



GAO

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United States Government Accountability Office
Washington, DC 20548

November 30, 2009

The Honorable Mitch McConnell
Republican Leader
United States Senate

Subject: *Recovery Act: Contract Oversight Activities of the Recovery Accountability and Transparency Board and Observations on Contract Spending in Selected States*

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was enacted on February 17, 2009, to help stimulate the United States economy by creating new jobs, as well as saving existing ones, and investing in projects that will provide long-term economic benefits.¹ Estimates show that the Recovery Act's combined spending and tax provisions will cost \$787 billion over 10 years—about \$207 billion in tax reductions plus about \$580 billion in additional federal spending. These funds are being provided directly to federal agencies and also distributed to states, localities, other entities, and individuals through a combination of formula and competitive grants and direct assistance. About \$280 billion of the funds will be administered through state and local governments. The Recovery Act delineates an important set of responsibilities for the accountability community. The inspectors general across government are expected to audit the programs, grants, and projects funded under the Recovery Act, both within their particular agency or department and collectively. To address the collective oversight at the federal level, the Recovery Act established the Recovery Accountability and Transparency Board to help prevent waste, fraud, and abuse. In addition, the Recovery Act requires GAO to perform bimonthly reviews of the use of funds by selected states and localities and to comment on estimates of jobs created or retained in the quarterly reports of Recovery Act fund recipients.

GAO was asked to report on the activities of the Recovery Accountability and Transparency Board (the Board), as well as on contract-related information collected from the work GAO has completed thus far in 16 states and the District of Columbia. This report provides our observations to date on the extent to which (1) the Board is monitoring federal agency contract spending on Recovery Act-related contracts and (2) selected states are using competitive procedures in awarding contracts using Recovery Act funds. To determine the actions taken by the Board, we met with representatives of the Board to discuss the initiatives they have taken to monitor the number and types of contracts issued by federal agencies for the Recovery Act and their plans to assess the extent to which laws and regulations are being complied with or circumvented. We reviewed available documentation related to the Board's initiatives. We also reviewed data reported by federal agencies and states through the Federal Procurement Data System-Next Generation and www.recovery.gov (Recovery.gov) related to federal contracts awarded using Recovery Act funds. To provide observations on selected states' use of competitive procedures in awarding contracts for Recovery Act funds, we met with state procurement officials to discuss the contract award process for a sample of contracts in 16 states and the District of Columbia. The contracts we discussed with state officials were selected based on a combination of

¹Pub. L. No. 111-5, 123 Stat. 115.

several factors—such as dollar value, program risk, and project status—that varied among the states; therefore, information reported about contracts cannot be generalized. We conducted this performance audit from August 2009 through November 2009 in accordance with generally accepted government auditing standards. The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Recovery Act established the Board to coordinate and conduct oversight of covered funds to prevent fraud, waste, and abuse.² As part of its responsibilities, the Board was charged with establishing and maintaining a Web site to foster greater accountability and transparency in the use of Recovery Act funds. The Board is required to report to the President and Congress any potential problems requiring immediate attention, in addition to reporting quarterly and annually.

The Recovery Act details the Board's composition, functions, and powers and provides employment and personnel authorities.³ The Board is composed of a chairperson and 12 inspectors general. To carry out its oversight mission, the Board employs 39 staff, of whom 20 are detailed from agencies throughout the federal government. In addition, the Board established three committees drawn from the 12 inspectors general on the Board:

- Recovery.gov Committee—focused on creating the technical solution for recipient reporting and public reporting via Recovery.gov.
- Accountability Committee—focused on methods for receiving reports of potential fraud, waste, abuse, and mismanagement and referring the reports to the appropriate inspector general.
- Recovery Funds Working Group Committee—focused on initiating projects agreed upon by the groups' representatives and coordinating oversight activities with federal agencies, inspectors general, and state officials. This committee is supported by a larger Working Group consisting of representatives of the 29 inspectors general.

The Board began official meetings on March 27, 2009, and began meeting regularly in May 2009. Under the Recovery Act, the Board will terminate on September 30, 2013.⁴

Key criteria to help guide oversight of federal agency spending related to the Recovery Act are included in various Office of Management and Budget (OMB) policy memorandums. For example, OMB's February 18, 2009, policy, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, and its April 3, 2009, update, encourage federal agencies awarding contracts using Recovery Act funds to obtain competition and to award fixed-price contracts to the maximum extent practicable.⁵ Competition is the cornerstone of the acquisition system, and the benefits of competition are well-established. It saves taxpayer

²Pub. L. No. 111-5, Div. A, § 1521, 123 Stat. 289.

³Pub. L. No. 111-5, Div. A, §§ 1522-1525, 123 Stat. 289-93.

⁴Pub. L. No. 111-5, Div. A, § 1530, 123 Stat. 294.

⁵Office of Management and Budget, M-09-10, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, Section 6.1 (Feb. 18, 2009).

money, improves contractor performance, helps curb fraud, and promotes accountability for results.

Recovery Accountability and Transparency Board Oversight of Federal Contract Spending

Since it began meeting in March 2009, the Board has acted quickly to bring a number of resources and initiatives to bear on oversight of Recovery Act funds, including contract spending. It has launched a number of initiatives that are being executed by the Board's executive staff, as well as by the 29 inspectors general responsible for Recovery Act oversight. The initiatives include reviewing federal contracts and grants to help ensure they meet applicable standards, follow OMB guidance, and satisfy applicable competition requirements, as well as identifying risk areas for fraud, waste, and abuse. The Board, with the help of the inspectors general, is also assessing the capacity of federal agency acquisition workforces to determine if they have sufficient numbers of trained acquisition and grants personnel to manage the Recovery Act workload. Because many of the Board's initiatives are in their early stages of implementation, it is too soon to evaluate their success or shortcomings for providing sound oversight of Recovery Act funds.

Board Initiatives Aimed at Monitoring Federal Recovery Act Contracts

The Board uses several approaches to monitor federal contracts, four of which are highlighted in this section. See enclosure I for a complete listing. First, each day Board staff manually review contract solicitations and awards posted daily on the Federal Business Opportunities Web site (FedBizOpps.gov).⁶ This review includes (1) ensuring that Recovery Act-related Federal Acquisition Regulation is followed—such as ensuring that relevant information is synopsisized as required when a contract is awarded noncompetitively or on a non-fixed-price basis—and (2) identifying contractors that might be on the Excluded Parties List System.⁷ In addition, Board staff review data on Recovery Act-funded contracts from the Federal Procurement Data System-Next Generation to identify the reasons for the noncompeted contracts.⁸ Table 1 shows that 25,666, or about 92 percent, of 27,774 contract actions as of November 2009 were issued competitively.

⁶FedBizOpps.gov is the federal government's Web site where government business opportunities can be accessed electronically by the public.

⁷The Excluded Parties List System, which is maintained and posted by the General Services Administration, is a database listing the parties suspended, proposed for debarment, debarred, declared ineligible, or excluded or disqualified from government contracting.

⁸Our previous work, as well as the work of the federal Services Acquisition Advisory Panel, has identified limitations in the accuracy and timeliness of data in the Federal Procurement Data System-Next Generation (FPDS-NG). Both GAO and the Services Acquisition Advisory Panel have reported that while FPDS-NG has been the primary governmentwide contracting database for capturing and reporting on various acquisition topics, such as agency contracting actions and procurement trends, it has had data quality issues over a number of years. While FPDS-NG data are useful for providing insight, it is not always accurate at the detail level. However, no other viable alternative currently exists for obtaining governmentwide data on federal procurements. See GAO, *Federal Contracting: Observations on the Government's Contracting Data Systems*, [GAO-09-1032T](#) (Washington, D.C.: Sept. 29, 2009); GAO, *Federal Acquisition: Oversight Plan Needed to Help Implement Acquisition Advisory Panel Recommendations*, [GAO-08-160](#) (Washington, D.C.: Dec. 20, 2007); and Services Acquisition Advisory Panel, *Report of the Acquisition Advisory Panel to the Office of Federal Procurement Policy and the United States Congress* (January 2007), p. 430.

Table 1: Number of Federal Recovery Act Contract Actions Competed, by Federal Agency as of November 2009

| Federal agency or department | Competed | Not competed |
|--|-----------------|---------------------|
| Agency for International Development | 4 | 2 |
| Corporation for National and Community Service | 3 | 2 |
| Department of Agriculture | 509 | 221 |
| Department of Commerce | 123 | 51 |
| Department of Defense | 5,107 | 1,250 |
| Department of Education | 16 | 1 |
| Department of Energy | 537 | 89 |
| Department of Health and Human Services | 296 | 41 |
| Department of Homeland Security | 33 | 11 |
| Department of Housing and Urban Development | 20 | 11 |
| Department of the Interior | 894 | 90 |
| Department of Justice | 11 | 7 |
| Department of Labor | 213 | 22 |
| Department of State | 73 | 9 |
| Department of Transportation | 118 | 33 |
| Department of the Treasury | 13 | 5 |
| Department of Veterans Affairs | 566 | 35 |
| Environmental Protection Agency | 112 | 35 |
| Federal Communications Commission | 130 | 2 |
| General Services Administration ^a | 16,741 | 137 |
| International Boundary and Water Commission: U.S.-Mexico | 38 | 0 |
| National Aeronautics and Space Administration | 62 | 37 |
| National Science Foundation | 6 | 0 |
| Small Business Administration | 6 | 13 |
| Smithsonian Institution | 19 | 1 |
| Social Security Administration | 16 | 3 |
| Total | 25,666 | 2,108 |

Source: Federal Procurement Data System-Next Generation.

Notes: The data are as of November 16, 2009, as reported by the Recovery Accountability and Transparency Board.

^aThe General Services Administration data include 16,194 individual vehicle orders.

In discussions with GAO, the Board offered an example of the types of reviews it performs on federal contracting data. In early September 2009, the Board reviewed cost-reimbursement contracts because, at that time, the number of contracting actions for this type of contract was small as a percentage of overall actions, but the dollars were quite large as a percentage of overall contract dollars obligated. The Board staff informed us that they found the Department of Energy, which was the leader in federal agency Recovery Act contract spending at that time, had issued modifications to a number of existing cost-reimbursement contracts that accounted for over 50 percent of the dollars obligated. The Board staff discussed this situation with the Department of Energy Inspector General, who informed the Board staff that the Inspector General’s office was aware of the situation and is monitoring it. The Board staff also regularly post a list of noncompetitive, non-fixed-price contracts on Recovery.gov.

The Board began another key initiative on September 28, 2009, when the Recovery Board Fraud Hotline—for reporting potential cases of fraud, waste, and abuse—became operational. Citizens can submit referrals via telephone, facsimile, Recovery.gov, or postal

mail. According to Board staff, the hotline was set up using a previously established cooperative agreement between the Department of Justice and Louisiana State University.⁹ This government-managed hotline service maintains a database of all reported incidents to identify recurring issues, companies, or participants related to potential cases. The Board reviews the complaints and refers potential cases to the respective inspector general or agency for further review. As of October 31, 2009, the Board had received 245 complaints. According to the Board staff, the majority of these complaints did not contain any actionable information; for example, some complaints contained a generalized comment on the Recovery Act rather than any specific allegation of wrongdoing. The Board refers those that are actionable to the appropriate inspector general when there is a specific allegation of wrongdoing or multiple factors indicate a possible area of risk. As of October 31, 2009, the Board has referred 29 cases to various inspectors general.¹⁰

A fourth key initiative of the Board was the establishment of a Recovery Operations Center, which became operational the last week of October 2009. The Recovery Operations Center provides two core functions—predictive analytics and in-depth risk analysis. The Recovery Operations Center uses software that allows for in-depth analyses of a large volume of publicly available data on entities receiving Recovery Act funds. According to Board staff, the results provide oversight authorities with information to focus limited resources on cities, regions, and high-risk government programs where historical data and current trends suggest the likelihood of future risk. Initially, the Recovery Operations Center will screen the recipients and funds associated with all contracts, grants, and loans that report data through FederalReporting.gov.¹¹ Based on the initial screening results, along with input from the Fraud Hotline, inspectors general, and Board staff, additional in-depth analysis will be performed using advanced software tools. The results of the predictive analytics and in-depth risk analysis are to provide input for the work of the inspectors general in two ways: (1) providing information for investigations or audits of federal programs and recipients of Recovery Act funds and (2) providing information to expand or help focus oversight resources. In early November 2009, about two weeks after the center became operational, Board staff told us they had two active investigations under way based on the in-depth analysis tool. With regard to results of using the predictive analysis tool, Board staff expect to start identifying high-risk areas by the end of 2009.

Board Initiatives Carried Out by Inspectors General

The Board's Recovery Funds Working Group, which includes representatives from the 29 inspectors general, meets monthly to discuss issues related to oversight of Recovery Act funds. The Working Group representatives also identify specific initiatives that the inspectors general are expected to carry out to support the Board's oversight of Recovery Act funds. In

⁹The Department of Justice and Louisiana State University cooperative agreement hotline service is used by several other federal entities, including the Federal Bureau of Investigation.

¹⁰This hotline is separate from FraudNET, which is GAO's automated means for allowing the public to report allegations of fraud, waste, abuse, or mismanagement of federal funds. GAO refers allegations to the appropriate inspectors general. As of November 12, 2009, GAO's FraudNET had received 106 Recovery Act-related allegations that were considered credible enough to warrant further review. GAO is actively pursuing 8 allegations, which include wasteful and improper spending; conflicts of interest; and grant, contract, and identity fraud. Another 8 are pending further review by GAO, and 13 were referred to other GAO teams for consideration in their ongoing audit work. GAO also referred 30 allegations to the appropriate agency inspectors general for further review and investigation, which we will continue to monitor. The remaining 47 allegations did not warrant further investigation.

¹¹FederalReporting.gov is the central governmentwide data collection system for federal agencies and recipients of federal awards using Recovery Act funds. Federal agencies and recipients are required to submit data on a quarterly basis regarding Recovery Act grants, loans, and contracts.

August 2009, for example, 28 of the 29 inspectors general on the Working Group administered a survey to their respective agencies to assess their overall workforce capacity for handling the management and oversight of contracts and grants being awarded with Recovery Act funds. Specifically, the agencies were asked about the qualifications and the level of training provided to individuals overseeing the spending of Recovery Act funds. The individual inspectors general were expected to report on their findings in October 2009 and then provide a consolidated report to the Board in December 2009.

Beyond its work in overseeing federal contracts, the Board's Working Group also began a data quality initiative to assess their respective agencies' efforts to review the quality of recipient-reported data. To date, 22 of the 29 inspectors general on the Working Group have conducted reviews of their agency's processes for looking at Recovery Act recipient data. The individual inspectors general are expected to report on their findings in November 2009 and prepare a consolidated report for the Board in December 2009. In addition, 21 of the inspectors general have begun or plan to begin a follow-up review of the effectiveness of their respective agencies' review processes.

In addition, the inspectors general are reporting monthly to the Board on the number and status of Recovery Act-related audits and investigations they have initiated. As of September 30, 2009, the inspectors general reported they had 77 investigations and 391 audits, inspections, evaluations, or reviews in process. They also reported they have issued 163 reports on Recovery Act-related issues since the act was passed—70 reports were issued but not published because they contain proprietary information that cannot be made available to the public, and 93 reports have been published on Recovery.gov. For example, the Department of Energy Inspector General had issued 8 reports as of September 30, 2009, that addressed aspects of Recovery Act issues—two issued in September 2009 addressed the management of the ENERGY STAR program and the management of contractor fines, penalties, and legal costs.¹² These reports identified the relevance of their issues to Recovery Act implementation. As another example, the General Services Administration Inspector General has issued two reports since the Recovery Act was passed. The most recent report, issued in September 2009, provided observations on the Public Building Service's major construction and modernization projects being funded under the Recovery Act.

Observations on Selected States' Contract Spending

Based on GAO's initial bimonthly observations of a relatively small sample of contracts awarded by state and local governments, the majority of the contracts as described by state and local officials were competed and awarded using fixed prices. Only a small portion of Recovery Act funding distributed to the state and local governments has been expended. While our initial observations provide an early indication that competition is being used by state and local governments receiving Recovery Act funds, a more definitive assessment can be made by each of the state auditors for their respective states. As a part of GAO's ongoing oversight of Recovery Act spending, we have worked and will continue to work closely with state auditors on their oversight of Recovery Act spending and will be reporting on the results of their oversight of procurement spending at both the state and local level.

The Recovery Act requires GAO to conduct bimonthly reviews of the use of funds by selected states and localities. GAO has selected a core group of 16 states and the District of Columbia (District) to follow over the next few years to provide periodic analysis of the use of funds under the Recovery Act. This core group contains about 65 percent of the U.S. population and is expected to receive about two-thirds of the intergovernmental grant funds available

¹²ENERGY STAR, a voluntary labeling program established in 1992, provides energy-efficiency data for a range of products, so that consumers can make informed purchase decisions.

through the Recovery Act. For our two audit cycles that covered the period July through November 2009, GAO reviewed various federal programs.¹³ According to their self-reported data, the core group GAO is reviewing collectively awarded 5,860 contracts valued at approximately \$7.1 billion as of early November 2009.

GAO teams selected a sample of contracts from a variety of programs and held discussions with state and District officials to gain an understanding of the extent to which they believe contracts were awarded competitively and chose pricing structures that reduce the government’s risk.¹⁴ The majority of the contracts covered by our review—specifically 106, or 87 percent, of the 122 contracts—was considered by state and local officials to have been competed when they were awarded. State and local officials cited various reasons regarding why some contracts were awarded noncompetitively. For example, officials reported that contracts in some areas, such as the Workforce Investment Act Youth Program, were not competed in order to expedite the delivery of services. In other areas, officials explained that, instead of competitively awarding a new contract, an order was placed on an existing contract. Table 2 shows the number of contracts reported by officials as being competed in the various programs we are monitoring across the selected states.

Table 2: Number of Contracts Selected States and the District of Columbia Reported as Competed, by Federal Program Area as of November 2009

| Federal program area | Competed | Not competed |
|---|-----------------|---------------------|
| Child Care and Development Block Grant Program | 0 | 1 |
| Federal-Aid Highway Surface Transportation Program | 59 | 3 |
| Public Housing Capital Fund | 20 | 2 |
| State Fiscal Stabilization Fund | 1 | 0 |
| Title I, Part A of the Elementary and Secondary Education Act of 1965 | 0 | 1 |
| Transit Capital Assistance | 5 | 0 |
| Weatherization Assistance Program | 7 | 4 |
| Workforce Investment Act Youth Program | 14 | 5 |
| Total | 106 | 16 |

Source: GAO analysis of information reported by state and local officials.

Similarly, the majority of the contracts included in our review were reported by state officials as being awarded using fixed prices. Specifically, state officials reported that 88, or 73 percent, of the 120 contracts were awarded using fixed prices.¹⁵ Generally, fixed-price

¹³The federal programs GAO selected for review include increased Medicaid Federal Medical Assistance Percentage grant awards; Federal-Aid Highway Surface Transportation Program; Transit Capital Assistance Program; State Fiscal Stabilization Fund; Title I, Part A of the Elementary and Secondary Education Act of 1965; Parts B and C of the Individuals with Disabilities Education Act; Workforce Investment Act Youth Program; Public Housing Capital Fund; Edward Byrne Memorial Justice Assistance Grant Program; and Weatherization Assistance Program.

¹⁴The states and the District of Columbia have varying legal definitions of competitive procedures and contract types. Therefore, we relied on state and District officials to verify whether a particular contract was awarded competitively and with fixed pricing as defined by that state’s or the District’s contracting procedures.

¹⁵GAO did not determine whether fixed prices were used for two of the 122 contracts in our sample.

contracting places the maximum amount of risk on the contractor because the government pays a fixed price even if actual costs of the product or service exceed the contract price. State and local officials gave various reasons why some contracts were not awarded as fixed-price contracts. For example, in one situation, because the amount of work required for highway design work was not readily definable, the state awarded a cost-reimbursement contract. In another situation involving the Workforce Investment Act Youth Program, a program official explained that, because the number of youth that would participate in the program was not clear, a cost-reimbursement contract was awarded. Table 3 shows the number of contracts reported as being awarded with fixed prices by state officials in the various programs we are monitoring across the selected states.

Table 3: Number of Contracts Reported as Fixed Price, by Federal Program Area as of November 2009

| Program area | Fixed price | Other than fixed price |
|---|--------------------|-------------------------------|
| Child Care and Development Block Grant Program | 0 | 1 |
| Federal-Aid Highway Surface Transportation Program | 43 | 19 |
| Public Housing Capital Fund | 20 | 0 |
| State Fiscal Stabilization Fund | 1 | 0 |
| Title I, Part A of the Elementary and Secondary Education Act of 1965 | 1 | 0 |
| Transit Capital Assistance | 5 | 0 |
| Weatherization Assistance Program | 11 | 0 |
| Workforce Investment Act Youth program | 7 | 12 |
| Total | 88 | 32 |

Source: GAO analysis of information reported by state and local officials.

In some instances, state officials further identified these contracts as having fixed-unit pricing arrangements, where, according to state officials, unit prices for contract items are fixed, but total quantities of items may vary, if needed. Some officials characterized this type of arrangement as fixed price, while others reported that it was other than fixed price. As such, contracts with fixed unit price arrangements are included in both the fixed-price and other-than-fixed-price totals identified above.

Overall Observations

The Board, both through its staff and through the working group’s inspectors general, has implemented a number of initiatives since the Recovery Act was enacted that are focusing on issues critical to the success of Recovery Act contracting at the federal level. These issues include monitoring the use of competition and fixed-price contracts, targeting high-risk contracting areas and programs, and eliciting the help of taxpayers in identifying potential fraud and waste in the use of Recovery Act funds. We believe the activities of the Board, and in particular the predictive analysis effort, are a positive step in coordinating and marshalling the resources of the inspector general community to strengthen the oversight of federal spending. While the Board initiatives are promising, much work remains to be done and the effectiveness of the initiatives is still to be determined. We will continue to monitor the Board’s efforts—in particular, the results of the predictive analysis tool.

Additionally, the state and local levels of government appear to be emphasizing competition and the use of fixed-price contracts in their use of Recovery Act funds. This overall observation is based on GAO's initial observations of a limited sample of contracts, but, thus far, the contract awards at the state and local levels of government appear to be consistent with the federal goal of using competition. A more definitive assessment can be made by each of the state auditors for their respective states. As a part of GAO's ongoing oversight of Recovery Act spending, we have worked and will continue to work closely with state auditors on their oversight of Recovery Act spending and will be reporting on the results of their oversight of procurement spending at both the state and local level. We will continue to focus on these issues in our future Recovery Act work.

Board Comments and Our Evaluation

In commenting on a draft of this report, the Board concurred with our observations on the Board's oversight of federal contract spending. The Board also provided technical comments that we incorporated, as appropriate.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees and the Recovery Accountability and Transparency Board. The report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-5500 or John Needham, Director, at (202) 512-4841 or needhamjk1@gao.gov. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report include James E. Fuquay, Assistant Director; Noah Bleicher; Ruth "Eli" DeVan; Jean K. Lee; and Teague Lyons.

Sincerely yours,

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is written in a cursive style with a large, prominent initial "D".

Gene L. Dodaro
Acting Comptroller General of the United States

Enclosure: Recovery Accountability and Transparency Board Initiatives

The Recovery Accountability and Transparency Board (the Board), through its staff and the inspector general representatives that serve on its subcommittees, has embarked on a variety of initiatives aimed at coordinating and supporting the efforts of the inspectors general to enhance this accountability community’s oversight of spending of Recovery Act funds. Table 4 provides a description of the main initiatives being carried out routinely by the Board staff, as well as some completed activities.

Table 4: Board Staff Monitoring Efforts

| Initiative | Goal | Board staff activities (Board comments) |
|---|---|--|
| Coordinating oversight activities with inspectors general and federal agencies’ senior procurement executives | Develop and maintain a cooperative working relationship with and among the 29 inspectors general and agencies’ Senior Procurement Executives to maintain a focus on execution and oversight of Recovery Act-related contracts. | <ul style="list-style-type: none"> • Facilitating monthly meetings of the Recovery Funds Working Group—which consists of the 29 inspectors general responsible for Recovery Act oversight—to discuss issues impacting oversight, and overseeing initiatives performed by Working Group representatives. • Conducting meetings with Senior Procurement Executives from all 28 agencies responsible for awarding Recovery Act funds to discuss the importance of oversight of Recovery Act-related contracts. • Developed a Recovery Act Contract Checklist for use by all federal agencies receiving Recovery Act funds. (Some contracting offices require the awarding contracting officer to initial the checklist to verify compliance and maintain it as a contracts document in the award file.) • Providing contracting “observations” to Senior Procurement Executives that identify Recovery Act-related contracts that do not meet all of the requirements of the statute, as needed. (These observations are typically administrative in nature, but they serve to reconfirm the importance of administering the Recovery Act-related contracts correctly.) |
| Reviewing FedBizOpps.gov and Central Contractor Registration information | Monitor FedBizOpps.gov and Central Contractor Registration data to analyze daily postings of contract solicitations and types of contracts being awarded with Recovery Act funds to produce reports regarding specific contracting issues | <ul style="list-style-type: none"> • Manually reviewing daily postings of contracts in FedBizOpps.gov to check compliance with Recovery Act Federal Acquisition Regulations requirements, such as ensuring the word “Recovery” is in the title of the contract award and ensuring that relevant information is provided in the synopsis when the contract is nonfixed price or noncompetitive. • Reviewing the Central Contractor Registration system to determine whether |

Enclosure: Recovery Accountability and Transparency Board Initiatives

| Initiative | Goal | Board staff activities (Board comments) |
|---|---|--|
| | needing further review. | each Recovery Act contractor is registered in the system and has a DUNS number and to identify any contractors that may be in the Excluded Parties List System. |
| Reviewing Federal Procurement Data System-Next Generation information | Monitor Federal Procurement Data System-Next Generation data daily to review contract award factors for contracts using Recovery Act funds to identify trends that need further review. | Analyzes Federal Procurement Data System-Next Generation information on competition, type of contract, reasons for use of sole-source awards, type of set-asides, small business classifications, solicitation procedures used, award types, and reasons for modification. |
| Posting a list of noncompetitive, non-fixed-price contracts | Monitor reports of noncompetitive, non-fixed-price contracts and post summaries on the public Web site Recovery.gov. | Recovery.gov was upgraded October 30, 2009, to provide search capabilities for the list of non-fixed-price and noncompetitive contracts. The list is now searchable by agency and state and identifies contract types. |
| Developing procurement leads for further investigation | Refer potential procurement issues identified to the respective inspectors general or agencies for further review and resolution. | Potential procurement issues are identified through the data system monitoring efforts, citizen complaints received through the Fraud Hotline, and results of predictive analyses. Identified issues are referred to the appropriate inspectors general or agencies for further review and resolution. |
| Operating the Fraud Hotline | Establish and operate a contact center to receive, track, and route reports of potential fraud, waste, and abuse to the respective inspectors general or agencies. | <ul style="list-style-type: none"> • The Fraud Hotline contact center became operational on September 28, 2009. • Citizen complaints can be received via telephone, facsimile, Recovery.gov, or postal mail. The center uses a Department of Justice database to track complaints, identify recurring issues and names involved, and ensure that all relevant inspectors general are notified. |
| Performing predictive analyses of Recovery Act data | Establish and operate a center to perform predictive analysis on all data available on Recovery Act funds and activities. | <ul style="list-style-type: none"> • The Recovery Operations Center became operational in October 2009. • The center uses a risk analysis model to perform in-depth analyses of a large volume of publicly available data on entities receiving Recovery Act funds. The predictive analysis tool keys on many variables—including program risk, dollar |

Enclosure: Recovery Accountability and Transparency Board Initiatives

| Initiative | Goal | Board staff activities (Board comments) |
|--|---|---|
| | | <p>values, criminal histories, and citizen tips—to identify risk areas that might be susceptible to fraud or waste. The data results can also be reviewed based on geographic region, program, or federal agency. The variables in the model are continuously reviewed to determine their level of usefulness and potential predictive nature.</p> <ul style="list-style-type: none"> • The tool also provides in-depth fraud analysis capability to identify nonobvious relationships between legal entities based on a vast amount of public information about companies receiving Recovery Act funds. These relationships might unveil facts that may not have been transparent at the time of contract or grant award. • The analysis results and relationships that are identified might result in identifying leads for investigations or audits that are then referred to the respective inspectors general, additional risk factors to add to future analyses, or entities that are on the excluded parties list that are receiving Recovery Act funds. |
| High-risk list of federal programs | Develop a high-risk list for each agency of programs that are vulnerable to fraud, waste, abuse, and mismanagement | The high-risk list was updated for fiscal year 2010. Six inspectors general reported no high-risk programs, and the remaining inspectors general reported 104 programs as high risk. |
| Inspectors general Recovery Act work plans | Develop and submit for posting on the public Web site plans for conducting oversight work for Recovery Act-related actions. | <ul style="list-style-type: none"> • Fiscal year 2009 inspectors general work plans were posted to Recovery.gov in June 2009. • Fiscal year 2010 inspectors general work plans were posted to Recovery.gov in October 2009. These plans include 464 projects that could each result in multiple reports and include plans for 182 administrative or financial reviews, 152 performance reviews, and 11 eligibility reviews. |
| Reviewing recipient-reported information | Review and analyze recipient reporting data, and identify records that are later changed by recipients. | <ul style="list-style-type: none"> • Recipient reports regarding contracts awarded were posted on Recovery.gov on October 15, 2009. Recipient reports regarding grants and loans were posted on October 30, 2009. |

Enclosure: Recovery Accountability and Transparency Board Initiatives

| Initiative | Goal | Board staff activities (Board comments) |
|-------------------|-------------|--|
| | | <ul style="list-style-type: none">On October 30, 2009, reports that identified changes made by recipients during the initial reporting process were published on Recovery.gov. |

Source: GAO analysis of data obtained from the Board.

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