COVID-19

Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response

As of September 23, 2021, the U.S. had about 43 million reported cases of COVID-19 and about 699,000 reported deaths, according to CDC. The country also continues to experience economic repercussions from the pandemic.

Six relief laws, including the CARES Act, had been enacted as of August 31, 2021, to address the public health and economic threats posed by COVID-19. As of that same date (the most recent for which government-wide data was available), the federal government had obligated a total of $3.9 trillion and expended $3.4 trillion of the $4.8 trillion in COVID-19 relief funds that had been appropriated by these six laws, as reported by federal agencies.

The CARES Act includes a provision for GAO to report on its ongoing monitoring and oversight efforts related to the COVID-19 pandemic. This report examines the federal government’s continued efforts to respond to, and recover from, the COVID-19 pandemic.

What GAO Recommends

GAO is making 16 new recommendations for agencies that are detailed in this Highlights and in the report.
Relief for Health Care Providers

A total of $178 billion has been appropriated to the Provider Relief Fund (PRF) to reimburse eligible providers for health care–related expenses or lost revenues attributable to COVID-19. As of August 31, 2021, the Department of Health and Human Services (HHS) had allocated and disbursed about $132.5 billion of this amount and had allocated but not yet disbursed about $21.5 billion; the remaining $24.1 billion was unallocated and undisbursed. On September 10, 2021, HHS announced that $17 billion of the previously unallocated $24.1 billion would be allocated for a general distribution to a broad range of providers who could document COVID-related revenue loss and expenses. HHS expected to begin disbursing the funds in December 2021.

As of September 2021, HHS’s Health Resources and Services Administration (HRSA) had not established time frames for implementing and completing post payment reviews for all PRF payments. In addition, the agency had not finalized procedures for recovery of overpayments or recovered the bulk of the overpayments that it had already identified.

Without post-payment oversight to help ensure that relief payments are made only to eligible providers in correct amounts and to identify unused payments or payments not properly used, HHS cannot fully address stated payment integrity risks for the PRF and seek to recover overpayments, unused payments, or payments not properly used. **GAO recommends that HRSA take steps to finalize and implement post-payment oversight. Specifically, HRSA should establish time frames for completing post-payment reviews to promptly address identified risks and identify overpayments made from the PRF, such as payments made in incorrect amounts or payments to ineligible providers; and it should finalize procedures and implement post-payment recovery of any PRF overpayments, unused payments, or payments not properly used.** HHS—which includes HRSA—partially agreed with these recommendations.

Coronavirus State and Local Fiscal Recovery Funds

In March 2021, the American Rescue Plan Act of 2021 (ARPA) appropriated $350 billion to the Department of the Treasury (Treasury) to provide payments from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The CSLFRF allocates funds to states, the District of Columbia, localities, tribal governments, and U.S. territories to cover a broad range of costs stemming from the COVID-19 pandemic’s fiscal effects. According to Treasury data, it had distributed approximately $240 billion from the CSLFRF to recipients as of August 31, 2021 (see figure).

Coronavirus State and Local Fiscal Recovery Funds Allocations and Treasury Distributions as of Aug. 31, 2021, by Recipient Type

As of July 2021, some of the 48 states that responded to GAO’s survey reported that they had somewhat less than or much less than sufficient capacity to report on their use of CSLFRF allocation consistent with federal requirements (17 of 48 states), capacity to disburse the funds (13 of 48 states), and apply appropriate internal controls and respond to inquiries about requirements (10 of 48 states). In addition, most states (44 of 48) reported that they had taken or planned to take additional steps—such as hiring new staff or reassigning existing staff—to help them manage their CSLFRF allocations.
As of August 2021, Treasury was developing—but had not finalized or documented—key internal processes and control activities to monitor recipients’ use of their CSLFRF allocations for allowable purposes and to respond to internal control and compliance findings. According to officials, these internal processes and control activities were in the development stage, partly because of the short time frame since ARPA’s enactment and because Treasury’s Office of Recovery Programs, established in April 2021, continues to work to recruit and onboard key team members.

Until Treasury properly designs and documents policies and procedures to guide CSLFRF program officials and other responsible oversight parties in the Office of Recovery Programs, there is a risk that key control activities needed to help ensure program management fulfills its recipient monitoring and oversight responsibilities may not be established or applied effectively and consistently. This risk may be particularly acute with respect to monitoring state and local recipients that face capacity challenges in managing their CSLFRF allocations in accordance with federal requirements, as some survey respondents noted. **GAO recommends that Treasury design and document timely and sufficient policies and procedures for monitoring CSLFRF recipients to provide assurance that recipients are managing their allocations in compliance with laws, regulations, agency guidance, and award terms and conditions.** Treasury agreed with the recommendation.

**Unemployment Insurance Fraud Risk Management**

GAO continues to have concerns about potential fraud in the unemployment insurance (UI) program, including concerns about Department of Labor (DOL) efforts to assess and manage program fraud risks. During the pandemic, fraudulent and potentially fraudulent activity has increased substantially and new types of fraud have emerged, according to DOL officials. For example, in June 2021, DOL’s Office of Inspector General reported that it had identified nearly $8 billion in potentially fraudulent UI benefits paid from March 2020 through October 2020. Improper payments have also been a long-standing concern in the regular unemployment insurance program, suggesting that the program may be vulnerable to fraud. While DOL continues to identify and implement strategies to address potential fraud and has some ongoing program integrity activities, it has not comprehensively assessed fraud risks in alignment with leading practices identified in GAO’s Fraud Risk Framework, which by law must be incorporated in guidelines established by the Office of Management and Budget for agencies.

DOL has not clearly assigned defined responsibilities to a dedicated entity for designing and overseeing fraud risk management activities. Without a dedicated entity with defined responsibilities to lead antifraud initiatives, including the process of assessing fraud risks to UI programs, DOL may not be strategically managing UI fraud risks. **GAO recommends that DOL designate a dedicated entity and document its responsibilities for managing the process of assessing fraud risks to the unemployment insurance program, consistent with leading practices as provided in GAO’s Fraud Risk Framework. This entity should have, among other things, clearly defined and documented responsibilities and authority for managing fraud risk assessments and for facilitating communication among stakeholders regarding fraud-related issues.** DOL neither agreed nor disagreed with this recommendation.

DOL also has not comprehensively assessed UI fraud risks in alignment with leading practices identified in GAO’s Fraud Risk Framework. These leading practices call for federal managers to plan regular fraud risk assessments and determine their fraud risk profile, among other things. Such assessments would provide reasonable assurance that DOL has identified the most significant fraud risks for the regular UI program that will exist after the pandemic. For example, some fraud risks identified in the CARES Act UI programs may continue to exist in the regular UI program after the temporary UI programs expire. **GAO recommends that DOL (1) identify inherent fraud risks facing the unemployment insurance program, (2) assess the likelihood and impact of inherent fraud risks facing the program, (3) determine fraud risk tolerance for the program, (4) examine the suitability of existing fraud controls in the program and prioritize residual fraud risks, and (5) document the fraud risk profile for the program.** DOL neither agreed nor disagreed with these recommendations.

**FEMA’s Disaster Relief Fund and Assistance to State, Local, Tribal, and Territorial Governments**

The Federal Emergency Management Agency (FEMA) has used the Disaster Relief Fund to respond to the COVID-19 pandemic—the first time the fund has been used during a nationwide public health emergency. For example, from September 1, 2020 to August 31, 2021, FEMA obligated a total of approximately $26.8 billion through one type of disaster assistance, Public Assistance, for emergency protective measures, such as eligible medical care, the purchase and distribution of food, and distribution of personal protective equipment.

GAO found that FEMA inconsistently interpreted and applied its policies for expenses eligible for COVID-19 Public Assistance within and across its 10 regions. For example, officials in one state said that FEMA at one point had deemed the provision of personal protective equipment at correctional facilities as ineligible for reimbursement in their region but that states in other regions had received reimbursement for the same expense. These inconsistencies were due to, among other things, changes in policies as FEMA used the Public Assistance program for the first time to respond to a nationwide emergency. FEMA officials stated that it was difficult to ensure consistency in policies as different states and regions are not experiencing the same things at the same time.
FEMA is likely to receive applications for reimbursement for a larger number of projects than it estimated earlier in 2021, given the surge in COVID-19 cases this summer. To improve the consistency of the agency’s interpretation and application of the COVID-19 Public Assistance policy, GAO recommends that FEMA further clarify and communicate eligibility requirements nationwide. GAO also recommends that FEMA require the agency’s Public Assistance employees in the regions and at its Consolidated Resource Centers to attend training on changes to COVID-19 Public Assistance policy. The Department of Homeland Security—which includes FEMA—agreed with both of these recommendations.

Loans for Aviation and Other Eligible Businesses

Treasury has executed 35 loan agreements with certain aviation businesses and other businesses deemed critical to maintaining national security. These loans have totaled about $22 billion of the $46 billion authorized by the CARES Act for loans and loan guarantees to such businesses. As directed by the CARES Act, Treasury required certain loan recipients to provide financial assets, such as warrants that give the federal government an option to buy shares of stock at a predetermined price before a specified date, to protect taxpayer interests.

According to Treasury officials, it is likely that, if the airline industry continues to recover and borrowers do not default, the warrants could have higher values than the predetermined price Treasury would have to pay to act on them. Treasury has not exercised any of the warrants for stock it received from nine businesses, nor has it developed policies and procedures for determining when to act on the warrants to benefit the taxpayer. GAO recommends that Treasury develop policies and procedures to determine when to act on warrants obtained as part of the loan program for aviation and other eligible businesses to benefit the taxpayers. Treasury agreed with this recommendation.

Payroll Support Assistance to Aviation Businesses

As of September 2021, Treasury had made payments totaling $59 billion of $63 billion provided for the Payroll Support Programs to support aviation business. These payments were to be used exclusively for the continuation of wages, salaries, and benefits.

Similar to Treasury’s requirement for loans for aviation and other eligible businesses, Treasury required certain Payroll Support Program recipients to provide warrants, as allowed by the CARES Act. As of September 2021, 14 recipients had provided a total of 58 million warrants.

As Treasury continues to hold these warrants for stock purchases, the warrants may increase in value as the airline industry recovers. Treasury has not exercised any of the warrants for stock it holds in the 14 businesses, nor has it documented policies and procedures to guide when to act on the warrants to fulfill the statutory purpose to provide appropriate compensation to the federal government. GAO recommends that Treasury develop policies and procedures to determine when to act on warrants obtained as part of the Payroll Support Program to provide appropriate compensation to the federal government. Treasury agreed with this recommendation.

COVID-19 Testing

Use is increasing for antigen tests, one of two types of COVID-19 diagnostic and screening tests for which HHS’s Food and Drug Administration has issued emergency use authorizations. These “rapid” antigen tests typically have a turnaround time of about 30 minutes or less for results, compared with 1 to 3 days for molecular tests, the second type of test HHS authorized. Antigen tests can be conducted at doctors’ offices or in homes or other settings; some antigen tests can be conducted without a prescription.

Since June 2020, HHS has worked to encourage and improve the reporting of antigen testing data to local, state, and federal health officials. However, HHS officials told GAO reporting of antigen test results is incomplete, which prevents HHS from using antigen testing data for COVID-19 surveillance. HHS is taking additional steps aimed at improving reporting of antigen test data. For example, officials told GAO that HHS will continue to make enhancements to data reporting by building reporting methods into the testing process, such as for testing in schools and workplaces.

HHS is also considering surveillance approaches to supplement or enhance current surveillance efforts. For example, HHS is exploring wastewater surveillance approaches, which provide data that can complement and confirm other forms of surveillance for COVID-19 and an efficient pooled community sample that is particularly useful in areas where timely COVID-19 clinical testing is underutilized or unavailable, according to HHS officials.

Worker Safety and Health

The Occupational Safety and Health Administration (OSHA) faced challenges in enforcing workplace safety and health standards during the COVID-19 pandemic, but the agency has not assessed lessons learned or promising practices. According to inspectors from area offices, they faced challenges related to resources and to communication and guidance, such as a lack of timely guidance from OSHA headquarters. GAO recommends that OSHA assess—as soon as feasible and, as appropriate, periodically thereafter—various challenges related to resources and to communication and guidance that the agency has faced in its response to the COVID-19 pandemic and take
related actions as warranted. The Department of Labor—which includes OSHA—partially agreed with this recommendation.

**Advance Child Tax Credit Payments**

ARPA temporarily expanded eligibility for the child tax credit (CTC) to additional qualified individuals by eliminating a requirement that individuals must earn a minimum amount annually to be eligible. ARPA also temporarily increased the maximum amount of the CTC from $2,000 per qualifying child to $3,000 or $3,600, depending on the child’s age. As required by ARPA, the Internal Revenue Service (IRS) and Treasury are responsible for issuing half of the CTC through periodic advance payments, known as advance CTC payments.

IRS reported disbursing more than 106 million advance payments totaling over $45.5 billion as of September 25, 2021 (see figure).

**Dollar Amount and Count of Advance Child Tax Credit Payments, by Month, as of Sept. 25, 2021**

<table>
<thead>
<tr>
<th>Month</th>
<th>Dollar Amount</th>
<th>Count of Payments</th>
</tr>
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<tbody>
<tr>
<td>July 2021</td>
<td>$14.9 billion</td>
<td>35.2 million</td>
</tr>
<tr>
<td>August 2021</td>
<td>$15.4 billion</td>
<td>36 million</td>
</tr>
<tr>
<td>September 21</td>
<td>$15.2 billion</td>
<td>35.6 million</td>
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IRS is conducting and planning several outreach efforts to increase the public’s awareness of advance CTC payments. However, IRS and Treasury have not developed a comprehensive estimate of individuals who are potentially eligible for advance CTC payments and the agencies have not set a participation goal. Such an estimate would enable Treasury and IRS to measure the tax credit’s participation rate, providing greater clarity regarding populations at risk of not receiving the payments. **GAO recommends that Treasury, in coordination with IRS, estimate the number of individuals, including nonfilers, who are eligible for advance CTC payments, measure the 2021 participation rate based on that estimate, and use that estimate to develop targeted outreach and communications efforts for the 2022 filing season; the participation rate could include individuals who opt in and out of the advance payments.** Treasury neither agreed nor disagreed with this recommendation.

**Child Nutrition**

Child nutrition programs administered by the Department of Agriculture’s Food and Nutrition Service (FNS) supply cash reimbursements to schools or other programs for meals and snacks provided to eligible children nationwide. In fiscal year 2019, before the pandemic, the four largest programs—the National School Lunch Program, School Breakfast Program, Summer Food Service Program, and Child and Adult Care Food Program—along with other child nutrition programs, received $23.1 billion in federal funds. During a typical year, two of these programs—the National School Lunch Program and the School Breakfast Program—subsidize meals for nearly 30 million children in approximately 95,000 elementary and secondary schools nationwide.

As of July 2021, FNS officials were unable to provide a plan showing how FNS intends to comprehensively analyze lessons learned during the pandemic, such as from operational and financial challenges. Further, according to FNS officials, while the School Meals Operations study—launched in spring 2021—is surveying school districts and state agencies that administer the federal child nutrition programs, the study is not gathering local perspectives directly from child care centers and day care homes or other local program sponsors that are not school districts. As a result, FNS may miss opportunities to identify lessons learned and will lack comprehensive information to aid its future planning. **GAO recommends that the Department of Agriculture document its plan to analyze lessons learned from operating child nutrition programs during the COVID-19 pandemic. This plan should include a description of how the department will gather perspectives of key stakeholders, such as Child and Adult Care Food Program institutions and nonschool Summer Food Service Program sponsors.** The Department of Agriculture—which includes FNS—agreed with this recommendation.