



Recovery Accountability and Transparency Board

Report to Congress

on Activities Related to Hurricane Sandy Funds

As of December 2013





This is the Recovery Accountability and Transparency Board's (Board) report pursuant to the Disaster Relief Appropriations Act, 2013 (Hurricane Sandy Supplement), for the period July – December 2013. The Hurricane Sandy Supplement extended the Board through September 2015 and expanded its mission to include:

- Development and use of information technology resources and oversight mechanisms to detect and remediate fraud, waste, and abuse in the obligation and expenditure of funds appropriated for purposes related to the impact of Hurricane Sandy; and
- Coordination of 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 developed expertise in analyzing financial spending and identifying potential fraud and high-risk indicators through its oversight efforts related to the \$840 billion American Recovery and Reinvestment Act of 2009 (Recovery Act) stimulus program and other federal spending. While it continues such efforts, the Board's Recovery Operations Center's (ROC) emphasis is now on preventing and detecting fraud, waste, and abuse of funds made available by the Hurricane Sandy Supplement.

The Board's efforts to develop oversight mechanisms related to Hurricane Sandy spending have centered on three primary areas: 1) examining such spending by applying existing and new techniques and processes developed and implemented by the ROC in collaboration with the Board's OIG partners; 2) interfacing with federal and state stakeholders to identify and obtain spending and other related data for the Board's fraud detection and risk identification efforts; and 3) leveraging technologies developed through the Board's implementation and operation of Recovery.gov in the display of available Hurricane Sandy data.

July - December 2013 Activities

As of December 31, 2013, much of the spending from the \$47.9 billion (post-sequester) Hurricane Sandy Supplement remained in planning phases; however, according to the Hurricane Sandy Recovery Tracking Team Project Management Office (PMO)¹ 26 percent of the appropriated funds, or \$12.3 billion, had been obligated. The Board and OIGs are actively partnering to prevent and detect fraud, waste, and abuse involving such funds by examining relevant contracts, grants, and loans, and conducting analysis in support of Sandy-related audits and investigations.

¹Shortly after the passage of the Sandy Supplement, the Hurricane Sandy Task Force created a Project Management Office (PMO), housed within the Department of Housing and Urban Development, to provide support to the Task Force.



Board Website Activities

With the expansion of the Board's mission to include the oversight of Hurricane Sandy spending, Recovery.gov has been rebranded to clearly reflect that it is the official website for all Board efforts. Originally mandated by the Recovery Act, and in furtherance of the President's 2009 Open Government Directive, Recovery.gov continues as the primary website for ongoing Recovery Act activities, as well as information on the Board's oversight activities.

To display expanded Hurricane Sandy data, the Board leveraged existing infrastructure, functionalities, and tools to provide access to agency and recipient data the Board has collected from the Federal Emergency Management Agency (FEMA) and the Hurricane Sandy PMO. Recovery.gov features maps on Hurricane Sandy contract awards, and will soon include mapping of agency obligations and outlays by state and by business class (small business, HUB Zone, etc.). In addition, charts and graphs display funding data for FEMA damage classification categories awarded by state and county, and tables will be added to show the top 10 counties and cities receiving Hurricane Sandy funding. To help the American public understand how Hurricane Sandy funding is being spent, stories on rebuilding projects are also being featured.

Additionally, Recovery.gov users will be able to access current information on the Government Accountability and Transparency Board and the archived data on Education Jobs Fund.²



The rebranded Recovery.gov Home Page provides access to Board activities, Hurricane Sandy Data, and ongoing ARRA information.



The Hurricane Sandy Home Page.

² On August 10, 2010, President Obama signed the Education Jobs Fund into law. The program expanded on a Recovery program, providing an additional \$10 billion to states to pay salaries and benefits, and rehire, retain, or hire employees for the 2010-2011 school year.



Board and OIG Activities

A robust partnership with the Department of Homeland Security (DHS) OIG and coordination with other OIGs has yielded positive results in investigations and audits and has increased access to more timely and complete award data.

Over the last quarter, the Board has:

- Provided analytical results to DHS OIG regarding public assistance program funds. These results were used by DHS OIG to initiate and/or support three criminal investigations;
- Provided the DHS OIG Emergency Management Office (EMO) with a report identifying 25 high-risk debris removal companies as prospective audit targets based on bankruptcies, tax liens, delinquent federal debt, debarments (both federal and state), past convictions, and past contract terminations for default;
- Worked closely with DHS OIG EMO: Board findings were used to initiate and/or support four EMO Hurricane Sandy-related audits;
- Continued to convert documents containing unstructured text (e.g., single audit reports, IG reports, and emails) into useful information based on keywords or phrases, such as “debarment” and “conflict of interest,” to provide the capability of rapidly searching thousands of documents and to identify and assign weights to risk factors or concepts;
- Supported four requests for assistance from the Housing and Urban Development (HUD) OIG, specific to Hurricane Sandy. In two of these cases, the ROC’s unstructured text analysis revealed indications of possible fraud and are being subjected to deeper analysis;
- Continued to cull data from existing federal databases, such as the Federal Procurement Data System and USASpending.gov, in an effort to obtain needed Hurricane Sandy-related spending information. Under the Recovery Act, the Board had access to standardized spending information based on mandatory recipient reporting through FederalReporting.gov; however, no similar reporting structure exists for Hurricane Sandy funds; and,
- Explored opportunities to work with the U.S. Small Business Administration (SBA) OIG to assist it in analyzing suspect Hurricane Sandy disaster loans as part of their oversight efforts.

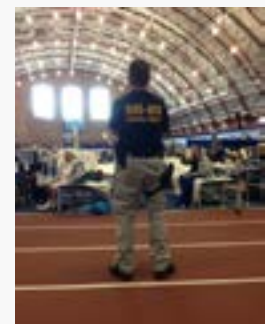


Special Agents assessed the damage and hazardous situations around assigned sites.

Images: HHS OIG



A Special Agent protected members of Disaster Medical Awareness Teams as they prepared to depart a staging site in Bronx, NY.



A Special Agent maintained order over storm victims while protecting medical supplies in a Brooklyn YMCA gym.



Over the last reporting period, OIG activities have included:

- The Department of the Interior (DOI) OIG met with key Department staff regarding tracking and monitoring of Hurricane Sandy funds. As a result, the Department agreed to send monthly tracking reports to DOI OIG to help facilitate monitoring efforts;
- DOI OIG provided 12 Fraud Awareness Briefing's (FAB) to Department/Bureau staff, as well as National Fish and Wildlife Foundation staff working on the \$100 million Hurricane Sandy Coastal Resiliency Competitive Grant Program. DOI OIG reached almost 140 people this period through their FAB program;
- The Department of Transportation (DOT) OIG Issued a Phase 1 assessment of the Federal Transit Administration's (FTA) readiness, processes, and procedures to meet the Disaster Relief Appropriations Act (DRAA) requirements and its efforts to implement the new Emergency Relief Program. Issued in December 2013, DOT OIG reported that FTA complied with DRAA requirements to date, although more action was needed to finalize grantee and project risk assessments, enhance oversight plans and procedures to target key risk areas, and finalize criteria for allocating and obligating resiliency grants. Further, it identified lessons learned from federal emergency responses for FTA to consider as it develops emergency relief program guidance to ensure it is well positioned to deal with future transit emergency responses. For example, FTA's plan did not include sufficient steps to mitigate the significant risk of improper payments with emergency relief funds, such as establishing sufficient controls to prevent duplicate payments with the FEMA or insurance companies;
- DOT OIG is developing specific objectives for Phase 2 of their audit work, which will drill down on risks the OIG identified in Phase 1, including assessments of FTA's implementation of its relief grant award and oversight processes;
- The Environmental Protection Agency OIG Office of Investigation continues to participate in the Monmouth County Hurricane Sandy Taskforce, which is coordinating the interagency response to criminal and civil frauds and improper business practices committed against Monmouth county victims of Hurricane Sandy;
- The General Services Administration (GSA) OIG determined that the estimated construction costs for GSA's Hurricane Sandy projects totaled \$3.3M as of September 27, 2013, which was \$2.7M less than the initial request for funds sent to Congress. This decrease resulted from unexpected warranty coverage, reduced scope, and temporary space expenses no longer necessary. GSA notified Congress of the changes in cost estimates in September 2013;
- GSA OIG determined that GSA's regional office in New York has sufficient oversight by the GSA Office of Chief Financial Officer and segregation of duties to ensure that Hurricane Sandy funds are used and reported properly;
- GSA OIG ensures that each project's scope matches the scope that was approved by Congress to verify that Hurricane Sandy funds are only used for Hurricane Sandy repairs. For the Alexander Hamilton U.S. Custom House in New York, New York, GSA OIG analyzed a funding request document and found its scope description vague. After reviewing the Statement of Work provided by GSA's New York regional office, GSA OIG confirmed that the project's scope is related to Hurricane Sandy and matches the scope provided to Congress. They also inquired about the funding request's cost variance, which



was approximately \$100,000 greater than the estimate authorized by Congress. GSA OIG validated that, due to the project's extensive amount of specialty work, the cost variance was reasonable, particularly since the original estimates were generated quickly;

- GSA OIG and DHS OIG coordinated efforts to determine oversight responsibilities for the FEMA Joint Field Office leases and leasehold improvements. As part of its emergency support responsibilities, GSA awarded leases for FEMA's joint field offices and, in some cases, contracted for improvements and renovations. To facilitate oversight of these costs, they assessed which agency had responsibility for the leases and the funding. Based on their examination of the lease documentation, GSA awarded the leases on behalf of FEMA and all costs are being funded by FEMA. As a result, DHS OIG will oversee the leases and improvements for the joint field offices.
- The Department of Agriculture (USDA) OIG prepared a disaster oversight plan, which is posted on the OIG's website. This plan lays out its overall audit objectives of ensuring (1) USDA funds for disaster assistance are timely and effectively used; (2) adequate and proper internal control procedures are established; (3) program participants meet eligibility guidelines; (4) participants properly comply with program requirements; and (5) agencies establish effective compliance operations. Investigations objectives include (1) ensuring the integrity of USDA programs receiving supplemental funding to assist with disaster and emergency related activities, (2) timely identifying of potential fraud within the disaster relief programs; (3) swiftly and efficiently investigating potential fraud; (4) prosecuting where warranted; and (5) seeking agency administrative action where necessary;
- USDA OIG initiated an audit titled "Review of Farm Service Agency Disaster Assistance Programs Databases" (Audit No. 03702-0001-13), with an overall objective to evaluate the internal controls in the databases used to administer the Farm Service Agency's disaster assistance programs. These programs include: Non-insured Crop Disaster Assistance Program; Supplemental Revenue Assistance Payment Program; Tree Assistance Program; Livestock Forage Disaster Program; Livestock Indemnity Program; Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program; Emergency Haying and Grazing of Conservation Reserve Program Acres; and Emergency Conservation Program.

Oversight Reporting Data,
July - December 2013



Investigations		
	July - December 2013	Cumulative Total
Number Opened	24	77
Number Closed	7	20
Completed Criminal Actions	0	2
Civil Actions	0	0
Suspension and Debarments	0	0
Criminal Indictments/ Information	1	31
Investigative Recoveries	\$185,594	\$192,894



Inspector General Audit and Investigation Data by Agency, as of December 31, 2013

Agency IG	Investigations Opened	Investigations Closed	Criminal Indictments	Completed Criminal Actions	Audits Initiated	Audit Reports	Recommendations for Better Use	Hotline Complaints	Training/Outreach
DHS	56	9	2	0	13	4	\$11,700,000	1,652	0
DOC	1	0	0	0	0	0	0	1	0
DOD	1	0	0	0	0	0	0	0	0
DOI	4	3	0	0	2	1	0	6	47
DOJ	0	0	0	0	0	0	0	2	0
DOL	1	0	0	0	0	0	0	0	0
DOT	0	0	0	0	1	1	0	0	3
EPA	0	0	0	0	0	1	0	0	0
GSA	0	0	0	0	1	0	0	0	0
HHS	0	0	0	0	7	0	0	0	32
HUD	12	8	2	2	9	0	0	4	24
Legal Services Corp.	0	0	0	0	1	0	0	0	0
SBA	0	0	0	0	2	0	0	5	14
SSA	0	0	0	0	0	0	0	19	0
USDA	0	0	27	0	3	0	0	0	3
VA	2	0	0	0	0	0	0	1	0
RATB	0	0	0	0	0	0	0	0	4
TOTALS	77	20	31	2	39	7	\$11,700,000	1,690	127

Audits/Inspections/Evaluations

	July - December 2013	Cumulative Total
Audits Initiated	17	39
Audit Reports Issued	5	7
Interim Reports Issued	0	0
Inspection/Evaluation Reports Issued	0	0
Recommendations for Better Use of Funds	\$0	\$11,700,000
Questioned Costs	\$3,650,347	\$3,650,347

Additional Activity

	July - December 2013	Cumulative Total
Congressional Testimony	1	2
Number of Hotline (and other externally received) Complaints Processed	371	1,690
Training Sessions	24	31
Outreach Sessions	25	96



Board Outreach Activities

Building on existing stakeholder relationships, Board staff actively trained and coordinated with oversight partners throughout the federal government and in states impacted by Hurricane Sandy.

During the last reporting period, the Board performed the following outreach activities:

- Coordinated with the New York Department of Investigations, Metro Transit Authority, and Port Authority regarding contracts emanating from Hurricane Sandy FEMA Public Assistance grants and contracts in an effort to address issues pertaining to the availability of and ability to share Hurricane Sandy spending information. Such discussions focused in part on sub-recipient information and the identification of potential data sources that may be relevant to the prevention and detection of fraud, waste, and abuse involving Hurricane Sandy funds;
- Worked with the Hurricane Sandy PMO to obtain Hurricane Sandy spending data for October and November 2013. Unlike earlier data, this data contains information on award types, projects, award states by Federal Information Processing Standard code (uniquely identifying counties), and Catalog of Domestic Assistance (CFDA) numbers. The Board is expecting to receive this data monthly and hopes that analysts will be able to review and track Hurricane Sandy funds by state, CFDA, and agency; and to use this data to create additional visual displays on the Hurricane Sandy portion of the newly rebranded Recovery.gov;
- Co-chaired the September 18, 2013 and December 18, 2013, CIGIE Disaster Assistance Working Group meetings. The purpose of the group is to provide interagency coordination of federal oversight of disaster response operations. Representatives included investigators and auditors from agency OIGs that have Hurricane Sandy oversight responsibilities, as well as representatives from the Board and the Government Accountability Office;
- Participated in the New Jersey Superstorm Sandy Fraud Prevention Conference in November 2013, along with HUD, HHS, and DHS OIGs. The conference for municipal officials (grantees) and prosecutors was sponsored by the New Jersey Governor's Office of Recovery and the New Jersey Attorney General's Office.

Planned Activities

The Board began developing an advanced federated database system that will house diverse data to support additional capabilities for Federal Accountability.gov (the portal available for the Board's law enforcement partners). These additional capabilities will provide novice users the ability to quickly collect information related to potential high-risk entities and will also allow users to utilize the federated data system to do their own interactive data exploration, visualization, and presentation.

The Board and Hurricane Sandy PMO are partnering together in an effort to enhance the transparency of Hurricane Sandy spending. The PMO has proposed a plan in which the PMO would pass obligation and outlay data, collected from the agencies, to the Board. The Board would then utilize its technical resources to create a heat map displaying state and program level spending on the rebranded Recovery.gov. If this endeavor progresses, Recovery.gov would ultimately host the existing program level files and information currently contained on the PMO website, combining the transparency efforts of the two groups into one cohesive location.



Conclusion

As Hurricane Sandy awards continue to be made, the Board's ongoing oversight collaboration efforts with the OIG community will also continue. The Board appreciates the opportunity to inform Congress of its progress under the Disaster Relief Appropriations Act, 2013. While the attainment of complete and accurate Hurricane Sandy spending data remains a challenge, the Board remains steadfast in its pursuit of solutions and new tools.





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