AMERICAN RECOVERY AND REINVESTMENT ACT

GAO’s Role in Helping to Ensure Accountability and Transparency

What GAO Found

The Recovery Act delineates an important set of responsibilities for GAO and others in the accountability community. GAO’s bimonthly reviews of selected states’ and localities’ uses of the Recovery Act funds will examine how funds are being used and achieving the stated purposes of the Recovery Act. GAO has selected a core group of 16 states to follow over the next few years to provide an ongoing longitudinal analysis of the use of funds under the Recovery Act. These states contain about 65 percent of the U.S. population and are estimated to receive about two-thirds of the intergovernmental grants funds available through the Recovery Act. In addition, GAO will sample localities within these states to provide a perspective on the use of funds at the local level. In addition to reporting on the core group of 16 states, GAO will be reviewing the recipient reports from all 50 states as part of its responsibilities to review these filings. Depending on those assessments and other risk-based analyses, GAO’s reviews may include additional states, localities, or other recipients as implementation proceeds.

GAO is charged with reviewing the use of funds by selected states and localities. IGs across government are expected to audit the efforts of federal agencies’ operations and programs related to the Recovery Act, both individually within their particular entities and collectively, as many of them are members of the Board. Because funding streams for the Recovery Act will flow to states and localities from different federal agencies, it is important for GAO to coordinate with the IGs and the Board, which is charged with coordinating and conducting oversight of Recovery Act funds in order to prevent fraud, waste, and abuse. Among other things, the Board is to review contracts and grants to ensure they meet applicable standards. It is also important for GAO to coordinate with the Office of Management and Budget, especially with regard to reporting requirements and other guidance to fund recipients and on what information should be collected in order to adequately evaluate how well the Recovery Act achieves its objectives.

There are many implementation challenges to ensuring adequate accountability and efficient and effective implementation of the Recovery Act. Experience tells us that the risk for fraud and abuse grows when billions of dollars are going out quickly, eligibility requirements are being established or changed, and new programs are being created. This suggests the need for a risk-based approach for targeting attention on specific programs and funding structures early on based on known strengths, vulnerabilities, and weaknesses such as a track record of improper payments or contracting problems. In that regard, the accountability community has, in recent years, produced a wide variety of best practices and related guides, which are available to agencies to assist them in ensuring they have the needed internal controls in place from the outset. These best practices and related guides cover such areas as fraud prevention, contract management, and grants accountability.