery and Reinvestment Act of 2009 (the Recovery Act, or the Act), providing $840 billion to 28 Federal agencies in order to—

1. preserve and create jobs and promote economic recovery;
2. assist those entities and individuals most impacted by the recession;
3. provide investments needed to increase economic efficiency by spurring technological advances in science and health;
4. invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and
5. stabilize State and local government budgets in order to minimize or avoid reductions in essential services and counterproductive State and local tax increases.

Recovery Act funds were disbursed to recipients through tax benefits and entitlement payments or awarded through contracts, grants and cooperative agreements, and loans. In general, funds had to be obligated by September 30, 2010. Since the Recovery Act's enactment, $787.1 billion has been paid out (Figure 1).

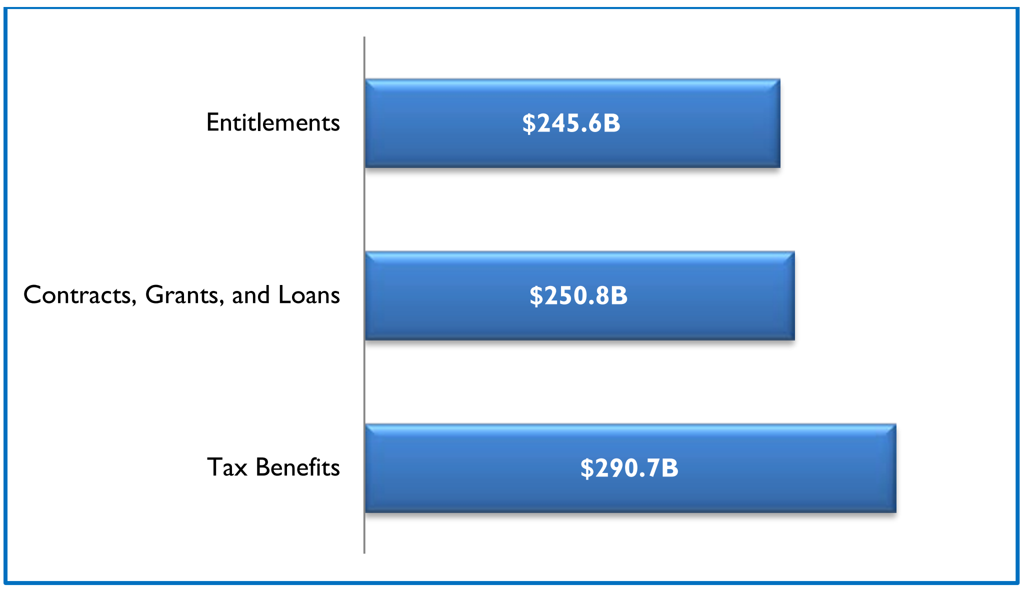

Figure 1. Overview of Recovery Act funding paid out as of March 1, 2013.
Source: Recovery.gov

The mechanisms agencies used to award funds defined the compliance environment for the Recovery Act. Execution of contracts is governed by the Federal Acquisition Regulation, while grants and cooperative agreements, loans, and entitlements have other requirements. Regardless of the mechanisms used to distribute funds, the primary goals of the Recovery Act applied to all agencies, and all agencies faced the monumental task of obligating funds at an unprecedented rate.

Given the amount of funds and the speed with which they had to be obligated, fraud and waste were of significant concern from the beginning. Funds were allocated to Offices of Inspectors General (OIGs) to carry out oversight of Recovery Act programs, grants, and projects. In addition, the Recovery Act established the Recovery Accountability and Transparency Board (the Board), which was charged with coordinating and conducting oversight of Recovery Act funds to identify and prevent fraud, waste, and mismanagement.

Our Objective: Identifying Lessons Learned

As a capstone to the Recovery Act, the Board, in conjunction with the OIG community, set out to identify lessons learned by Federal agencies, OIGs, and the Board throughout implementation of the Recovery Act. The specific objective of this review was to identify those actions, mechanisms, or processes implemented by agencies, OIGs, and the Board that were effective in the implementation and administration of Recovery Act programs, and those that were obstacles.

The U.S. Department of the Interior's OIG compiled and analyzed data from 16 OIGs on what they and their agencies experienced while implementing close to 100 Recovery Act programs.[2] This report is based on this input, plus a follow-up effort that collected additional information from the Board staff and select agencies. Rather than a formal audit or evaluation, this report is meant to be a capstone report identifying the crosscutting themes highlighted by a majority of the review participants as they reflected on their experiences. Seven themes emerged from the data: four relating to practices perceived as having been beneficial, and three common challenges agencies and OIGs faced. See Appendix 1 for the scope and methodology we used to develop the report. Appendix 2 contains a list of the programs the agencies considered in their responses.

We hope this report will help enhance the overall effectiveness with which Federal funds are used, and that it will also provide valuable lessons for any future special funding that may be similar to the Recovery Act.

[2] Oversight of the Internal Revenue Service is provided by the Treasury Inspector General for Tax Administration.

Beneficial Practices

Top-Down, Centralized Governance Structures Improved Agencies' Monitoring and Oversight

All but one agency in this review reported establishing unique, often centralized, governance structures to manage Recovery Act implementation, and they credited these structures with improving their monitoring and oversight. Office of Management and Budget (OMB) guidance required each agency to identify a senior accountable official for Recovery Act activities, generally at the sub-cabinet or Deputy Secretary level. Beyond that requirement, agencies also reported forming a variety of cross-functional leadership teams, and in some instances separate program offices, dedicated solely to overseeing implementation of the Act. A number of agencies also used information management systems such as SharePoint to centralize project tracking and report monitoring.

Steering committees, teams of experts, and workgroups were established at both headquarters and regional levels, and often included program, acquisition, and financial executives and managers. Committees and workgroups met frequently—often weekly—and were actively involved throughout all phases of implementation. Their involvement ranged from setting agency guidance, assessing program plans, and reviewing project lists in the early stages of the Recovery Act to tracking award statuses and project milestones and reviewing reports in the later stages.

For example, one agency formed a multifunctional team focused on cross-program issues such as successful recipient reporting and financial management. The team met weekly, coordinated guidance to recipients, and established plans and metrics to monitor the Act's programmatic impact. Another agency created an executive-level steering committee supported by subject-matter subcommittees, including contracts, grants, finance, reporting, performance measurement, outreach and communication, and congressional relations. The steering committee established a detailed stewardship plan that aligned with OMB requirements, and outlined management and oversight controls, guidance, training, procedures, processes, and monitoring activities.

Agencies noted that these governance structures, with their executive-level involvement, were a unique aspect of the Recovery Act, and they credited them with providing more comprehensive oversight and greater transparency and accountability for Recovery Act projects than would occur during their regular appropriations. Most importantly, these governance structures allowed agency officials to identify issues early and develop timely resolutions to problems. According to the agency that developed the stewardship plan, the plan "proved a crucial tool in identifying and correcting issues." The agency added that aligning the plan with OMB guidance helped the agency efficiently meet the Act's requirements. It is now using the development of the stewardship plan to help design other management strategies.

Close Collaboration Promoted Effective Implementation

The Board was established to promote accountability and foster transparency on Recovery Act spending. It worked closely with agencies and OIGs, as well as with State oversight officials, the National Governors Association, OMB, and the Office of the Vice President in order to prevent fraud, waste, and mismanagement, and to ensure the public had access to accurate information concerning Recovery Act spending. The Board's key role, coordinating efforts across agencies and OIGs by facilitating cross-agency meetings, hosting inter-OIG working groups, and sponsoring multi-agency reviews, fostered an environment of cooperation and timely information sharing that promoted effective implementation of the Act.

OIGs were also charged with overseeing and auditing Recovery Act programs, grants, contracts, and projects. Apart from the coordination that takes place during the normal course of audits or investigations, agencies and OIGs reported that they worked together closely throughout the implementation of the Act to prevent inefficiencies, ensure compliance, and increase fraud awareness.

Half of the OIGs in this review reported that they were more involved than usual in agency implementation efforts, especially in the early stages. Many issued advance reports noting challenges and areas of vulnerability for their agencies to consider. For example, one OIG issued a series of management advisory reports to its agency. Among other things, these reports provided observations to help refine its agency's risk-management approach as it began implementation, highlighted the lack of clarity in portions of the agency's internal guidance for compiling project lists, and warned against doing business with individuals or companies that had been suspended or debarred.

In addition, OIGs reviewed and commented on agency guidance, program plans, risk management strategies, and Recovery Act projects, focusing on internal control weaknesses and highlighting compliance risks. OIGs reported meeting regularly with their agencies' senior accountable officials to update them on OIG Recovery Act activities, reviews, and investigations. Further, many agencies actively sought OIG assistance and advice, including as advisors on steering committees and workgroups, and requested OIG presence at management meetings centered on Recovery Act guidance and compliance issues.

All 16 of the OIGs reported also working closely with agency staff, grantees, and contractors to significantly increase their fraud awareness and prevention efforts. In addition to increasing the number of fraud awareness trainings, briefings, and workshops they presented to agency personnel, they reported developing Webinars, videos, and brochures highlighting fraud indicators about which project managers and procurement staff needed to be aware. In addition, many OIGs expanded their outreach efforts beyond fraud awareness to include training and Webinars related to internal controls, suspension and debarment, and grants and contracts management.

Maintaining independence is a requirement for OIGs under the Inspector General Act of 1978. Therefore, despite a high level of participation—early involvement, membership on committees, attendance at management meetings, and regular outreach to agency personnel—OIGs were careful to emphasize their roles as advisors when serving in these capacities. Nevertheless, the vast majority of agencies in this review reported that the implementation of the Act served to strengthen or reinforce their working relationships with their OIGs.

Unprecedented Direct Outreach to Recipients Mitigated Noncompliance in Reporting and Increased Fraud Awareness

Agencies, OIGs, and the Board all conducted unprecedented levels of outreach to recipients throughout implementation of the Recovery Act. Recipients included States, corporations, small businesses, universities, nonprofit organizations, and individual beneficiaries. Agencies and OIGs used a multitude of mechanisms to connect with them throughout the implementation.

In the early stages of the Act, agency efforts focused on informing potential recipients and beneficiaries on how to obtain funding and meet eligibility requirements. In addition to posting opportunities on standard Federal Web sites such as FedBizOpps.gov and Grants.gov, agencies relied heavily on email communications and on posting information to their own Recovery Act Web pages. Most agencies also communicated instructions and requirements directly to recipients by hosting Webinars, conference calls, town hall meetings, and live training sessions.

Once funds were awarded, outreach efforts primarily turned toward ensuring recipients fulfilled their reporting requirements. The Recovery Act marked the first time that entities receiving U.S. Government funds (through contracts, grants, or loans) were required to report publicly—and in great detail—how they used them. Section 1512 of the Recovery Act outlined the quarterly reporting requirements for entities receiving funds (individuals were excluded) including reporting the total amount received, project descriptions and activities funded, project status, estimated number of jobs created or retained as a result, and information on subcontracts and subgrants awarded. In the case of infrastructure investments by State and local governments, reporting included the purpose of the project, its total cost, and the rationale for funding the investment. The Board established two Web sites: FederalReporting.gov, to capture the reported information, and Recovery.gov, to serve as the primary public access point to all Recovery Act data.

Because of the newness of the requirements and the systems supporting them, a significant learning curve still existed for recipients. Therefore, in addition to including reporting requirements in the terms and conditions of Recovery Act awards, agencies developed a variety of useful tools for recipients, including FAQs, toolkits, and reporting guides. Agencies also used their Web sites, as well as emails, Webinars, training, and meetings, to communicate with recipients; some sent reminders to recipients before quarterly reporting periods began.

Agencies provided varying levels of technical assistance during reporting periods and followed up with recipients who were late in reporting. Most established comprehensive recipient data quality reviews and verifications, and used that information to better target areas where help was needed. One agency even developed a call center to assist recipients of Recovery Act funds. The center was open 10 hours a day, 5 days a week, and had a small fulltime staff who answered recipients' process- and reporting-related questions. Call center staff also called recipients to ensure they understood reporting requirements, to check on the status of their report submissions, and to resolve any identified data discrepancies.

All of the agencies in this review reported that their outreach efforts helped ensure recipient reporting compliance and data accuracy, with many citing compliance percentage rates in the high 90s. Among these agencies, the number of awards associated with noncompliant recipients declined significantly over the past 3 years of the Recovery Act (Figure 2).

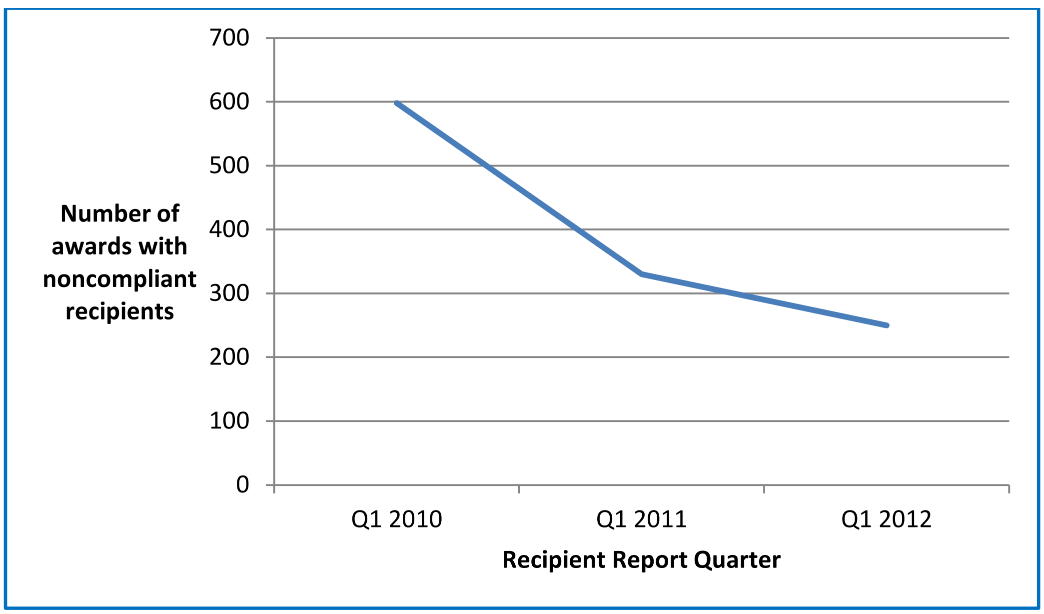

Figure 2. Noncompliers by award for participating agencies with reported data.
Notes: The overall numbers of Recovery Act awards with noncompliant recipients for the three quarters shown were 589, 330, and 250, respectively.
IRS Recovery Act beneficiaries were not subject to the recipient reporting requirements spelled out in § 1512 of the Act.
Source: Recovery.gov

Finally, OIGs and the Board directly engaged recipients through fraud awareness and prevention efforts similar to those conducted for agency personnel. All but two of the OIGs in this review reported conducting numerous fraud awareness training sessions, seminars, and Webinars targeting grantees and contractors, and they estimated reaching well over 60,000 recipients during the course of the Recovery Act.[3] Some OIGs also developed and distributed fraud awareness materials and discussed fraud indicators with recipients during site visits and reviews. The Board also used many other mechanisms to provide Recovery Act information to nearly 17,000 individuals, including onsite demonstrations, Webinars, videos, quarterly forums and meetings, and conference calls.[4]

Accelerated Timeframes Led to Enhanced Business Processes and Focused Oversight

Increased transparency requirements and the short timeframe that Recovery Act funds were available meant agencies and OIGs had to develop new business practices or alter existing ones in order to meet obligation deadlines and ensure timely yet effective oversight. Agencies reported on ways they enhanced approval processes for Recovery Act funding applications, and OIGs highlighted ways they provided effective real-time oversight.

A vast majority of the participating agencies used their existing protocols to review and approve recipient contract and grant applications, but many of them also described new and innovative practices they employed to enhance the process under the Recovery Act. Some agencies, for example—

- added layers to their usual reviews, ensuring that eligibility requirements were met and that application packages included the Act's requirements and were complete before processing;
- established centrally coordinated grant or contract review boards composed of subject matter experts, grants or contracts personnel, and agency managers;
- expedited review timeframes for Recovery Act projects and developed tools to aid the review of recipient applications, including enhancing review criteria, using review checklists or templates, or applying point-based scoring systems for rating applications; and
- standardized and reformatted applications to ease processing, provided prepopulated fields for recipients on electronic applications, and used automated systems for tracking applications throughout the award process.

OIGs also enhanced their practices in order to provide timely and effective oversight. Many used risk-based approaches to target Recovery Act projects and

[3] We did not ask the 16 OIGs that participated in this review to provide the specific number of recipients they held training for, but 7 of the OIGs volunteered estimates. We estimate the actual number of recipients reached through OIG fraud awareness training to be much higher.
[4] We estimate the total number of individuals trained by the Board and OIGs through January 2013 to be almost 157,000.

programs for review, focusing on newly established programs, high-dollar projects, or recipients at risk for noncompliance. To assist them, the Board created the Recovery Operations Center (ROC) to aid in the tracking of Recovery Act funds and their recipients. Through its open-source research and in-depth fraud analysis, the ROC has served as a centralized source of information for OIG investigations and audits. In addition, in order to notify agencies of findings in a timelier manner, about a third of OIGs instituted reporting in expedited forms, such as management memoranda or advisories, rather than traditional audit reports.

Challenges

Agencies and OIGs Faced a Significant Learning Curve

Although the primary themes that arose from this review center on practices credited with facilitating the Recovery Act's implementation, agencies and OIGs also faced challenges. For example, the myriad of requirements surrounding the Act's implementation and reporting created a significant learning curve.

Within the first several months after the Recovery Act was passed, OMB issued—and often updated—several major implementing and reporting guidance documents. Agencies and OIGs grappled with the evolving nature of this guidance and with the frequency and comprehensiveness of the required reporting. Agencies noted that the timing, lack of clarity, and often-changing nature of the OMB guidance, specifically guidance related to § 1512 reporting requirements, sometimes challenged their implementation efforts.

One primary example agencies gave concerned recipient reporting of the number of jobs created or saved as a result of their Recovery Act work. OMB finalized reporting guidance that established a formula for calculating jobs, but it issued the guidance in June 2009, well after many projects had begun. In mid-December 2009, just 2 weeks before the end of the quarterly reporting period, OMB issued additional guidance simplifying how job estimates were calculated. This guidance changed the original formula. Consequently, agencies had to rush to educate recipients about the changes, and spent extra time and resources that quarter reviewing and validating recipient data to reduce errors. In some cases, agencies communicated daily with recipients via phone or email to ensure their report submissions were accurate.

Agencies and OIGs also experienced difficulties adapting to the quantity and level of detail in recipient reporting necessitated by the Recovery Act's transparency requirements. Some general reporting is already required of most Government contract, grant, and loan recipients, but the Recovery Act called for reporting that was more frequent (every quarter) and more detailed (e.g., jobs created or individual project activities).

Furthermore, using a centralized mechanism like FederalReporting.gov to capture that information was a new process that both recipients and agencies had to learn. A handful of agencies noted issues with the new system. Some required more training on how to use it, and others believed the system's "one-size-fits-all" approach was not particularly helpful in measuring performance, or was not applicable to all of their recipients. Several agencies suggested that if FederalReporting.gov had allowed certain key award and identifying data fields to be prepopulated each quarter, it would have resulted in fewer data errors for agencies to address and eased the reporting burden on recipients.

Agencies and OIGs saw their own reporting requirements increase considerably as well. For example, in the early months of the Recovery Act, agencies had to provide weekly updates to OMB with a breakdown of funding, major actions taken to date, and major planned actions regarding their implementation of the Act. Moreover, throughout the course of implementing the Act, agencies had to submit weekly financial reports for posting on Recovery.gov and quarterly reports on funds disbursed to individuals (who were not subject to § 1512 reporting requirements) for FederalReporting.gov. OIGs, in turn, were required to provide monthly reports to the Board outlining their oversight spending, activities, and outreach. In addition, they reported on the actions they took in response to fraud referrals the Board provided.

Increased Workload Taxed Agency and OIG Staffs

Along with its learning curve, the Recovery Act brought a dramatic spike to agency and OIG workloads. During our review, agencies and OIGs described some of the resource challenges they faced, particularly inadequate staffing and the subsequent impact on existing program operations.

With the Recovery Act's increases in spending and related activities came a corresponding increase in the number of staff that agencies and OIGs needed to work effectively. For instance, despite efforts to streamline and enhance existing review protocols, agencies still needed skilled people to review and process applications for awards. In addition, although agencies and OIGs credited outreach to recipients for reducing noncompliance with reporting requirements, the amount of staffing resources it took to conduct that outreach was significant. Agencies reported spending countless staff hours training recipients, providing technical assistance to them, verifying and validating their data, and following up with them when issues arose. Finally, monitoring and oversight efforts, including site visits, reviews, and monthly reporting, also required additional staff.

To address these issues, agencies and OIGs hired new employees and used a number of techniques to increase staffing flexibility. Some participants hired new fulltime employees, and most brought in temporary staffing, including contractors, term employees, or retired annuitants. Some agencies that used grant award mechanisms reported using more reviewers from other Federal agencies as well as non-Federal entities. One agency successfully recruited more help by paying reviewers that had previously worked as volunteers. Agencies and OIGs also stretched their existing capacity by using interns and employees on detail for Recovery Act-related work, and by allowing employees dedicated to Recovery Act projects to work overtime, receive compensatory time, or telework.

Despite efforts to maximize staff capacity, however, 10 agencies still reported that some of their existing programs were negatively impacted by redirecting their resources towards Recovery Act activities. In some instances, they had to extend deadlines and prolong the implementation of existing projects. In others, they had to place projects on hold until their Recovery Act duties subsided.

Further, some agency programs received Recovery funds to assist in the administration of the Act, but others did not. Administrative funds proved helpful for those agencies and programs that received them. As one agency put it: "[We] benefitted from the ability to spend limited amounts of Recovery Act funding on administrative and support costs. . . . [These funds] enabled bureaus to supplement staff in key areas to support the increased workload. As a result, the impact on regular workload was lessened." Nevertheless, implementing the Recovery Act required a greater commitment from current staff—a level of effort that, as participants stated during the follow-up interviews, would not have been sustainable in the long term.

Condensed Timeframes Inhibited Agency Planning and Performance Metric Development

Even as the Recovery Act's accelerated timeframe motivated agencies to enhance processes and improve oversight, more than half still mentioned the lack of time they had to sufficiently plan for its implementation. Agencies noted that with more time, they would have been better able to incorporate Recovery Act oversight and monitoring into existing systems, particularly automated and financial tracking systems. Participants also said that having more time to recruit and train new employees would have been beneficial. Others commented that more lead time would have allowed for better understanding and clarification of OMB guidance and definitions, and for the development of agency-specific guidance.

Finally, some participants noted that, had they had more time to prepare, they would have been able to develop more meaningful and realistic performance measures for Recovery Act projects and overall implementation. Granted, all but 1 of the 16 agencies indicated their Recovery Act plans included performance measures that addressed specific programmatic goals to be reached with the use of Recovery Act funds. The same agencies also reported their Recovery Act plans addressed at least one or more of the five specific goals of the Act. [5] But in follow-up conversations with select agencies, we learned that the condensed timeframe for implementation led them to rely mainly on their existing program measures to meet the goals of the Act. The development of new performance measures, including those specific to Recovery Act goals, was primarily focused on those few new programs created by the Recovery Act.

We should note, however, that the Recovery Act was not particularly prescriptive regarding the development of performance measures specifically addressing the five goals of the Act. Furthermore, initial OMB guidance suggested a more generalized approach to measuring Recovery Act outcomes, emphasizing the use, where possible, of existing measures in agencies' program-specific Recovery Act plans. But while emphasizing the use of existing program performance measures may have saved time and allowed agencies to continue measuring the

[5] One agency indicated the survey questions on performance measures were not applicable.

performance of their current programs, we do not know whether agencies' existing program performance measures directly translated into metrics that could definitively illustrate how and to what extent programs that received Recovery Act funds succeeded in achieving the specific goals of the Act. Assessing whether agencies attained these goals was not within the scope of this review, but it might be asked how agencies could truly measure their success during the Recovery Act without specific performance metrics.

Conclusion

In this report, we examined the different practices and procedures that agencies, OIGs, and the Board employed in order to contend with the major task of awarding funds, tracking spending, and monitoring progress under one of the largest investments the Nation has ever made in its economy.

The Recovery Act's numerous implementation and reporting requirements meant a significant learning curve for agencies and OIGs. Planning efforts, including the development of meaningful performance metrics, were complicated by the changing nature of the guidance provided and by the pressure of having to implement the Act within a condensed timeframe.

The workload that accompanied the implementation of the Recovery Act was significant for many agencies. The commitment and effort by agency staff to implement the Act is evident in the large number of staff hours that were redirected from regular activities and dedicated to Recovery Act-related work. Agencies that were fortunate enough to receive administrative funds to aid in the Act's implementation found the impact to their staff and their regular programs lessened. Overall, however, agencies noted that the strain to their existing programs and staff, while surmountable in the short term, would not have been sustainable in the long term without financial support.

The dual accountability and transparency mission also presented many challenges for the newly created Board. Creating new processes and leveraging existing ones was a significant part of the Board's strategy, but the Board could not have accomplished its mission without the collaborative efforts of the OIGs, the agencies, and other stakeholders.

Ultimately, we cannot predict whether the Nation will see legislation similar to the Recovery Act in the future. Regardless, centralized governance structures, collaboration, outreach, streamlined processes, and effective performance measures can benefit any large program tasked with implementing high-dollar funding. We hope that agencies and OIGs will continue to apply these practices, where appropriate, to enhance the overall effectiveness with which Federal funds are used. They may be particularly beneficial in cases where one-time infusions of significant Federal funding or large amounts of expenditures are anticipated on an emergency or other short-term basis.

Appendix 1: Scope and Methodology

Scope

Sixteen agencies, representing approximately half of all available Recovery Act funds, participated in this review, along with their OIGs (Figure 3). The Board also participated in this review, and the U.S. Department of the Interior's OIG coordinated the overall effort.

Participating Agency	Available Recovery Act Funds
Internal Revenue Service*	$0.2 billion
National Aeronautics and Space Administration	$1 billion
National Science Foundation	$3 billion
U.S. Department of Agriculture	$45.9 billion
U.S. Department of Commerce	$6.7 billion
U.S. Department of Defense**	$11.8 billion
U.S. Department of Education	$97.3 billion
U.S. Department of Health and Human Services	$130.7 billion
U.S. Department of Housing and Urban Development	$13.5 billion
U.S. Department of the Interior	$3.3 billion
U.S. Department of Labor	$67.4 billion
U.S. Department of Justice	$4 billion
U.S. Department of Transportation	$47.6 billion
U.S. Department of Veterans Affairs	$1.8 billion
U.S. Environmental Protection Agency	$7.1 billion
U.S. General Services Administration	$6.7 billion

* Funds for the Department of Treasury are approximately $20 billion. The figure listed here pertains to the Internal Revenue Service specifically and was provided by the Treasury Inspector General for Tax Administration.
** Includes the United States Army Corps of Engineers.

Figure 3. Available Recovery Act funds by participating agency as of February 15, 2013.
Source: Recovery.gov

OIGs were responsible for providing information from agency program officials in a manner appropriate to each agency. To accommodate the different structures and operational dynamics of each agency, and the time and resource constraints of the participating OIGs, OIGs were given the latitude to focus on large-scale Recovery Act programs where appropriate. In total, 96 programs are covered under this review (Appendix 2).

Methodology

OIGs participated in this review on a volunteer basis. We developed a questionnaire template and distributed it to the participating OIGs, which were then responsible for collecting information from their agencies about their Recovery Act experiences. OIGs also assessed their own monitoring and oversight efforts. The questionnaire template was designed to collect qualitative responses related to—

1. pre-award and award processes associated with Recovery Act funds;
2. outreach, education, and technical assistance to Recovery Act recipients;
3. performance measures; and
4. monitoring and oversight of Recovery Act activities.

Agencies and OIGs were asked to reflect on their implementation experiences; therefore, much of the information provided is subjective. OIGs were not required to formally validate their agencies' responses, nor did we verify the responses provided by participating agencies and OIGs. Responses to the questionnaire templates were analyzed across agencies and OIGs to identify recurring themes. Responses to each question were reviewed by two or more reviewers to ensure consistency. In a follow-up effort, six agencies were contacted to clarify their responses to the questionnaire. Board staff was asked to complete a modified questionnaire.

Seven crosscutting themes emerged from the data: four relating to practices perceived as having been beneficial, and three common challenges agencies and OIGs faced. In discussing the themes, review participants all agreed that specific practices or approaches should not be attributed to any particular entity. Rather, the focus is on those practices and challenges experienced by at least a majority of the participating agencies or OIGs, thereby representing the most common themes.

Appendix 2: Major Programs Covered Under This Review

To accommodate different structures and operational dynamics of each agency and the time and resource constraints of the OIGs collecting the information, OIGs were given the latitude to focus on large-scale Recovery Act programs where appropriate. The table below lists the programs and agency accounts receiving Recovery Act dollars that were included as part of this review. References to administrative funds, salaries and expenses, and OIGs are not included.

PROGRAMS
Internal Revenue Service
Health Insurance Tax Credit Administration
National Aeronautics and Space Administration
Science
Exploration
Aeronautics
National Science Foundation
Education and Human Resources
Major Research Equipment and Facilities Construction
Research and Related Activities
U.S. Department of Agriculture
Distance Learning, Telemedicine, and Broadband Program
Agriculture Research Service Buildings and Facilities
Rural Business Program Account
Rural Community Facilities Program Account
Rural Water and Waste Disposal Program Account
Rural Housing Insurance Fund Program Account
U.S. Department of Commerce
Census Bureau – 2010 Census
Economic Development Administration – Economic Investment
National Institute of Standards and Technology
National Oceanic and Atmospheric Administration
National Telecommunications & Information Administration
U.S. Department of Defense (DoD)
Operation and Maintenance
Military Construction
Research, Development, Test, and Evaluation

PROGRAMS
DoD (cont.)
Family Housing Construction
Family Housing Operation and Maintenance
Defense Health Program
Homeowners Assistance Fund
U.S. Army Corps of Engineers (Component of DoD)
Mississippi River and Tributaries
Investigations
Construction
Operation and Maintenance
Regulatory Program
Formerly Utilized Sites Remedial Action Program
U.S. Department of Education
State Fiscal Stabilization Fund
Individuals with Disabilities Education Act Part B Special Education Grants to States
Title I Grants to Local Educational Agencies
Race to the Top (State Incentive Grants)
School Improvement Grants
U.S. Department of Health and Human Services
Health Resources and Services Administration
Indian Health Service
National Institutes of Health
Administration for Children and Families
Administration on Aging
Prevention and Wellness
Comparative Effectiveness Research
Office of the National Coordinator for Health Information and Technology
Information Technology Security
Medicare and Medicaid Health Information Technology Incentive Payments
Medicaid Federal Medical Assistance Percentage and other Medicaid Provisions
U.S. Department of Housing and Urban Development (HUD)
Community Development fund
Lead Hazard Reduction
Homelessness Prevention Fund
Home investment partnership program
Project-Based Rental Assistance Program
Public Housing Capital Fund

PROGRAMS
HUD (cont.)
Assisted Housing Stability and Energy and Green Retrofit Investment
Native American Housing Block Grant
Green Retrofit Program
U.S. Department of the Interior
Water and Related Resources
Construction
Operations
Resource Management
Surveys, Investigations, and Research
Management of Lands and Resources
Central Utah Project Completion Account
Historic Preservation Fund
Wildland Fire Management
Indian Guaranteed Loan Program Account
U.S. Department of Justice
Violence Against Women Prevention and Prosecution
State and Local Law Enforcement Assistance
Community Oriented Policing Services
U.S. Department of Labor
State Unemployment Insurance and Employment Service Operations
Community Service Employment for Older Americans
Training & Employment Services
Unemployment Insurance – Federal Additional Compensation
Unemployment Trust Fund
Job Corps
U.S. Department of Transportation
Federal Highway Administration
Federal Railroad Administration
Federal Transit Administration
Office of the Secretary – Supplemental Discretionary Grants for National Surface Transportation System
Federal Aviation Administration
Maritime Administration
Research and Innovative Technology Administration – Working Capital Fund, Volpe National Transportation Systems

PROGRAMS
U.S. Department of Veterans Affairs
Veterans Health Administration
National Cemetery Administration
Veterans Benefits Administration
Office of Information and Technology
U.S. Environmental Protection Agency
Clean Water State Revolving Fund
Drinking Water State Revolving Fund
State Clean Diesel Grant Program
Leaking Underground Storage Tank Trust Fund Program
Superfund
Brownfields
U.S. General Services Administration
Federal Buildings Fund
Vehicles
Office of Government-Wide Policy