



A Century of Non-Partisan Fact-Based Work

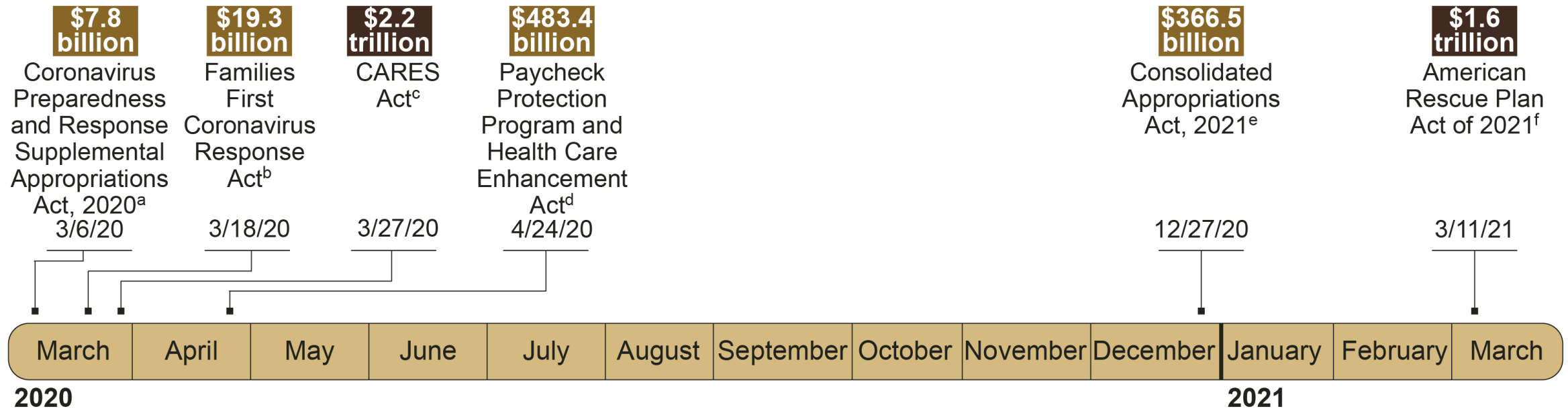
GAO's Work on the Federal Response to the Covid-19 Pandemic

AICPA & CIMA GAAC Conference – August 16, 2021

Gene Dodaro

Comptroller General of the United States

COVID-19 RELIEF LAWS ENACTED



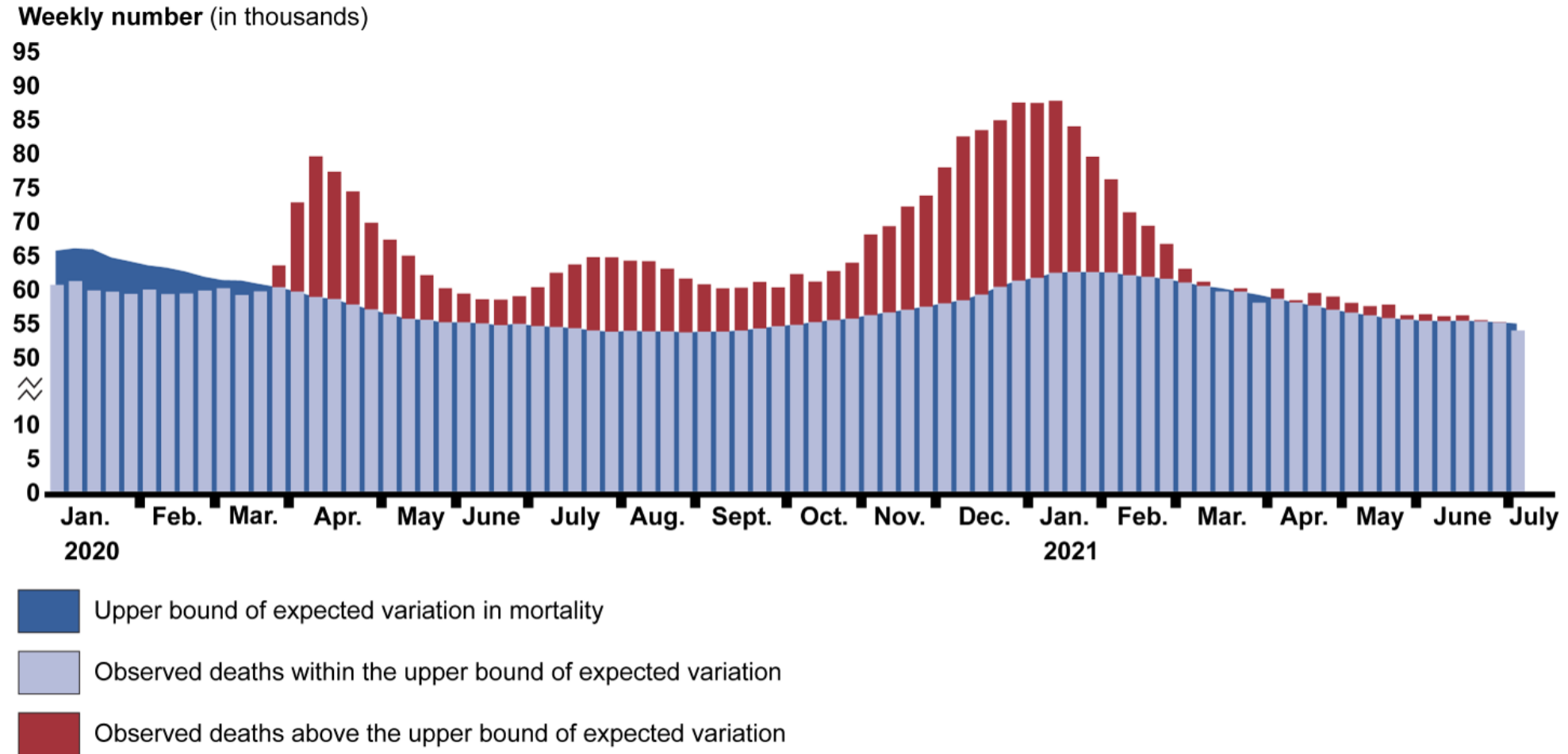
Source: GAO analysis of legislation data. | GAO-21-551

OVERVIEW OF GAO'S COVID-19 WORK

- 140 recommendations spanning 12 federal agencies
 - 87 recommendations in the bi-monthly/quarterly reports
 - 53 recommendations from standalone reports issued through July 19, 2021
- Additional 4 congressional matters
- 90 recommendations fully or partially implemented
 - 18 recommendations, including 1 matter, have been fully implemented
 - 72 recommendations have been partially addressed by agencies
- Of the 50 recommendations have not yet been addressed, 35 are new since June 1, 2021

PUBLIC HEALTH

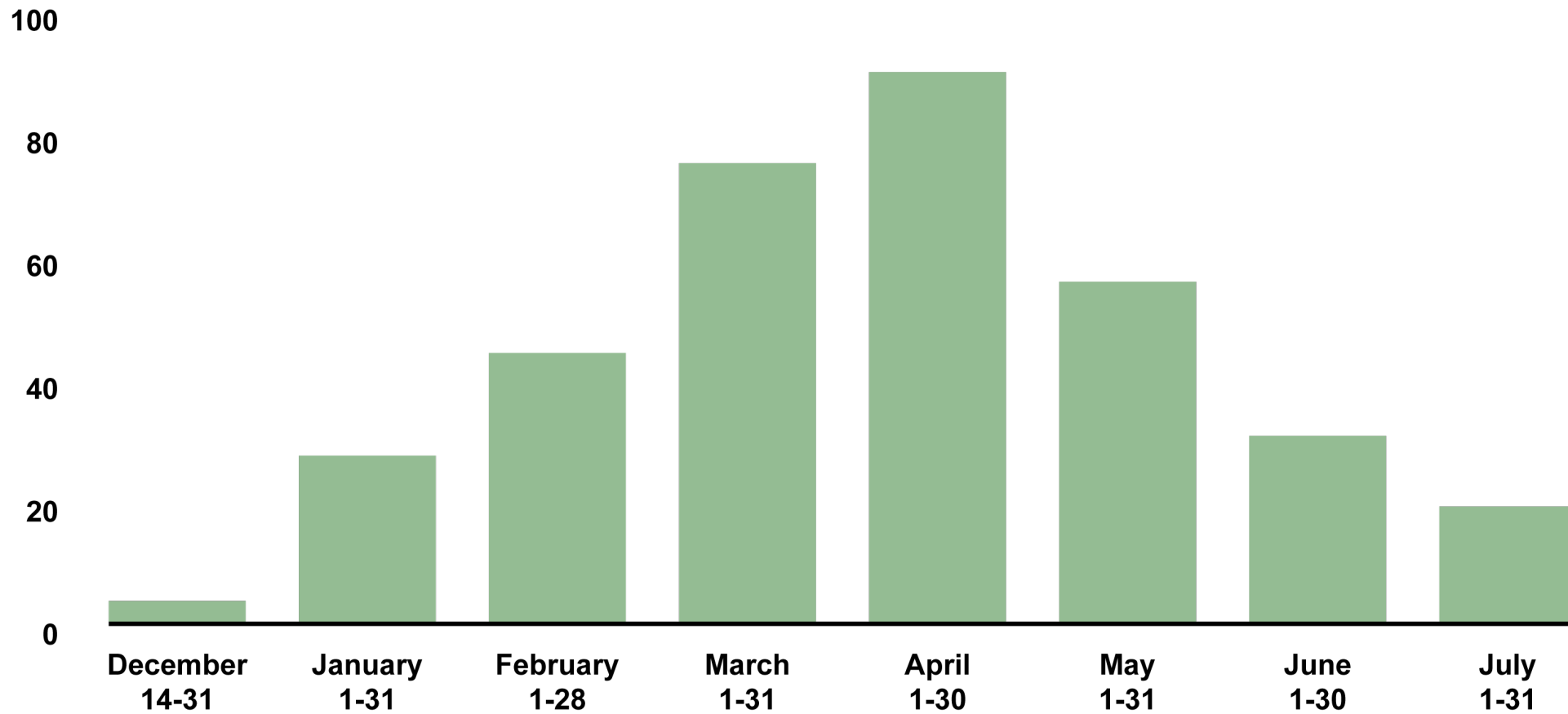
HIGHER-THAN-EXPECTED WEEKLY MORTALITY IN THE U.S., JANUARY 2020–JULY 10, 2021



Source: GAO analysis of Centers for Disease Control and Prevention (CDC)/National Center for Health Statistics (NCHS) data.

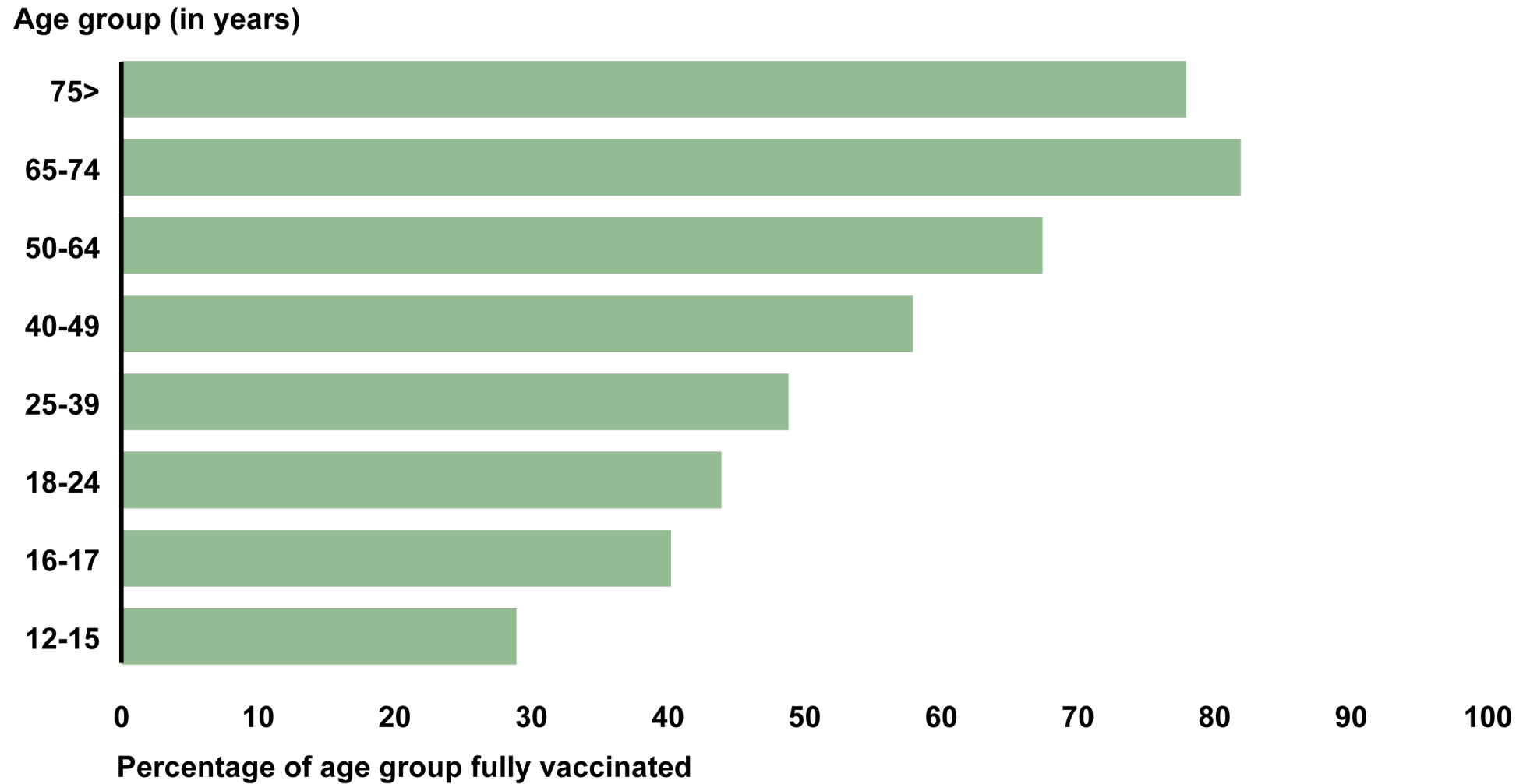
NUMBER OF COVID-19 VACCINE DOSES ADMINISTERED BY MONTH IN THE UNITED STATES, AS OF JULY 31, 2021

Number of COVID-19 vaccine doses administered (in millions)



Source: GAO analysis of Centers for Disease Control and Prevention (CDC) data.

PERCENTAGE OF AGE GROUP THAT WAS FULLY VACCINATED, BY AGE GROUP, IN THE U.S., AS OF AUGUST 1, 2021



Source: GAO analysis of Centers for Disease Control and Prevention (CDC) data.

DOMESTIC MEDICAL SUPPLY MANUFACTURING

GAO has made recommendations related to medical supplies, including to:

- HHS to document roles and responsibilities for supply chain management functions transitioning to HHS to ensure sufficient resources exist to sustain and make the necessary progress in stabilizing the supply chain (September 2020)
- HHS to further develop and communicate to stakeholders plans outlining specific actions the federal government will take to help mitigate remaining medical supply gaps (September 2020)
- FEMA & HHS to work with relevant federal, state, territorial, and tribal stakeholders to devise interim solutions to help states enhance their ability to track the status of supply requests and plan for supply needs (September 2020)

DOMESTIC MEDICAL SUPPLY MANUFACTURING

- GAO reported that HHS had not developed a process for engaging with key nonfederal stakeholders and Congress for development of a supply chain strategy for pandemic preparedness, including the role of the Strategic National Stockpile.
- In January 2021, GAO recommended HHS do so, and continues to underscore that engaging with nonfederal stakeholders and Congress is critical.

STRATEGIC NATIONAL STOCKPILE (SNS)

- Before the COVID-19 pandemic, HHS's Office of the Assistant Secretary for Preparedness and Response (ASPR) began restructuring a key interagency group, which manages annual reviews of the SNS.¹ This led to concerns regarding the effectiveness of interagency collaboration and transparency.
- ASPR is in the process of reassessing and reestablishing new organizational processes for the PHEMCE, but it has not yet finalized planning documents to guide those efforts.
- In July 2021, GAO recommended that ASPR develop and document its plans for restructuring the PHEMCE. These plans should also incorporate GAO's leading practices to foster more effective collaboration.

¹ *The Public Health Emergency Medical Countermeasures Enterprise (PHEMCE) coordinates Federal efforts to enhance chemical, biological, radiological and nuclear threat preparedness and emerging infectious diseases preparedness from a medical countermeasures perspective. ASPR did not conduct SNS annual reviews from 2017 through 2019 while the PHEMCE was being restructured.*

GAO has made two additional recommendations for HHS/ASPR related to the SNS, including to:

1. implement records management practices that include developing, maintaining, and securing documentation related to a key interagency group's activities and deliberations, including those related to the SNS (July 2021)
2. update HHS policies and procedures for the SNS, including related control and monitoring activities, to document the direct shipment procurement process and address payment integrity risks. (July 2021)

DATA FOR HEALTH CARE INDICATORS

- GAO reported that the federal government does not have a process to help systematically define and ensure the collection of standardized data across the relevant federal agencies and related stakeholders.
- As a result, COVID-19 information that is collected and reported by states and other entities to the federal government is often incomplete and inconsistent.
- The lack of complete and consistent data limits HHS's and others' ability to
 1. monitor trends in the burden of the pandemic across states and regions;
 2. make informed comparisons between such areas;
 3. assess the impact of public health actions to prevent and mitigate the spread of COVID-19; and
 4. prioritize the allocation of health resources.

GAO recommended that the Secretary of Health and Human Services should immediately establish an expert committee or use an existing one to systematically review and inform the alignment of ongoing data collection and reporting standards for key health indicators.

GAO has made additional recommendations related to COVID-19 data, including to, among other things:

1. Collect and make available data on vaccination rates in nursing homes (HHS) (January 2021),
2. Capture more complete data on confirmed COVID-19 cases and deaths in nursing homes (HHS) (March 2021), and
3. Collect timely data on COVID-19 cases and deaths in state veterans homes (Department of Veteran Affairs) (November 2020).

DISPARATE IMPACT BY RACE

GAO has also made three recommendations to CDC related to reporting race and ethnicity data as CDC implements its COVID-19 Response Health Equity Strategy, including to:

- determine whether having the authority to require states and jurisdictions to report race and ethnicity information for COVID-19 cases, hospitalizations, and deaths is necessary for ensuring more complete data and, if so, seek such authority from Congress (September 2020);
- involve key stakeholders to help ensure the complete and consistent collection of demographic data (September 2020); and
- take steps to help ensure CDC's ability to comprehensively assess the long-term health outcomes of persons with COVID-19, including by race and ethnicity (September 2020).

COVID-19 VACCINE IMPLEMENTATION

- COVID-19 vaccine implementation has continued to evolve as the supply of vaccine doses has increased and new distribution channels and groups eligible for vaccination have been added.
- Addressing continuing changes in vaccine implementation—newly eligible adolescent populations and reaching those who have not yet been vaccinated despite increasing supply—will require continued coordinated efforts.

COVID-19 VACCINE IMPLEMENTATION

GAO has made two recommendations to HHS related to the COVID-19 vaccines, including to:

1. establish a time frame for documenting and sharing a national plan for distributing and administering COVID-19 vaccines, and ensure that it outlines an approach for how efforts will be coordinated across federal agencies and nonfederal entities (September 2020)
2. direct the Commissioner of the Food and Drug Administration (FDA) to identify ways to uniformly disclose to the public the information from FDA's scientific review when issuing emergency use authorizations for therapeutics and vaccines. (November 2020)

DISPARATE IMPACT BY RACE

- CDC data*, though incomplete, also showed disparities in vaccine administration by race and ethnicity. CDC data indicated that of those who were fully vaccinated, as of June 10, 2021:
 - 62.7 percent were non-Hispanic White (compared to 61.2 percent of the U.S. population),
 - 13.4 percent were Hispanic or Latino (compared to 17.2 percent of the U.S. population),
 - 8.7 percent were non-Hispanic Black (compared to 12.4 percent of the U.S. population), and
 - 6 percent were non-Hispanic Asian (compared to 5.8 percent of the U.S. population).

- GAO recommended that the Director of CDC should take steps to ensure more complete reporting of race and ethnicity information for recipients of COVID-19 vaccinations, such as working with states and jurisdictions to facilitate consistent collecting and reporting of this information (March 2021)

** Data on race and ethnicity were limited to about 61 percent of the individuals who were fully vaccinated as of June 10, 2021, or about 87 million people.*

HEALTH SCIENCE

Technology Assessments

Since 2002, GAO has produced Technology Assessments to help policy makers understand key technologies and the policy implications for the federal government.

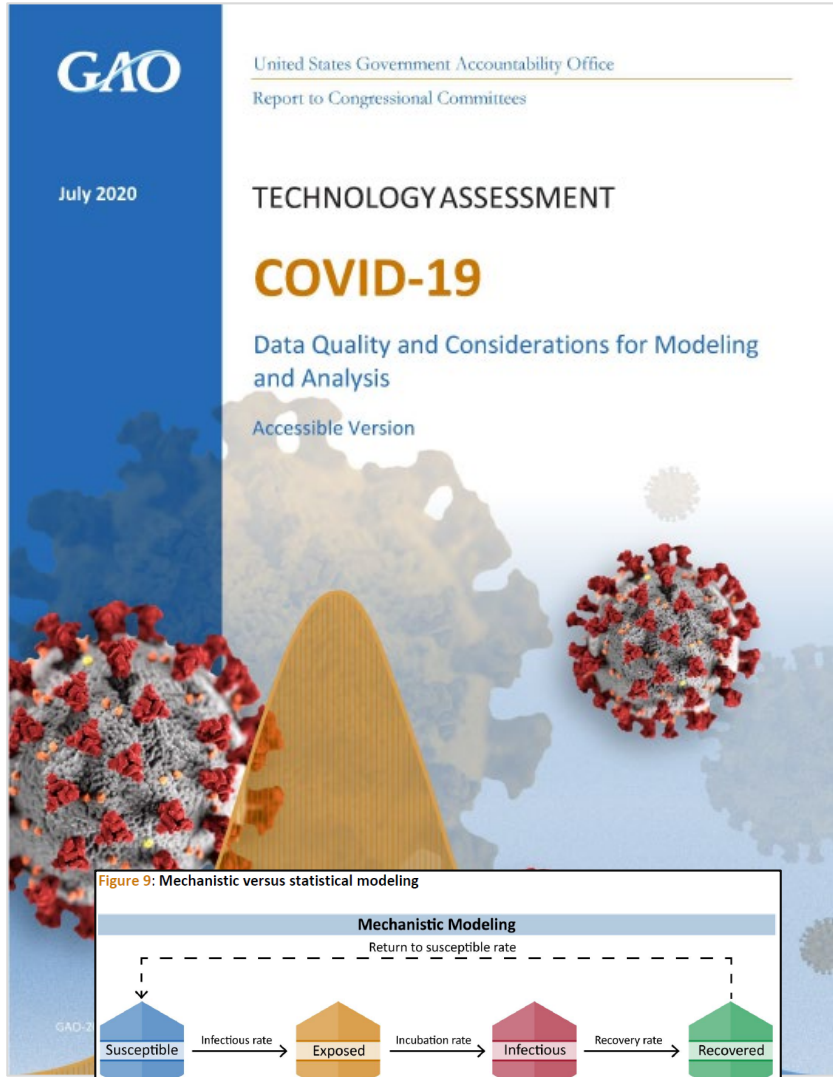
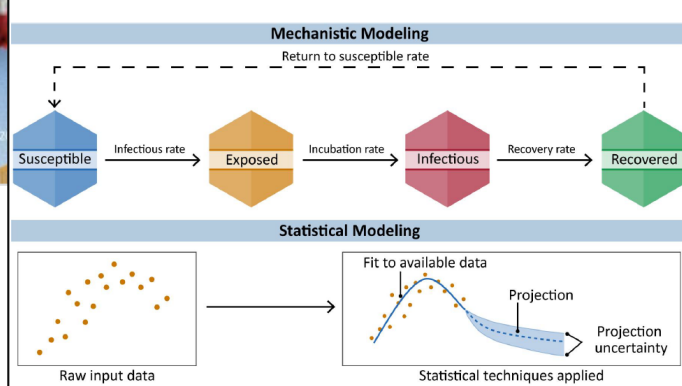


Figure 9: Mechanistic versus statistical modeling



February 2021

OPERATION WARP SPEED

Accelerated COVID-19 Vaccine Development Status and Efforts to Address Manufacturing Challenges

GAO-21-319

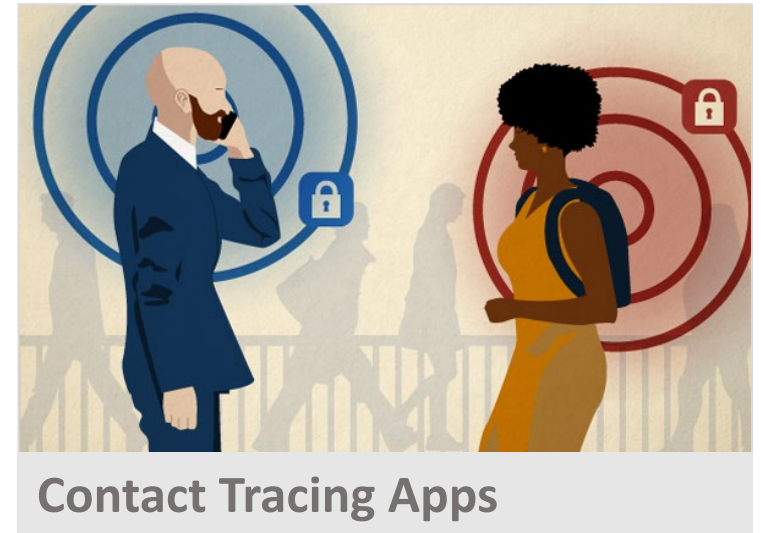
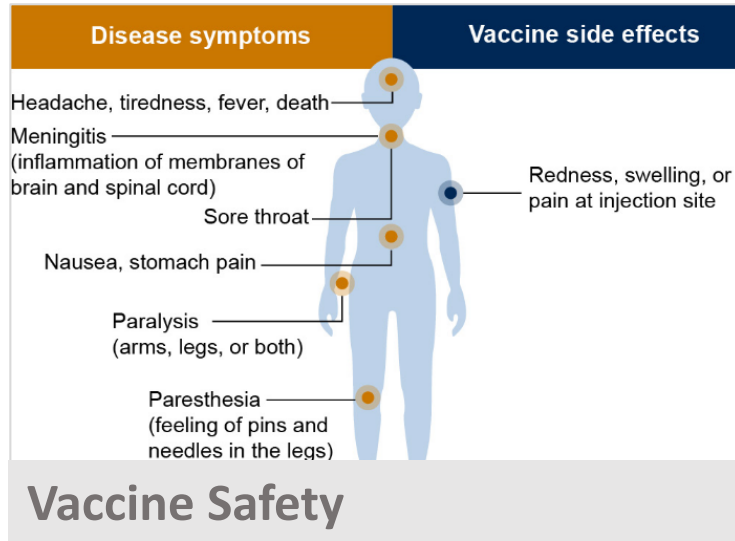
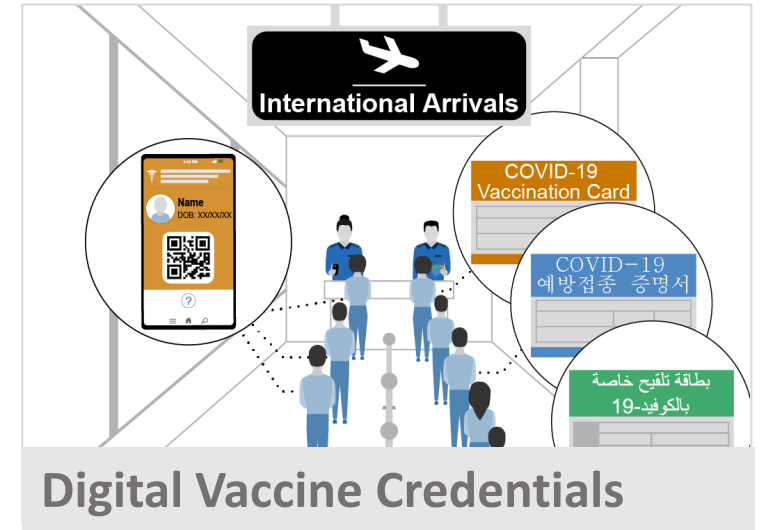
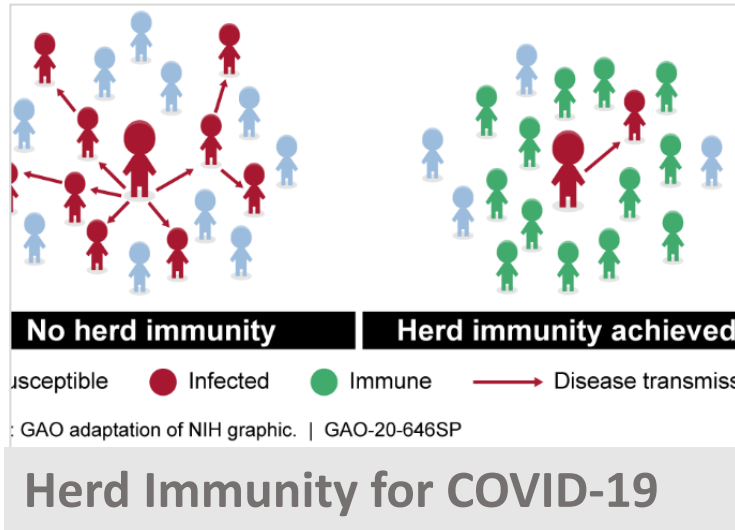
Figure 4: Overview of the Four Vaccine Platform Technologies Considered by Operation Warp Speed, as of January 2021

| | mRNA platform | Replication-defective live-vector platform | Recombinant-subunit- adjuvanted protein platform | Attenuated replicating live-vector platform |
|---|--|---|---|---|
| Diagram | | | | |
| Description | Encapsulated genetic instructions that allow vaccinated individuals to produce the spike protein of SARS-CoV-2 to stimulate immune system but cannot cause COVID-19. | Non-replicating virus that delivers genetic instructions to allow vaccinated individuals to produce the spike protein of SARS-CoV-2 to stimulate immune system but cannot cause COVID-19. | Fully-formed spike protein of SARS-CoV-2 delivered with adjuvant, which helps to stimulate immune system of vaccinated individuals but cannot cause COVID-19. | Replicating virus that delivers genetic instructions to allow vaccinated individuals to produce the spike protein of SARS-CoV-2 to stimulate immune system but cannot cause COVID-19. |
| Technology used in prior FDA-licensed vaccine | ✗ No vaccine using this technology has ever been licensed by FDA. | ✗ No vaccine using this technology has ever been licensed by FDA. | ✓ Example: seasonal influenza vaccine (licensed by FDA) | ✓ Example: Ebola vaccine (licensed by FDA) |
| Doses required | 2 | 1, 2 | 2 | 1 (potentially) |
| Operation Warp Speed candidates (most advanced clinical trial phase) | Moderna (phase 2) Pfizer/BioNTech (phase 3) | Janssen (phase 3) AstraZeneca (phase 3) | Sanofi/GSK (phase 2) Novavax (phase 3) | None |

Source: GAO (analysis). Adaptation of Figure depicting vaccine technologies with permission from Springer Nature. Figure: "The Race for Coronavirus Vaccines: A Graphical Guide." Owen Collier. © 2020. | GAO-21-319

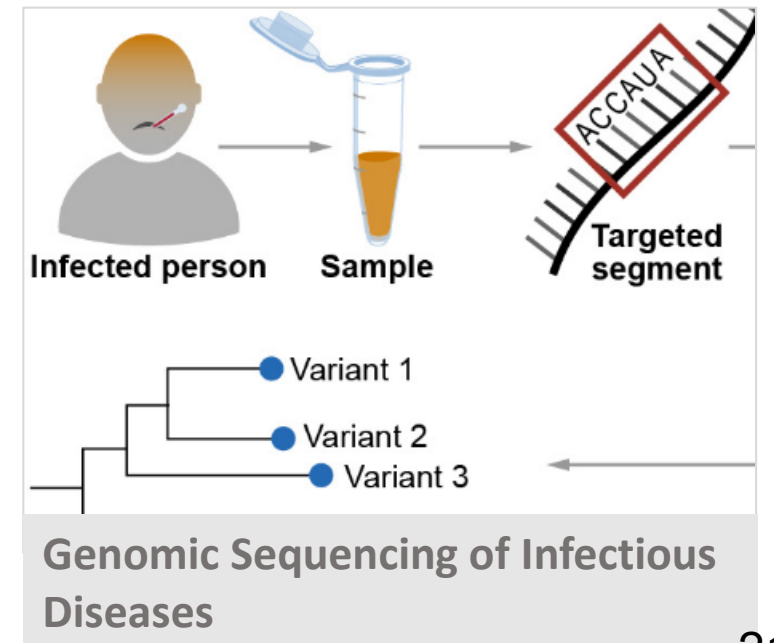
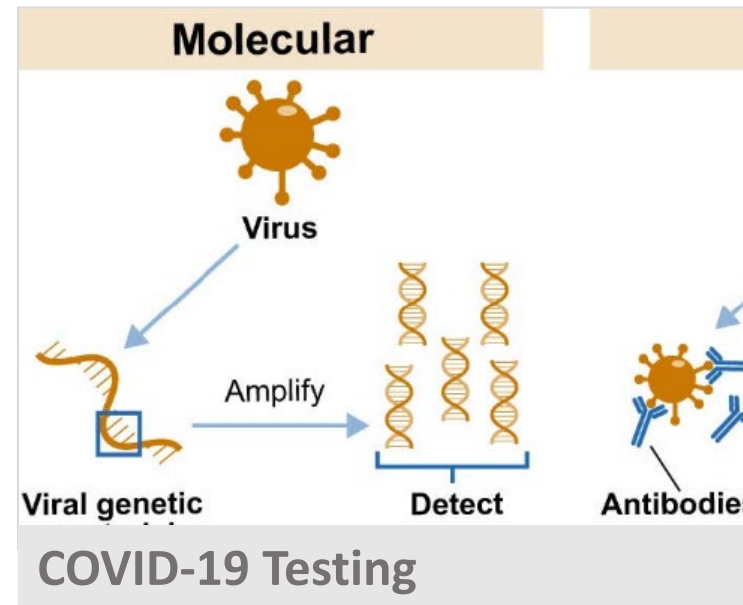
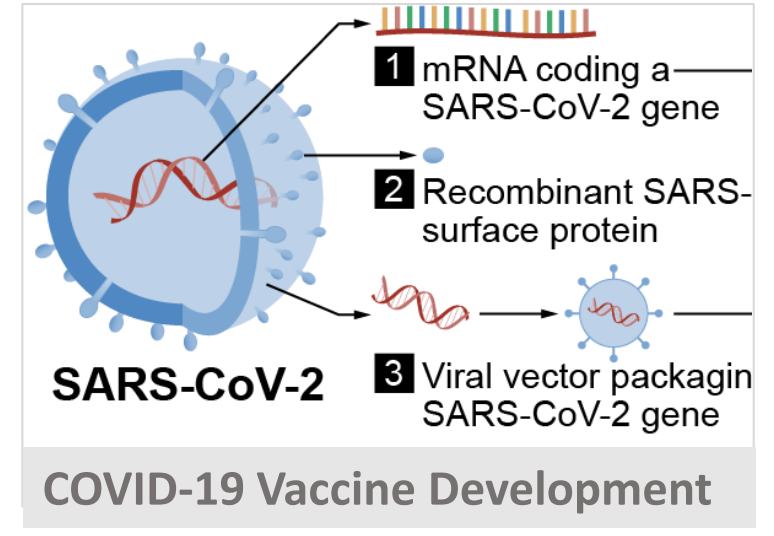
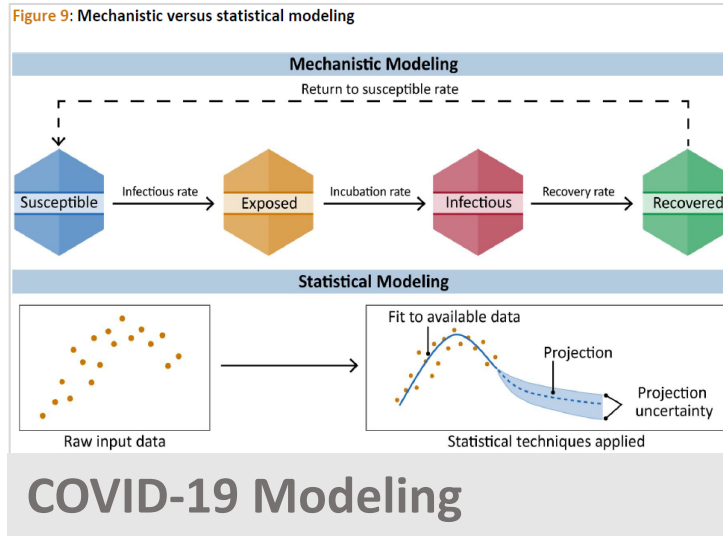
Science & Technology Spotlights

GAO's Spotlights describe complex technology succinctly, identify potential opportunities and challenges, and raise vital policy considerations for key policy makers.



Science & Technology Spotlights

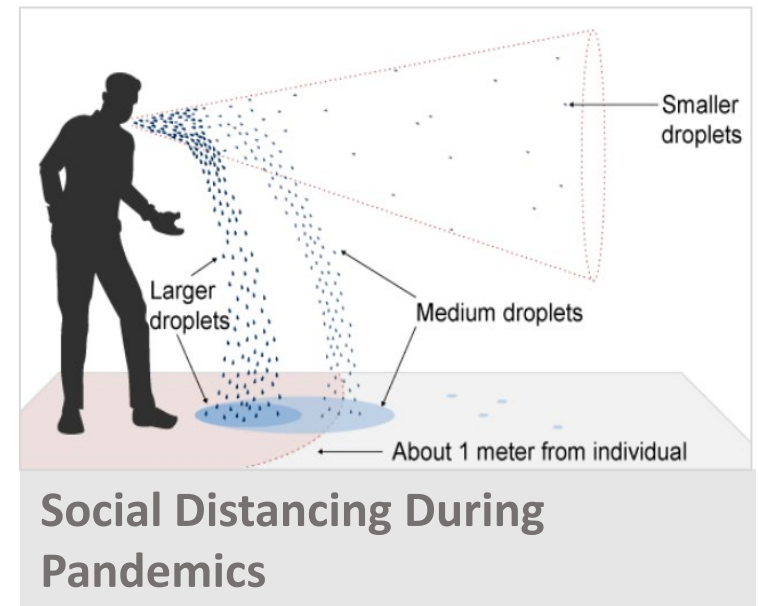
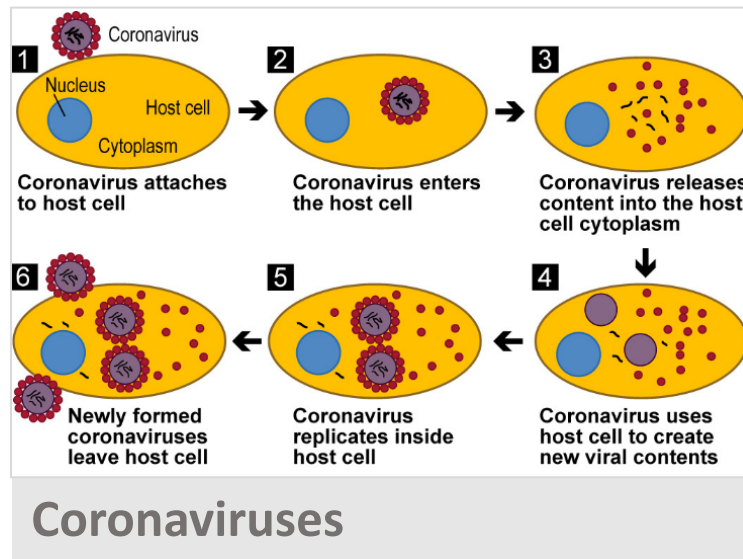
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ECONOMIC EFFECTS

GAO MONITORING OF THE ECONOMY AND PANDEMIC

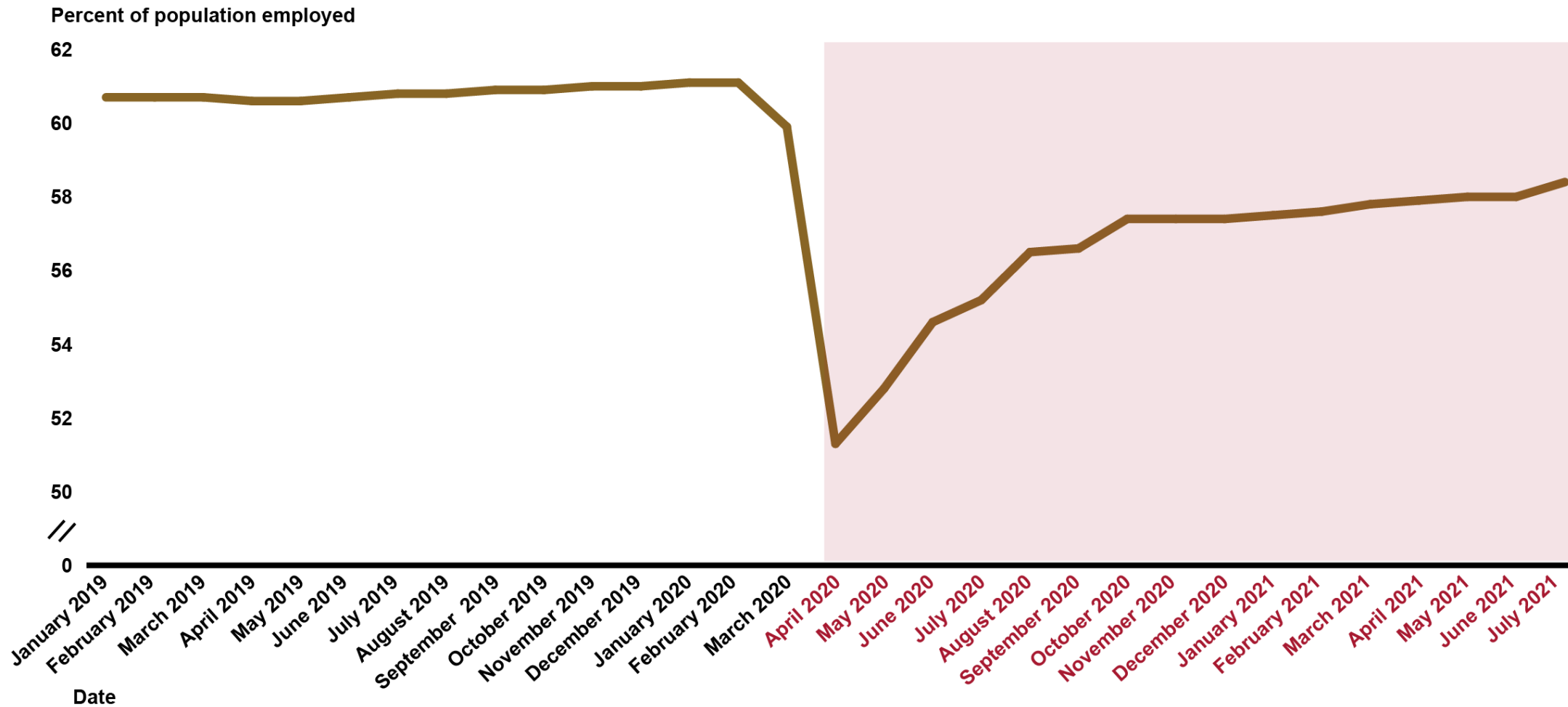
Economic Indicators

- Employment-to-population ratio (BLS)
- Unemployment insurance claims (DOL)
- Mortgage delinquencies (FHA)
- Consumer credit defaults (S&P)
- Small business credit delinquencies (D&B)
- Small business income (BEA)
- Corporate & municipal bond spreads (Bloomberg)

Health Indicators

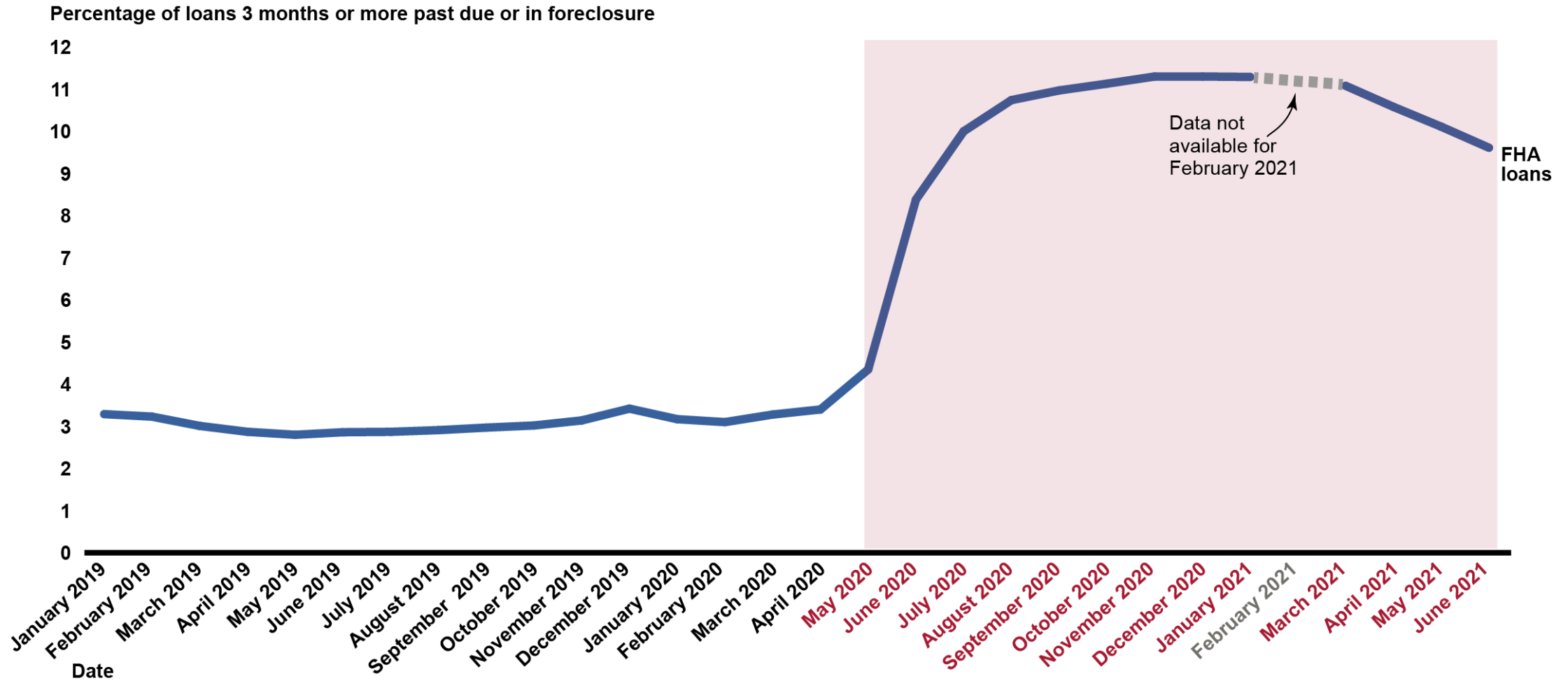
- Hospitalizations for patients with confirmed COVID-19 (HHS)
- Mortality from COVID-19 (CDC)
- COVID-19 vaccination rate (doses administered and persons fully vaccinated) (CDC)
- COVID-19 testing volume and positivity rate (CDC)

EMPLOYMENT-TO-POPULATION RATIO, JANUARY 2019–JULY 2021



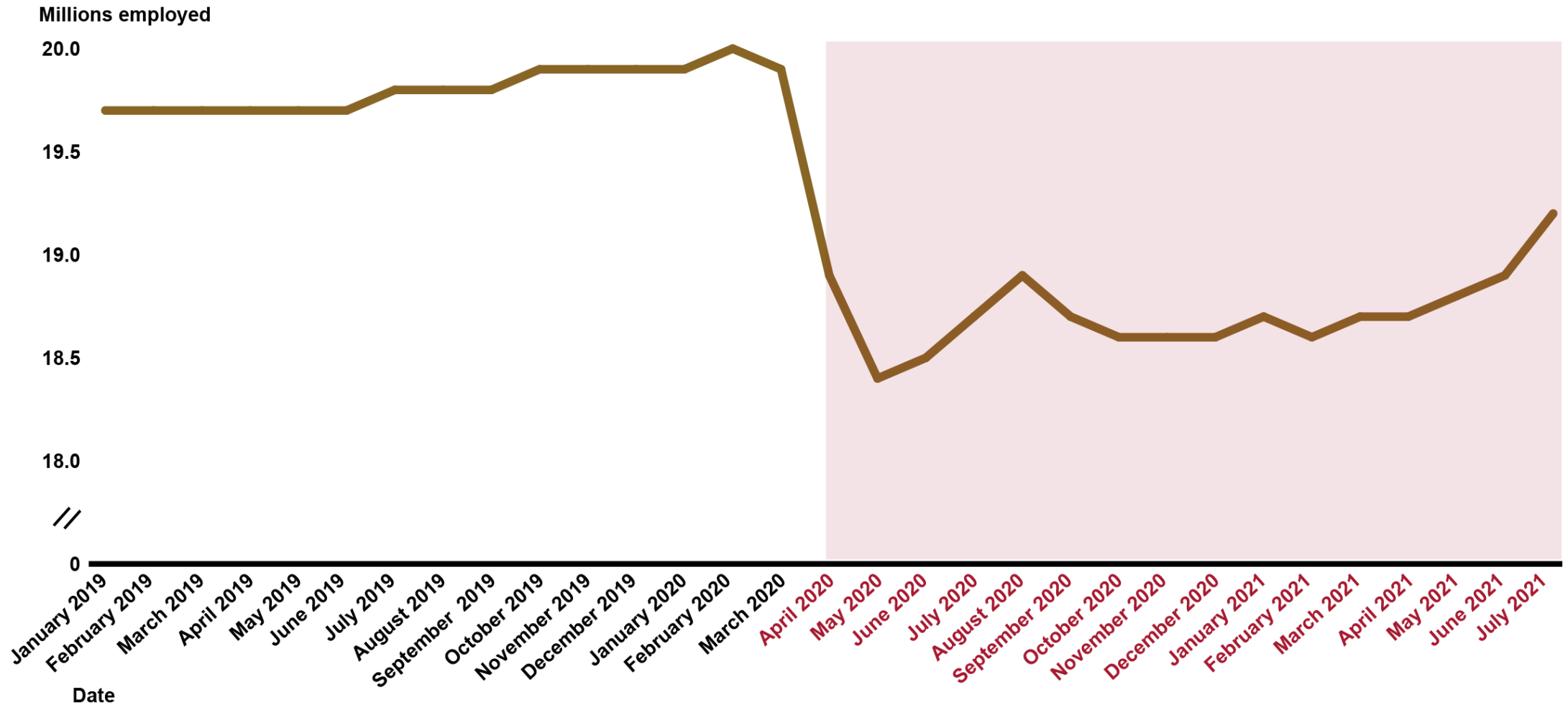
Source: GAO, Department of Labor.

SERIOUS DELINQUENCY RATES ON SINGLE-FAMILY RESIDENTIAL MORTGAGES, JANUARY 2019–JUNE 2021



Source: GAO analysis of Federal Housing Administration (FHA) data.

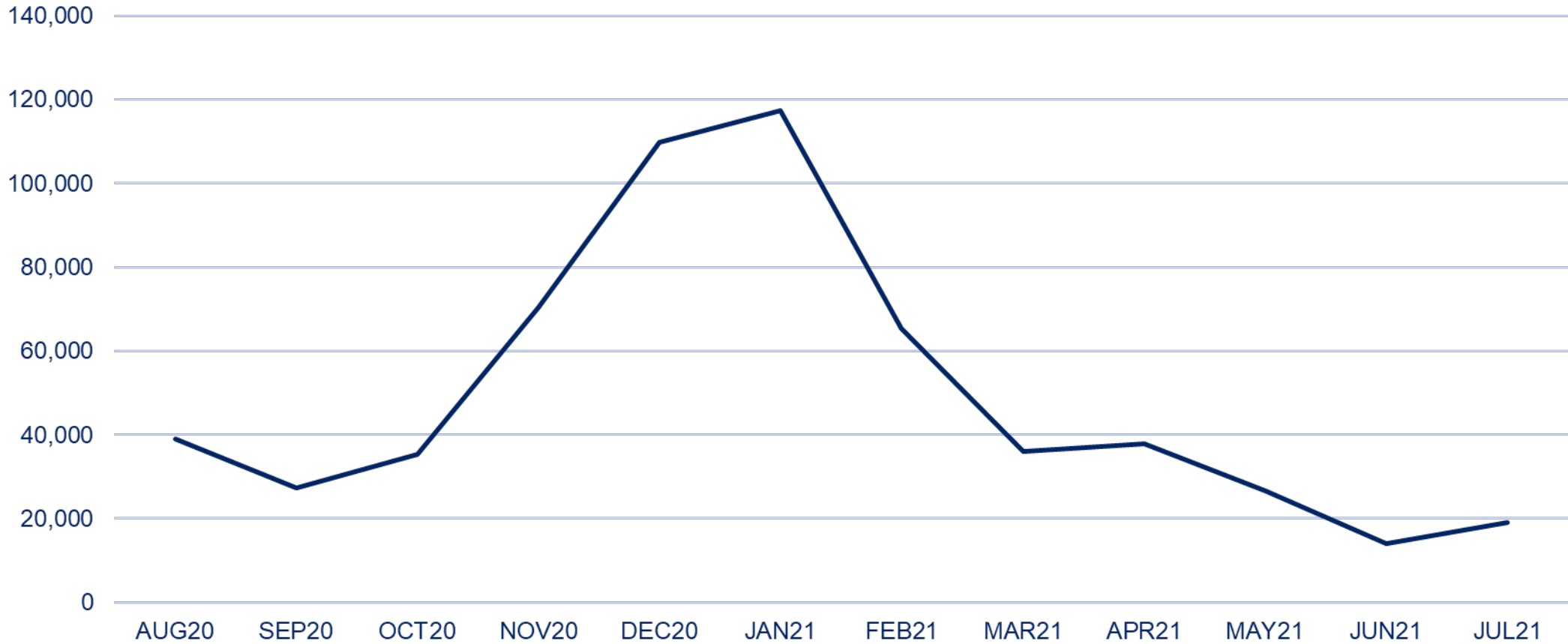
STATE AND LOCAL GOVERNMENT EMPLOYMENT, JANUARY 2019–JULY 2021



Source: GAO analysis of U.S. Bureau of Labor Statistics data.

MONITORING HEALTH: COVID-19 HOSPITALIZATIONS

Average daily number of patients hospitalized with confirmed COVID-19, August 2020–July 2021



UNEMPLOYMENT INSURANCE (UI) DURING COVID-19

- Due to COVID-19, many U.S. workers lost their jobs or left their jobs to care for young children or sick relatives.
- Congress created 4 temporary, federally funded UI programs that expanded eligibility and enhanced benefits:
 - Pandemic Unemployment Assistance (PUA);
 - Federal Pandemic Unemployment Compensation;
 - Pandemic Emergency Unemployment Compensation;
 - Mixed Earner Unemployment Compensation.
- Although these programs are set to expire on September 6, 2021, 24 states withdrew from one or more programs by late July, and 2 more stated their intent to do so

CHALLENGES FOR STATE UI PROGRAMS

- Unprecedented volume of UI claims
 - In April 2020, initial weekly UI claims peaked at over 6 million, which is 30 times the average number of initial weekly claims in 2019
- Outdated information technology systems
- Staffing challenges
 - Insufficient staff
 - Lack of experienced staff
 - Training new staff on complicated programs
- Pandemic Unemployment Assistance (PUA) program presented unique challenges
 - Some states needed to develop new systems
 - Initially, self-certification of eligibility led to increased risk of improper payments

WEEKLY INITIAL CLAIMS FOR REGULAR UI AND PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA) BENEFITS

- As we reported in July, weekly initial claims numbers remain near their lowest point since the surge in claims at the beginning of the pandemic.
- However, current claims levels suggest that more individuals are still losing jobs on a weekly basis than in 2019, prior to the pandemic.
- **During the week ending July 31, 2021**, states and territories reported:
 - 323,763 regular UI initial claims submitted nationwide (the lowest since the peak of about 6.2 million submitted, which occurred during the week ending April 4, 2020)
 - 94,476 PUA initial claims submitted nationwide (close to the lowest since the peak of about 1.4 million submitted, which occurred during the week ending May 23, 2020)

- The high number of continued claims across UI programs suggests persistently high demand for benefits.

- **During the week ending July 17, 2021**, states and territories reported that about 13.0 million continued claims were submitted in all UI programs, including:
 - about 3.3 million in the regular UI program,
 - about 5.2 million in the PUA program, and
 - about 4.2 million in the Pandemic Emergency Unemployment Compensation (PEUC) program.

- As we reported in July, the number of regular UI continued claims in recent weeks is lower than the peak of more than 20 million per week in late April and early May 2020.

OVERVIEW OF GAO'S CURRENT UI WORK

GAO is examining the CARES Act UI programs in 4 different efforts:

- UI oversight during COVID-19
- COVID-19 unemployment assistance for contingent workers
- UI risk and transformation (programmatic risks, responsiveness to economic conditions, program integrity, and options for program transformation)
- Recurring CARES Act report enclosures on UI (next report will be issued in October 2021)

GAO CARES ACT MANDATE: UI RECOMMENDATIONS

In our recurring CARES Act reports, we have made recommendations that the Department of Labor should:

- In consultation with SBA and Treasury, immediately provide information to state unemployment agencies that specifically addresses SBA's Paycheck Protection Program (PPP) loans, and the risk of improper payments associated with these loans. (June 2020)
- Ensure its weekly news releases clarify that in the current unemployment environment, the numbers it reports for weeks of unemployment claimed do not accurately estimate the number of unique individuals claiming benefits. (November 2020)

GAO CARES ACT MANDATE: UI RECOMMENDATIONS

In our recurring CARES Act reports, we have made recommendations that the Department of Labor should:

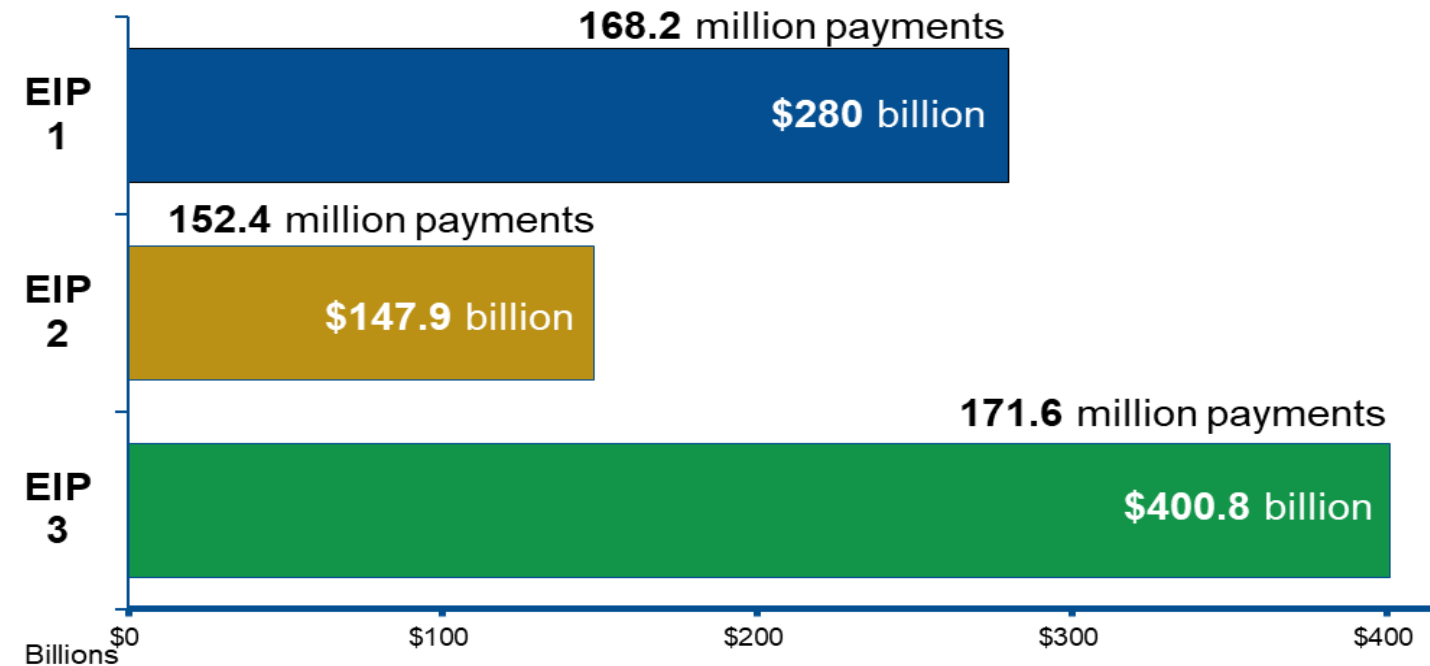
- Pursue options to report the actual number of distinct individuals claiming benefits, such as by collecting these already available data from states, starting from January 2020 onward. (November 2020)
- Collect data from states on the amount of overpayments recovered in the Pandemic Unemployment Assistance (PUA) program, similar to the regular UI program. (January 2021)
- Collect data from states on the amount of overpayments waived in the PUA program, similar to the regular UI program. (March 2021)

ECONOMIC IMPACT PAYMENTS (EIP): OVERVIEW OF WORK

As of July 23, 2021, the IRS disbursed a total of \$828.7 billion in EIP to eligible Americans in three rounds of payments starting in April 2020.

Key Findings Include:

- Treasury and IRS moved quickly to disburse 3 rounds of payments.
- Treasury and IRS face challenges with outreach efforts to non-filers and other hard-to-reach populations. There could be around 8 million eligible individuals who have yet to receive an EIP.
- Treasury and IRS sent almost 1.1 million payments totaling nearly \$1.4 billion to deceased individuals.
 - *Treasury and IRS initially did not use available death data to stop payments to deceased individuals because of the legal interpretation under which IRS was operating.*
 - *As of April 30, 2021, around 57 percent (just over \$704 million) of the \$1.2 billion in EIP 1 sent to deceased individuals had been recovered.*



Source: Internal Revenue Service and Bureau of the Fiscal service data.

GAO has recommended that

- **IRS consider cost-effective options for notifying ineligible recipients** on how to return payments sent to decedents (June 2020).
- **Treasury and IRS update and refine the estimate of eligible recipients** who have yet to file for an EIP, and make the estimate available to outreach partners to raise awareness about how and when to file for EIPs and help target outreach (September 2020).

GAO has recommended that

- Treasury and IRS **begin tracking and publicly reporting** the number of individuals who were mailed an EIP notification letter and subsequently filed for and received an EIP, and use that information to inform outreach and communications (November 2020).
- Treasury and IRS **release interim findings** on the effectiveness of the EIP notification letters; incorporate that analysis into outreach efforts as appropriate; and then, if necessary, release an update based on new analysis after the 2021 filing seasons (July 2021).
- IRS periodically **review control activities** for issuing direct payments. (March 2021).

PAYCHECK PROTECTION PROGRAM (PPP)

- About 11.8 million forgivable loans made (totaling about \$800 billion)
- We have recommended that to improve PPP, SBA should:
 - Develop and implement plans to **identify and respond to risks** in PPP to ensure program integrity, achieve program effectiveness, and address potential fraud, including in loans of \$2 million or less. (June 2020)
 - Expeditiously **estimate improper payments and report estimates and error rates** for PPP due to concerns about the possibility that improper payments, including those resulting from fraudulent activity, could be widespread. (November 2020)
 - Conduct and document a **fraud risk assessment for PPP**. (March 2021)
 - Develop a strategy that outlines specific actions to **monitor and manage fraud risks** in PPP on a continuous basis. (March 2021)

PAYCHECK PROTECTION PROGRAM (PPP)

We have recommended that to improve PPP, SBA should:

- **Establish timeframes for finalizing and issuing its procedures** for higher authority reviews and reviews conducted by a committee of senior managers. (July 2021)
- Develop and implement a process to ensure it responds in a timely manner to PPP **lender inquiries** on loan reviews. (July 2021)
- Establish timeframes for finalizing and issuing a PPP-specific **loan guarantee purchase process**, including allowing lenders to claim the SBA guarantee when they have evidence the business ceased operations or declared bankruptcy. (July 2021)

ECONOMIC INJURY DISASTER LOAN PROGRAM (EIDL)

- About 3.8 million low-interest loans made (totaling about \$236 billion) and about \$23.8 billion in grants (also called advances) as of July 29, 2021.
- Since June 2020, we have made recommendations to improve EIDL, including that SBA should:
 - Develop and implement **portfolio-level data analytics** across Economic Injury Disaster Loan program loans and advances made in response to COVID-19 as a means to detect potentially ineligible and fraudulent applications (January 2021)
 - Conduct and document a **fraud risk assessment** for EIDL. (March 2021)
 - Develop a strategy that outlines specific actions to **monitor and manage fraud risks** in EIDL on a continuous basis. (March 2021)
 - Implement a comprehensive **oversight plan** to identify and respond to risks in EIDL to help ensure program integrity, achieve program effectiveness, and address potential fraud. (March 2021)

KEY RECOMMENDATIONS: CORONAVIRUS RELIEF FUND

- March 2020: the CARES Act appropriated \$150 billion to Treasury for the Coronavirus Relief Fund (CRF) in March 2020

- GAO recommends:
 - OMB, in consultation with Treasury, should issue the **addendum to the 2020 Compliance Supplement** as soon as possible to provide the necessary audit guidance, as many single audit efforts are underway. (September 2020)

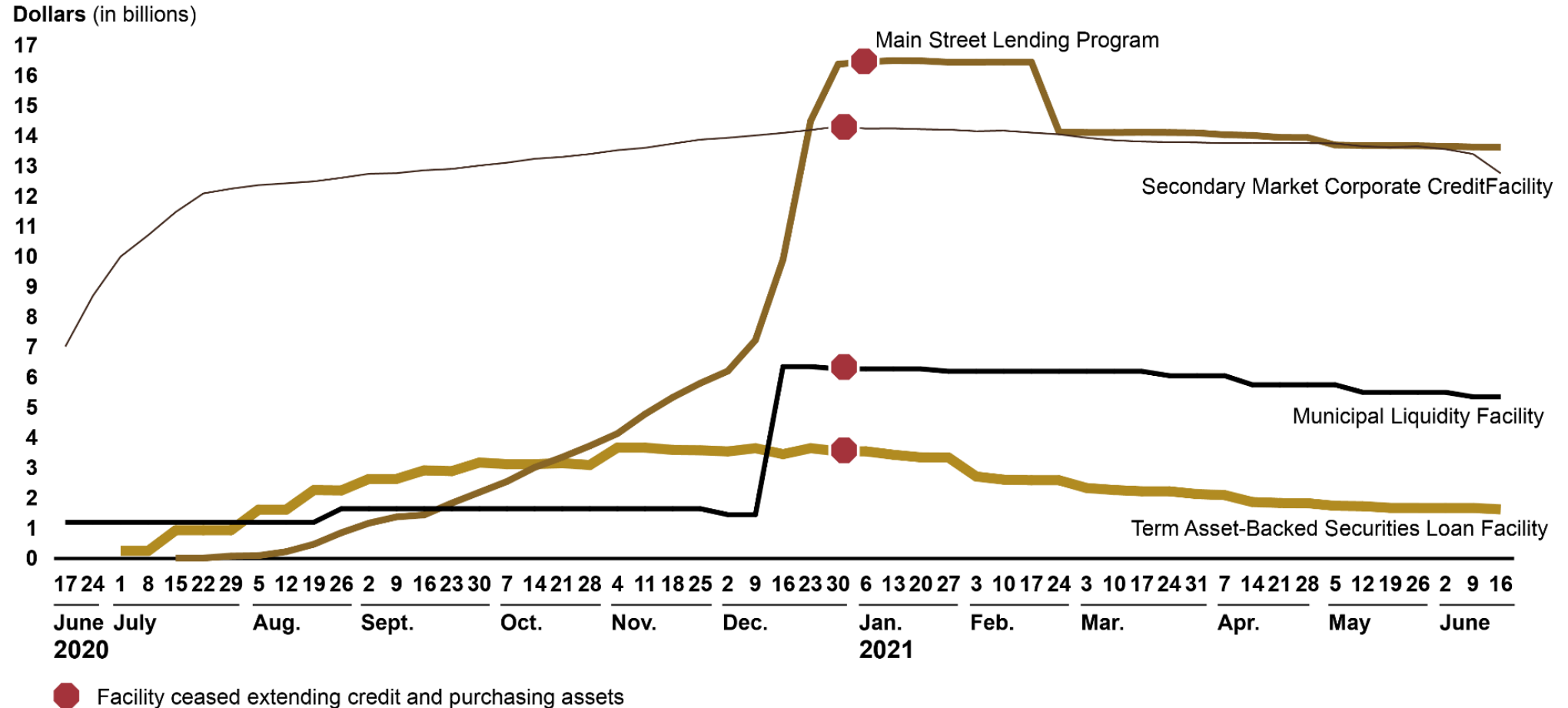
 - OMB should work with federal agencies and the audit community to incorporate measures in OMB's process for preparing **single audit guidance** to better ensure that such guidance is issued in a timely manner and is responsive to users' input and needs. (March 2021)

- March 2021: American Rescue Plan Act (ARPA) appropriated \$350 billion to Treasury for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

- GAO recommends:
 - OMB, in consultation with Treasury, should issue timely and sufficient **single audit guidance** for auditing recipients' uses of payments from the Coronavirus State and Local Fiscal Recovery Funds. (July 2021)

 - Treasury guidance should clearly **define expenditure categories** and require expenditure categories for at least some of the spending to be reported in the aggregate, such as payments to individuals. (July 2021)

OUTSTANDING ASSETS OF FEDERAL RESERVE LENDING FACILITIES SUPPORTED BY CARES ACT FUNDING



Source: GAO analysis of Federal Reserve System documents and data. | GAO-21-551

June 2020–June 2021

- Lending facilities supported with CARES Act funds ended in early January 2021.
 - Reserve Banks managed lending decisions/activities.
 - \$41 billion in lending (out of \$2 trillion capacity).
 - Low levels of participation partly due to improved credit market conditions and availability of more favorable terms under other federal lending programs.
- GAO recommendation from earlier work on guidance to Reserve Banks on the types of decisions and risk events that require approval by or consultation with the Board of Governors, the Federal Open Market Committee, or others.



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