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FEDERAL SPENDING ACCOUNTABILITY

Preserving Capabilities of Recovery Operations Center Could Help Sustain Oversight of Federal Expenditures

Why GAO Did This Study

Improper payments government-wide increased approximately \$19 billion in fiscal year 2014, resulting in an estimated total of \$124.7 billion. The DATA Act authorized Treasury to establish a data-analysis center or expand an existing service.

Congress included a provision in the DATA Act for GAO to review the implementation of the statute. This report addresses (1) the value of the ROC's capabilities provided to the oversight community; (2) Treasury's plans for transferring assets from the ROC, and (3) the potential effect, if any, of Treasury's plans on the ROC's users.

GAO reviewed documentation on the ROC's assets, a transition plan developed by the ROC, and its performance data from fiscal year 2012 through March 2015. On the basis of factors such as frequency of requests for assistance and agency size, GAO interviewed various ROC users about their views. GAO also interviewed Treasury and CIGIE officials to obtain their perspectives on the ROC's capabilities and its future status.

What GAO Recommends

If Congress wants to maintain the ROC's analytic capabilities, it should consider directing CIGIE to develop a proposal to that effect to help ensure federal spending accountability. GAO also recommends that Treasury consider transferring additional information to enhance Treasury's DNP. Treasury concurred with GAO's recommendation, and CIGIE is supportive of assuming additional analytical functions for the OIG community with additional funding.

View GAO-15-814. For more information, contact Seto Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov.

What GAO Found

The Recovery Accountability and Transparency Board's (Recovery Board) Recovery Operations Center (ROC) provided significant analytical services primarily to Offices of the Inspector General (OIG) to support antifraud and other activities. Congress initially established the Recovery Board to oversee funds appropriated by the American Recovery and Reinvestment Act of 2009. Subsequently, it expanded the Recovery Board's mandate to include oversight of other federal spending, and most recently through the Digital Accountability and Transparency Act of 2014 (DATA Act) authorized the Department of the Treasury (Treasury) to transfer ROC assets to Treasury by September 30, 2015, when the Recovery Board closes. On the basis of the ROC's client-service performance data that GAO reviewed, the center researched roughly 1.7 million entities associated with \$36.4 billion in federal funds in fiscal years 2012 and 2013. The ROC developed specialized data-analytic capabilities that, among other things,

- helped OIGs identify high-risk entities and target audit and investigative resources to those entities;
- identified organizations with previous fraudulent activities that nevertheless received contracts during Hurricane Sandy; and
- identified entities involved in activities such as collaborating to commit fraud, and visually depicted relationships among these entities for juries.

Treasury does not plan to transfer the ROC's assets, such as hardware and software, citing cost, lack of investigative authority, and other reasons. However, Treasury could transfer additional information to its Do Not Pay Center Business Center (DNP), which assists agencies in preventing improper payments. For instance, transferring documentation of data-sharing agreements, which can be difficult and time-consuming to establish, could serve as a template for DNP efforts to expand the number of data sets it uses to identify improper payments. Although cost and other challenges may limit the viability of transferring certain of the ROC's assets to Treasury, other assets—especially those that could serve as templates for negotiating access to and procuring additional data—may assist DNP as it expands its services and capabilities.

Because Treasury does not plan to transfer the ROC's assets, the ROC's users will need to consider alternatives when the Recovery Board closes. Specifically, officials from some large OIGs that have used the ROC told GAO they intend to develop their own analytical capabilities. However, officials from some small- and medium-sized OIGs said they do not have the resources to develop independent data analytics or pay for a similar service, thus foregoing the ROC's capabilities. The Council of the Inspectors General for Integrity and Efficiency (CIGIE) could reconstitute some of the ROC's analytic capabilities and has explored options to do so. However, CIGIE officials stated that CIGIE does not currently have the resources to accomplish this reconstitution. A legislative proposal that articulates for Congress the relative costs and benefits of developing an entity with a mission and capabilities similar to the ROC could be an appropriate first step in preserving the essence of the center's proven value to its users. CIGIE officials stated that they have not developed such a proposal absent congressional direction, but noted that they support Congress's expressed interest in preserving and expanding analytic resources for the oversight community.