

Department of Energy, Office of Inspector General – Recovery Act Strategy Overview

Under the recently passed *American Recovery and Reinvestment Act of 2009*, the Department of Energy will receive approximately \$40 billion for various energy initiatives. The Recovery Act will have a significant impact on the operations and activities of the Department and, in turn, the Office of Inspector General. In recognition of the need for effective oversight to protect taxpayer interests, the Recovery Act includes the creation of the Recovery Act Accountability and Transparency Board and mandates specific actions by the Inspectors General.

The Department of Energy, Office of Inspector General will receive \$15 million for the oversight of Recovery Act programs, grants, and projects funded under the legislation. The Office of Inspector General has developed a strategy consistent with the objectives outlined in the Recovery Act to provide the most effective oversight possible with available resources. The strategy includes specific steps to be taken by each of the Office of Inspector General program offices.

The **Office of Audit Services** will provide oversight through the following multi-tiered audit approach:

- Tier 1 – Review the Department’s internal control structure and management of the most significant programs (those exceeding \$500 million) under the Recovery Act. “Real Time” audits will be initiated as controls are established and policies and procedures are developed to provide immediate feedback on areas needing improvement.
- Tier 2 – Examine the efficiency and effectiveness of the Department’s distribution of funds to primary recipients such as State and local governments.
- Tier 3 – Examine the use of funds by contract and grant recipients through transaction testing.

The **Office of Investigations** will provide an aggressive law enforcement presence for Recovery Act related fraud. Its plan is designed to position the Office to investigate, in a thorough and timely manner, the inevitable influx of fraud allegations involving stimulus funds. The Office of Inspector General expects to open an additional 200 criminal investigations into the fraudulent and other illegal activities of fund recipients, contractors, and government officials. Additionally, the strategy entails addressing and resolving the anticipated substantial increase in Qui Tam investigations and referrals from the Office of Inspector General Hotline.

The **Office of Inspections** will establish a unit to review an anticipated 30 to 35 retaliation complaints relating to Recovery Act programs and report findings to address the new Inspector General whistleblower protection responsibilities outlined in the legislation. In addition, the Office of Inspections will prepare to receive, address, and resolve an anticipated 500 additional hotline complaints each year pertaining to Recovery Act funds.

In Fiscal Year 2008, the Department of Energy’s budget was approximately \$24 billion. With the addition of \$40 billion to foster new Department programs and initiatives, the oversight responsibilities of the Office of Inspector General will increase dramatically. The strategy that has been developed provides the opportunity for the Office of Inspector General to aggressively account for monies expended and pursue those who defraud the Department of Energy, protect the interests of the American taxpayers, hold accountable Government officials who are responsible for administering stimulus funds, serve as a deterrent effect on those who are inclined to victimize Federal agencies, and provide for an overall atmosphere of transparency.