



Recovery Accountability and Transparency Board

Quarterly Report to Congress

This is the Recovery Accountability and Transparency Board's (the Board) initial quarterly report regarding activities under the Disaster Relief Appropriations Act of 2013 (the Act). The period covered is the quarter ending March 31, 2013. The Act extended the work of the Board through September 2015 to:

- Develop and use information technology resources and oversight mechanisms to detect and remediate waste, fraud, and abuse in the obligation and expenditure of funds appropriated for purposes related to the impact of Hurricane Sandy.
- Coordinate oversight efforts with the Director of the Office of Management and Budget (OMB), the head of each federal agency receiving appropriations related to the impact of Hurricane Sandy, and the respective Office of Inspector General (OIG) of each such agency.

The Board has developed expertise in analyzing financial spending and identifying potential fraud and high risk indicators based on its experience with the \$840 billion stimulus program under the American Recovery and Reinvestment Act of 2009 (ARRA), and with broader government spending through its authority reflected in the Consolidated Appropriations Act of 2012. These techniques and processes developed and implemented by the Board's Recovery Operations Center (ROC) for our current work are now being applied to examine Hurricane Sandy spending to prevent and detect fraud, waste, and abuse.

January - March 2013 Activities

Building on its capabilities in analytics and data management, the Board's initial efforts to prevent and detect fraud, waste, and abuse related to Hurricane Sandy Relief spending has focused on coordination with federal and state stakeholders, identification of data sources for use by Board analysts, and evaluation of information referred by the Department of Homeland Security Office of Inspector General (DHS OIG) for review in the ROC. Specific activities of the Board include:

- Coordination with the oversight community at the federal level by establishing contacts, discussions, and cooperative approaches with the 18 federal OIGs for the agencies distributing disaster relief funds under the Act;
- Coordination with the Department of Justice's (DOJ) Disaster Fraud Task Force and OIGs regarding their work with U.S. Attorneys for the impacted districts receiving disaster relief funds under the Act;
- Cooperation with the Hurricane Sandy Rebuilding Task Force established by the President and headed by Secretary Donovan of the Department of Housing and Urban Development (HUD). The Board staff has collaborated with the task force's Program Management Office (PMO) to identify sources of spending information, internal controls established by agencies, and plans and schedules for distributing funds under the Act;

- Coordination with the OMB to ensure clear lines of responsibility and scope of activities across the many stakeholders in the Hurricane Sandy relief effort;
- Discussions and planning with state and local officials who will distribute funds and oversee spending to ensure relief in the disaster zone. Dialogues with the same officials on the availability and collection of recipient data have been initiated and progress has been made on working cooperatively on fraud prevention and detection as well as the identification of high risk indicators. Specifically, the Board staff has been in contact with the governors' offices and state oversight offices (Comptroller and State Auditor) for New York, New York City, New Jersey, Connecticut, and Rhode Island to offer support in coordinating oversight and implementation of disaster relief and reconstruction. Discussions have also included how state and local data might be shared with the Board;
- Identification of data sources used with advanced analytic software to maximize information technology resources and oversight mechanisms for the purpose of detecting and remediating waste, fraud, and abuse in federal funds. Unlike ARRA where the Board had ready access to standardized data it collected, the Board must now identify sources from existing federal databases, such as the Federal Procurement Data System (FPDS), USASpending, and the Federal Awardee Performance Integrity Information Systems in order to collect data. The Board is coordinating with OIGs, especially the DHS OIG, on sources of information and areas of high risk in initial funding streams. The Board is also exploring sources of sub-recipient spending data that may be available at the state or local level. This sub-recipient data is the most valuable for preventing or detecting fraud. Finally, the Board's analysts have begun researching open source data for information related to past problems of entities that might receive disaster relief funds under the Act;
- Development of a reporting template for OIG audits, inspections, evaluations, and investigations, as well as significant activities and hotline calls, related to Hurricane Sandy oversight efforts;
- Evaluation of a number of entities related to Hurricane Sandy debris removal submitted by DHS OIG. Initial analytical findings are being forwarded to DHS OIG Office of Investigations and Office of Emergency Management Oversight for investigative or audit referral, as appropriate; and,
- Posting of basic information on Board activities and Hurricane Sandy relief spending on the publicly available website, FederalTransparency.gov, to keep interested parties informed.

Planned Activities

The Board will continue its efforts to identify and manage data sources, maximizing information technology resources and oversight mechanisms to detect and remediate fraud in the obligation and expenditure of funds. A specific goal is to identify data bases that focus on sub-recipient spending and, therefore, areas of potential fraud.

A close working relationship with the DHS OIG will continue and be strengthened. We have initiated work with HUD and will work closely with other agencies as they begin distributing funds.

Going forward, as its core Hurricane Sandy relief function, the Board anticipates receiving requests from OIGs and state and local officials to review spending data to identify high-risk areas, and to prevent and detect fraud, waste, and abuse. Initial support information may serve as leads for investigations or audits. As these or other Hurricane Sandy-related investigations and audits proceed, the Board anticipates supplying ongoing intelligence, background information, and support for investigations or audits. Should prosecutions occur relating to Hurricane Sandy disaster relief funds, the Board will support OIGs, DOJ, and U.S. Attorney Offices in any criminal prosecution or civil action.

The Federal Emergency Management Agency (FEMA) and the Board have discussed coordinating on the development of a dashboard that will enable sharing information across federal, state, tribal, local jurisdictions, and non-government organizations. We understand that the FEMA requirements dictate that the dashboard will centralize fiscal information tracking and support the implementation of the recovery support strategy for Hurricane Sandy and future disaster events. The dashboard will be populated with FEMA data, including funding totals for individual assistance, public assistance, and mitigation data sets, and we anticipate that the dashboard will include such enhancements as maps and graphs to define the location of federal funds expended, viewable by state, congressional district, zip code, and county; track post-disaster assistance; and identify opportunities to leverage federal, state, tribal, local, and other public sector activities and funding streams. Within its fiscal year 2013 resource constraints, the Board is evaluating how its expertise in making spending data transparent through the operation of Recovery.gov might assist FEMA in moving forward with this dashboard.

Our coordination efforts with OMB, federal agencies, and the OIGs will continue and focus more on our analytical capability as funding is distributed to the states and then further to local and private organizations.

Challenges

Based on initial work and discussions with a broad spectrum of stakeholders, the Board has identified a series of challenges moving forward:

- The lack of a unique Hurricane Sandy grants identifier on USASpending.gov
 - Challenge – Without a deployed method of identifying grants related to Hurricane Sandy, the Board staff is unable to determine and extract Hurricane Sandy awards for analysis and to assess the risk indicators for the recipients or sub-recipients that are crucial for preventing and detecting fraud.
 - Potential Solution – The Board staff is looking at other databases, such as the HUD Disaster Recovery Grants Reporting System, the FEMA Emergency Management Mission Integrated Environment, and state databases that might provide the grantee and sub-grantee information.

- Access to sub-recipient data at the state level

- Challenge – States themselves may not have this data, and not all the records that exist are electronic.
- Potential Solution – The Board staff continues to research alternative options and to cooperate with states.
- Timing for receipt of federal data
 - Challenge – FPDS updates are infrequent (biweekly at most), and although USASpending data is refreshed every 24 hours, agencies are only required to input award data on a monthly basis. The result is that the Board staff does not have access to the award data in a timely manner, delaying the risk assessment analysis in the ROC.
 - Potential Solution – The Board staff is working with the HUD PMO to receive weekly financial reports detailing agency obligation and outlay information and with OMB to receive the internal control plans. In addition, grant management databases may allow more timely access to some award data required for proper oversight.

Conclusion

The Board appreciates the opportunity to inform Congress of its progress under the Disaster Relief Appropriations Act of 2013. The Board anticipates developing solutions for the challenges that we have identified and looks forward to reporting on our efforts and accomplishments, as well as statistics on OIG oversight efforts, in future quarterly reports.