Blueprint for Enhanced Program Integrity

Chapter 1 : Best Practices for Strengthening Federal Programs

May 2024

PANDEMIC RESPONSE ACCOUNTABILITY COMMITTEE

Contents

Chapter 1 : Best Practices for Strengthening Federal Programs

Executive Summary:

In this chapter, **focused on supporting federal and state program administrators**, we highlight strategies and concrete steps from pandemic programs that can be adopted in current and future federal programs that provide critical financial assistance and services across our nation. We compiled lessons learned from reports issued by the federal and state oversight communities and interviews with key stakeholders, with a focus on program design and payment integrity.

Given the heightened challenges posed by emergency situations, we recognize the delicate balance between swiftly providing the money and services to recipients while also taking time to prevent and deter fraud, waste, and abuse prior to releasing funds. To help agencies meet these critical objectives, we have identified key recommendations related to the development, implementation, and maintenance of strong internal controls, even during crises. Our ultimate goal is to steer agencies away from the "pay and chase" model that has led to substantial losses of taxpayer funds.

How We Developed Chapter 1

We took the following steps to identify leading practices and lessons learned:

- Collected and reviewed oversight reports issued between January 2020 and January 2024 to identify key trends and insights, and categorized associated recommendations.

- Reviewed published reports, guidance, testimony, and memoranda from the U.S. Government Accountability Office (GAO) and the Office of Management and Budget (OMB).

- Requested assistance from Pandemic Response Accountability Committee (PRAC) member Offices of Inspectors General (OIG) and other OIGs to collect feedback, takeaways, lessons learned, and best practices from their reports, testimonies, and other resources.

- Conducted Listening Sessions with OIGs, federal agency program administrators, state comptrollers, finance departments, and professional organizations to ensure that we incorporated their knowledge and expertise.
For the full Methodology, See Appendix 1-A.

Below we list key themes with examples and citations to supporting documents. In addition, in Appendix 1-B, we provide additional reports and discussion points to help agencies implement the practices identified throughout this chapter.

Section 1: Prepare for the Next Emergency Now!

Develop a Culture of Accountability

We have learned that the most effective way to prepare for an emergency is to develop a strong culture of accountability. Federal and state agencies and their oversight communities need to collaborate to protect taxpayer funds to better serve the American people.

With significant efforts of agency and oversight leadership, as well as OMB and GAO, we have increased transparency and information sharing to promote good government and strong stewardship of taxpayer funds. What follows are recommendations from oversight reports and other cited resources that continue to strengthen and prepare federal programs for future emergencies. For examples of Statements of Cooperation, see Appendix1-C.

Set the Tone at the Top

- Issue annual statements of cooperation between the agency head and the Inspector General, including explanations of whistleblower protections, as recommended by OMB Memorandum M-22-04, Promoting Accountability through Cooperation among Agencies and Inspectors General.

- Conduct "Gold Standard Meetings" between agency and OIG staff, and other oversight bodies, to develop and enhance federal programs and reduce the risks of fraud and improper payments, as recommended in OMB Memorandum M-22-12, pertaining to the implementation of the Infrastructure Investment and Jobs Act.

- Mandate and track training for agency staff on preventing, identifying, and reporting fraud, waste, and abuse.

  GAO-15-593SP, A Framework for Managing Fraud Risks in Federal Programs (p. 23)

  AmeriCorps OIG, Anti-Fraud Advisory (p. 2)

  FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans (p. 43, Recommendation 10)

What are Gold Standard meetings?

Following a leading practice initiated for pandemic programs under the American Rescue Plan, OMB Memo M-22-12 directed agencies to engage with OMB and the agency's IG in a joint meeting during the program design phase to discuss risk mitigation strategies, financial controls, data, and reporting.

"This process of engagement by senior Executive Branch and agency officials with Inspectors General and the PRAC has become a model for how to manage large-scale emergency spending initiatives and balance the need for robust independent oversight with timely program administration." Statement of Michael E. Horowitz, Chair, Pandemic Response Accountability Committee, before the U.S. House of Representatives Select Subcommittee on the Coronavirus Crisis, June 14, 2022

- Provide outreach and resources to grantees, contractors, state agencies, and lenders on how to identify risks and combat fraud, waste, and abuse.

  DHS OIG-23-42, Ineffective Controls Over COVID-19 Funeral Assistance Leave the Program Susceptible to Waste and Abuse (pp. 16-19, Recommendations 3, 4, and 5)

  AmeriCorps OIG AR-23-06, Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems, (p. 8, Recommendations 5, 6, and 7)

Additional Key Insights from Listening Sessions

We heard from multiple stakeholders that agencies should prioritize combatting fraud, waste, and abuse in their annual strategic plans, a practice recently adopted by several agencies. See Appendix 1-B.

Manage Fraud Risks and Improper Payments

- Prioritize addressing OIG and GAO recommendations regarding improper payments and fraud risk management.

  Testimony of Richard K. Delmar Acting Inspector General U.S. Department of the Treasury Before the House Financial Services Committee Subcommittee on Oversight and Investigations U.S. House of Representatives, March 8, 2023 (pp. 2-8)

  HUD OIG, Priority Open Recommendations for Fiscal Year 2024 (pp. 6, 13-14)

  GAO-24-107157, COVID-19: Insights and Actions for Fraud Prevention (pp. 13-14)

  Congressional Research Service R47902, Improper Payments in Pandemic Assistance Programs (p. 15)

- Adopt strong fraud risk-management programs in line with the Treasury Anti-Fraud Playbook and GAO's Fraud Risk Framework, to include establishing a dedicated entity to lead fraud risk management activities.

  HUD OIG 2023-FO-0001, Assessment of HUDs Fraud Risk Management Program (p. 14, Recommendations 1A -1E)

  DOT OIG ST2023034, DOT Should Enhance Its Fraud Risk Assessment Processes for IIJA-Funded Surface Transportation Programs (p. 17, Recommendations 1 and 2)

Anti-fraud Resources

The Fraud Risk Management Framework (Framework) from GAO includes internal controls to prevent, detect, and respond to fraud, with an emphasis on prevention. It also focuses on structures and environmental factors that may help managers achieve their objectives to mitigate fraud risks. In addition, the Framework highlights the importance of monitoring and incorporating feedback.

The Treasury Anti-Fraud Playbook provides a four-phased approach to combatting fraud with 16 plays drawn from successful practices across the federal government and private sector.

GAO-22-105715, EMERGENCY RELIEF FUNDS: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond (p. 22)

FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans (p. 38, Recommendations 5 and 6).

- Conduct fraud risk assessments for all new programs.

DHS OIG 22-69, FEMA Did Not Implement Controls to Prevent More than $3.7 Billion in Improper Payments from the Lost Wages Assistance Program (p. 15, Recommendations 1 and 2)

USDA OIG 27801-0003-22, Supplemental Nutrition Assistance Program Online Purchasing in Response to the Coronavirus Disease 2019 (pp. 4-5, Recommendation 1)

ED OIG A20CA0029, The Office of Postsecondary Education's Oversight of Higher Education Emergency Relief Fund Grants (p.19, Recommendations 1 and 2)

Additional Key Insights from Listening Sessions

We heard from multiple state government officials that OIG hotline information and fraud alerts should be highlighted on the agencies' websites to enhance community outreach and make reporting fraud, waste, and abuse easier for stakeholders.

State government officials also suggested that programs should establish a governance structure for states to effectively administer and monitor pandemic funding.

Build Necessary Infrastructure

Federal and state agencies need the people, IT tools, core administrative systems, and structure in place to effectively scale up and manage emergency relief programs to meet a crisis.

Maintain a Crisis-Ready Staff

In the GAO Standards for Internal Control in the Federal Government, GAO highlights the need for management to recruit, develop, and retain competent personnel to achieve the entity's objectives... develop competencies appropriate for key roles...and tailor training based on the needs of the role.

- Develop and implement a long-term training program to ensure staff has competencies to manage existing and new programs.

HHS OIG A-02-20-01019, Prior Audits of Medicaid Eligibility Determinations in Four States Identified Millions of Beneficiaries Who Did Not or May Not Have Met Eligibility Requirements (p.2, Recommendation 2)

FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans, (p. 43, Recommendation 10)

- Develop a plan to ensure staff has the competencies to manage high-risk programs.

    DOJ OIG 21-130, Review of the Office of Justice Programs' Administration of CARES Act Funding (pp. 10-12, Recommendations 2 and 3)

    USDA OIG 427801-0001-21, COVID-19: Oversight of the Emergency Food Assistance Program, Final Report (pp. 13-16, Recommendations 3 and 4)

- Ensure that staff has the training and expertise to support data-informed decision making as required by the Evidence Act.

    USAID OIG 4-000-24-001-P, COVID-19: Enhanced Controls Could Strengthen USAID's Management of Expedited Procurement Procedures (pp. 9, 12, Recommendation 3)

    DOI OIG 2021–ER–015, The Bureaus of Indian Affairs and Indian Education Have the Opportunity to Implement Additional Controls To Prevent or Detect Multi-dipping of Pandemic Response Funds (p. 7, Recommendation 2)

Additional Key Insights Identified During Listening Sessions

We heard from federal agencies and state governments that it is crucial to establish and maintain a centralized network of key stakeholders to prepare for and manage emergencies.

Enhance Information Technology

- Where feasible, replace or upgrade legacy IT systems and implement enhanced IT processes and controls.

    DHS OIG 22-12, Continued Reliance on Manual Processing Slowed USCIS' Benefits Delivery During the COVID-19 Pandemic (pp. 11-16, Recommendations 1 and 2)

    DOL OIG 23-24-002-07-725, Without an IT Modernization Framework, DOL Is Vulnerable to Inadequate Resource Prioritization for Ensuring Security and Availability of DOL Systems (pp. 3-5 and 9, Recommendations 1 and 3)

    USPS OIG 21-056-R21, Passport Application Acceptance Operations (p. 8)

    GAO 24-107157, COVID-19: Insights and Actions for Fraud Prevention (p. 10)

    SBA OIG 22-19, COVID-19 and Disaster Assistance Information Systems Security Controls (pp. 3-10)

    CIGIE Capstone Report, Management Challenges of Federal Agencies in Preparing for and Responding to Natural Disasters (pp. 44-45)

- Implement cybersecurity requirements to systems and processes to defend against organized attacks and identity theft.

    SBA OIG 22-17, COVID-19 Economic Injury Disaster Loan Applications Submitted from Foreign IP Addresses (p. 10-14)

USPS OIG 22-058-R22, Issues Identified with Internet Change of Address (pp. 4-5. Recommendation 2)

- Use technology and implement processes to securely collect and protect key personal identifiers and information to include social security numbers, dates of birth, IP addresses, and tax returns or tax transcripts.

    SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape (pp. 5, 12-15)

    HHS OIG A-02-21-01013, HRSA Made COVID-19 Uninsured Program Payments to Providers on Behalf of Individuals Who Had Health Insurance Coverage and for Services Unrelated to COVID-19 (p. 9)

    SBA OIG 22-22, Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants (pp. 5-8)

- Create a process for the return and tracking of program funds.

    SBA OIG 23-08, Serious Concerns Regarding the Return of PPP Funds (p. 5)

    HHS OIG A-09-21-06001, HHS's and HRSA's Controls Related To Selected Provider Relief Fund Program Requirements Could Be Improved (pp. 23-24)

> **Collect key data to protect federal funds.**
>
> - **Social security numbers** can be used to identify individuals who are deceased, debarred, delinquent, incarcerated, or too young, making them not eligible for funding, or otherwise invalid.
>
> - **IP Addresses** can be used to identify individuals applying multiple times for the same federal benefits using different identities, businesses, or other entities or submitting an application from a foreign IP address.
>
> - **Tax transcripts and filings** can be used to verify information about businesses.

Additional Key Insights Identified During Listening Sessions

We heard from a company employed by a state that some programs received an influx of applications that appeared to be submitted by bots. The group was able to analyze the IP address meta data to determine if the applications were fraudulent.

Several federal agencies noted that having proper recipient identification and documentation was essential to audit a program and determine its effectiveness. Requiring specific recipient data could also serve as a deterrent to potential fraudsters and provide an avenue to catch them more easily.

Implement a Data-Centric Approach:

- Identify and collect program-critical data and compare against existing reliable databases, such as Do Not Pay, to verify eligibility. See Appendix 1-D for examples of existing databases.

    SBA OIG 22-06, COVID-19 Program Recipients on the Department of Treasury's Do Not Pay List (pp. 1-3)

    GAO 24-107157, COVID-19: Insights and Actions for Fraud Prevention (pp. 9-10)

    PRAC, Insights on Telehealth Use and Program Integrity Risks Across Selected Health Care Programs During the Pandemic (p. 16)

    PRAC, Fraud Alert Follow-Up: Improved Use of the DNP System Would Strengthen Program Integrity (p. 2)

- Take the steps necessary to complete data-sharing agreements and obtain access to critical databases.

    FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans (pp. 43-46, Recommendations 12 and 13)

    SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape (pp. 8-9)

    Chief Data Officer Council Report on Data Sharing (pp. 1-4)

- Employ strategies for analyzing data sets to inform funding and monitoring decisions.

    Insights on Telehealth Use and Program Integrity Risks Across Selected Health Care Programs During the Pandemic (p. 16)

    HHS OIG A-02-21-01013, HRSA Made COVID-19 Uninsured Program Payments to Providers on Behalf of Individuals Who Had Health Insurance Coverage and for Services Unrelated to COVID-19 (pp. 5-10, 13, Recommendation 3)

Use Do Not Pay to Validate Eligibility

Treasury's Do Not Pay (DNP) system is the centralized database and related analytic services to help agencies verify recipients' eligibility and to identify and prevent fraud, waste, and abuse of federal funds. With recent updates to its data sources, DNP is better equipped to identify deceased, incarcerated, delinquent, and debarred individuals. DNP can also identify individuals using invalid personal identifiers.

Documents you may need for data sharing and analytics

To share and access data, agencies may need to enter into Memoranda of Understanding, and update System of Records Notices to allow data to be used for analytics purposes. Since it can take time to establish the agreements and notices, it is a best practice to get them in place, and ready, before a crisis.

Additional Key Insights Identified During Listening Sessions

Multiple stakeholders emphasized the importance of staff having the training and expertise to support data-informed decisions.

Section 2: Design and Implement Effective Emergency Relief Programs

Incorporate Robust Internal Controls

Programs with strong internal controls can ensure that critical aid reaches intended beneficiaries quickly. While it is important to quickly get federal assistance out to those in need, it is imperative to take time up front to protect funding from fraud, waste, and abuse. It is also critical to a federal program's long-term success to ensure that all stakeholders are well informed, understand a program's requirements, and receive necessary technical assistance.

Develop Strong Award Terms and Conditions

- Clearly define program objectives and parameters.

  CIGIE Capstone, The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse (p. 6)

  TIGTA 2021-46-034, Implementation of Economic Impact Payments (pp. 8-9)

- Incorporate lifecycle certifications and strategies to avoid duplication of benefits.

  CIGIE Capstone, The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse (p. 3)

  DOD OIG Report DODIG-2021-030, Audit of Department of Defense Implementation of Section 3610 of the Coronavirus Aid, Relief, and Economic Security Act (pp. 8-10)

  VA OIG Report 21-02688-182, Digital Divide Consults and Devices for VA Video Connect Appointments (pp. 17-19, 26, Recommendations 5 and 6)

  Education OIG F20CA0047, Duplicate Higher Education Emergency Relief Fund Grant Awards (pp. 9-11, Recommendation 1.1)

  Interior OIG 2021-ER-015, The Bureaus of Indian Affairs and Indian Education Have the Opportunity To Implement Additional Controls To Prevent or Detect Multi-dipping of Pandemic Response Funds (pp. 6-10, Recommendations 1 and 2)

- Highlight awardees' obligations to return any unused or misused program funds to the agency.

  SBA OIG Report 23-08, Serious Concerns Regarding the Return of PPP Funds (p. 5)

  TIGTA 2021-46-034, Implementation of Economic Impact Payments (pp. 11-12)

- Mandate that awardees notify the agency and OIG of fraud, waste, or abuse involving program funds.

    Examples: Uniform Grant Guidance, 2 C.F.R Section 200.113; Federal Acquisition Regulation, Section 52.203.13; AmeriCorps, General Grant and Cooperative Agreement Terms and Conditions, Section I.

Validate Self-Certified Eligibility Criteria

Statement of Michael E. Horowitz, June 22, 2022 (p.10)

- Implement pre-award and post-award verification procedures to confirm eligibility criteria.

    DOD OIG 2021-030, Audit of Department of Defense Implementation of Section 3610 of the Coronavirus Aid, Relief, and Economic Security Act (pp. 8-10)

    DOL OIG 19-23-016-03-391, COVID-19: The Employment And Training Administration Needs To Improve Grant Oversight In New Jersey (p. 8, Recommendations 5 and 6)

    TIGTA 2021-46-034, Implementation of Economic Impact Payments (p. 13)

    SBA OIG 21-06, Paycheck Protection Program Loan Recipients on the Department of Treasury's Do Not Pay List (p. 5, Recommendation 3)

    SIGPR, Lessons Learned: Recognizing Structural Aspects of the Main Street Lending Program that Failed to Prevent Fraud (pp. 4-6)

- Compare the information provided by recipients against well-established databases.

    SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape (pp. 2-4)

    PRAC, Fraud Alert Follow-Up: Improved Use of the DNP System Would Strengthen Program Integrity (pp. 1-2)

    SBA OIG 21-07, Inspection of SBA's Implementation of the Paycheck Protection Program (pp. 20-21, Recommendations 3-6)

Eligibility criteria must be mandated and verified:

The following leading practices were identified by the oversight community: (1) Eligibility criteria should be validated against reliable source records, before releasing funds (2) agencies need access to critical data sources;

Further, the time pressure to get emergency funding out is not a valid excuse for waiving these critical internal controls. The failure to do so results in the loss of billions of taxpayer dollars in fraud, waste, and abuse, and a failure to get funds to our communities in need.

Additional Key Insights Identified During Listening Sessions

Multiple state officials indicated that eligibility criteria for programs should be reasonable, verifiable, and enforceable. These officials also discouraged waivers of the eligibility criteria.

Distribute Funding Strategically

- Mandate recipient reporting requirements for federal programs and ensure that recipients have adequate financial management systems in place to track and report federal expenditures.

    Treasury OIG 20-036, Coronavirus Relief Fund Recipient Reporting (pp. 3-4)

    AmeriCorps OIG AR-23-06, Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems (p. 8, Recommendation 3)

    CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies (pp. 18, 31-39)

- Consider requiring recipients to report and certify award expenditures at close-out, before releasing the final payment.

    CIGIE, The IG Community's Joint Efforts To Protect Federal Grants From Fraud, Waste, and Abuse (p. 24)

    CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies (pp. 36-40)

Additional Insights Identified During Listening Sessions

State controllers and federal OIGs advised that emergency funding should be released in phases rather than all at once. In addition, they recommended that prior to recipients applying for additional funding, they should be required to demonstrate the need for, and the capacity to properly administer, the additional funds.

Section 3: Strengthen Program Impact Through Enhanced Monitoring and Evaluation

Design Effective Strategies for Enhancing Stewardship

As stewards of the public trust—and the public purse—it is critical to ensure that programs are effective and achieve their intended impact. From the start, federal programs should include clear controls and guidance for awardees and those administering program funds. Federal programs should also be able to be monitored and evaluated in real time, so necessary modifications can be made quickly to prevent fraud. Continuous monitoring of eligibility criteria and performance indicators is a low-cost and impactful way to identify and prevent improper payments throughout the lifecycle of an award.

Implement Risk-Based Monitoring

- Identify program- and contract-specific risk factors and red flags.

  HUD OIG 2022-FO-0007, Fraud Risk Inventory for the Tenant and Project Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds (pp. 5-10)

  USPS OIG RISC-WP-22-006, The Role of the Postal Service in Identity Verification (pp. 3-6)

  USPS OIG 22-058-R22, Issues Identified with Internet Change of Address (pp. 3-4, Recommendation 1)

  HHS OIG A-04-20-02028, The Strategic National Stockpile Was Not Positioned To Respond Effectively to the COVID-19 Pandemic (pp. 9-21)

  DOL OIG 19-22-006-03-315, COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments Including Fraud or from Payment Delays (pp. 10-12, 26, Recommendations 1 and 2)

- Evaluate recipients' risk based on key factors.

  HUD OIG 2022-FO-0801, Fraud Risk Inventory for the CDBG and ESC CARES Act Funds (pp. 5-6)

  SBA OIG 22-17, COVID-19 Economic Injury Disaster Loan Applications Submitted from Foreign IP Addresses (pp. 6-12, Recommendation 2)

SBA OIG 21-06, Paycheck Protection Program Loan Recipients on the Department of Treasury's Do Not Pay List (pp. 2-5)

CFOC, Program Integrity: The Anti-Fraud Playbook

- Tailor monitoring plans and enhance the use of administrative remedies to protect high-risk programs.

    CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies (pp. 22, 36-39)

    USAID OIG 9-000-21-007-P, USAID Adapted to Continue Program Monitoring During COVID-19, but the Effectiveness of These Efforts Is Still To Be Determined (pp. 8-11)

    NSF OIG 22-6-002, Promising Practices for NSF Award Management (pp. 1-3)

    HHS OIG A-02-20-01018, Prior Audits of Medicaid Eligibility Determinations in Four States Identified Millions of Beneficiaries Who Did Not or May Not Have Met Eligibility Requirements (p. 10)

    Testimony of Richard K. Delmar Acting Inspector General U.S. Department of the Treasury Before the House Financial Services Committee Subcommittee on Oversight and Investigations U.S. House of Representatives, March 8, 2023 (p. 8)

- Include "eyes on" strategies, such as in-person inspections, site visits, or virtual meetings.

    USPS OIG RISC-WP-22-006, The Role of the Postal Service in Identity Verification (pp. 9-11)

    SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape (p.5)

    USAID OIG 9-000-21-007-P, USAID Adapted to Continue Program Monitoring During COVID-19, but the Effectiveness of These Efforts Is still to Be Determined (pp. 9-11)

Institute Key Reporting Requirements

- Improve quality and oversight of subrecipient data.

    HHS OIG A-04-22-02035, New York City Department of Health and Mental Hygiene Charged Some Unallowable Costs to Its CDC COVID-19 Award (pp. 4 – 6, Recommendation 2)

    HUD OIG 2022-LA-0002, Emergency Solutions Grants CARES Act Implementation Challenges (pp. 1, 6-11)

    Commerce OIG 23-014-I, NIST Must Improve Monitoring of MEP to Prevent Waste of Financial Resources (pp. 1, 7-9)

    PRAC, Tracking Pandemic Relief Funds that Went to Local Communities Reveals Persistent Data Gaps and Data Reliability Issues (pp. 12-14)

    NSF OIG 22-6-002, Promising Practices for NSF Award Management (pp. 1-3, 7-14)

    Interior OIG 2021-FIN-032-B, The Omaha Tribe Did Not Account for CARES Act Funds Appropriately (pp. 8-9, Recommendation 7)

Additional Key Insights from Listening Sessions

During our listening sessions, subject matter experts from federal agencies and OIGs highlighted that subrecipient reporting data was often inadequate to fully track funding expenditures and performance. As a result, federal agencies and OIGs lose visibility below the prime recipient level and are unable to properly monitor spending beyond the prime recipient and identify improper payments.

- Ensure strong certifications with financial and progress reports, in line with the Uniform Grant Guidance, 2 C.F.R. Section 200.415 -- Required certifications.

  CIGIE Capstone Report, The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse (pp. 1- 3, 9-10, 16-18)

Additional Key Insights Identified During Listening Sessions:

We heard from state officials that following the Uniform Grant Guidance enabled them to highlight areas of improvement for state departments and identify programs that did not have sufficient internal controls.

Provide Timely, Clear, and Consistent Guidance

Guidance related to program requirements and financial reporting responsibilities should be clear and consistent to address stakeholder questions and comments. In addition, training and technical assistance should be provided to prime recipients and subrecipients on a regular and ongoing basis in multiple forums, such as listening sessions and roundtables. The communications should include providing real-time information about new fraud risks.

  CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies (pp. 12, 32-41, 50)

  HHS OIG Report No. A-07-21-04125, IHS Did Not Always Provide the Necessary Resources and Assistance To Help Ensure That Tribal Programs Complied With All Requirements During Early COVID-19 Vaccination Program Administration (p. 9, Recommendation 2)

  OIG-CA-21-020, American Rescue Plan - Application of Lessons Learned From the Coronavirus Relief Fund (pp. 2-3)

  GAO-24-106152, COVID-19 Relief Funds: State Experience Could Inform Future Federal Relief Funding (pp. 22-27)

  AmeriCorps OIG AR-23-06, Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems (p. 8)

Additional Key Insights Identified During Listening Sessions:

We heard from state officials that agencies should provide a point of contact for recipients of emergency funding, particularly for state and local governments, to timely respond to questions about program rules and requirements. In addition, they recommended that agencies use

pre-existing programs where possible to limit confusion and to expedite funding decisions and allocations. Finally, they recommended that agencies provide flexibility for recipients with respect to how long they have to spend program funds and the allowability for administrative costs.

Additional Resources

International Public Sector Fraud Forum, Fraud in Emergency Management and Recovery

Congressional Research Service, Improper Payments in Pandemic Assistance

HUD, Hurricane Sandy Rebuilding Strategy

FEMA, National Disaster Recovery Framework

Testimony of the Honorable Earl E Devaney Chairman, Recovery Accountability and Transparency Board Before The Committee On Oversight and Government Reform United States House of Representatives, June 14, 2011

Chief Data Officer Council, Report on Data Sharing

CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies

APPENDIX 1-A:
Objective, Scope, and Methodology

The objective of Chapter 1 was to compile leading practices, resources, and lessons learned from reports and recommendations issued by the oversight community related to payment integrity and internal controls of pandemic programs. The goal was to provide solutions for the design and implementation of future programs that can be easily adopted by federal and state agencies and program administrators prior to or at the outset of an emergency.

Our review period was January 2020 through January 2024. We reviewed reports from the oversight community to identify recommendations applicable to Chapter 1. In addition, we reviewed all of the Pandemic Responsibility Accountability Committee's (PRAC) Semiannual Reports to Congress and reports published by federal Offices of Inspector General (OIGs). To ensure we identified an accurate and complete list of reports and recommendations, we compared our document review with reports listed on Oversight.gov.

We also reviewed published reports from the Government Accountability Office (GAO) and guidance memoranda from the Office of Management and Budget (OMB). We held Listening Sessions with key stakeholders, including program administrators, OIG officials, state officials, national associations, and consultants. During each Listening Session, we asked the stakeholders to identify key takeaways, lessons learned, and best practices from their experiences during the pandemic that could be used in the future.

Based on the foundational work above, we identified key themes in the recommendations and added links to supporting reports. While we only reference a sample of these reports in the body of Chapter 1, we have incorporated the full list in Appendix 1-B. If contributing partners and stakeholders highlighted additional recommendations during our Listening Sessions, we have incorporated their feedback separately from the reports.

We selected key stakeholders across the federal oversight community to review a draft of this report prior to publication. This work was completed between November 2023 and April 2024.

APPENDIX 1-B:

Section 1 – Prepare for the Next Emergency Now!

Develop a Culture of Accountability

Set Tone at the Top

- Issue Annual Statements of Cooperation between the Agency Head and the Inspector General.

  OMB Memorandum M-22-04, Promoting Accountability through Cooperation among Agencies and Inspectors General
  See Appendix 1-C for examples of Joint Statements of Cooperation between IGs and Agency Heads.

- Conduct "Gold Standard Meetings" between Agency and OIG personnel and other oversight bodies.

  OMB Memorandum M-22-12, Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act (p. 10)
  OMB stated that agencies must engage with OMB and the agency's IG for a dedicated joint review meeting. During the meeting, agencies will discuss program design, risk mitigation strategies, financial controls, data, tracking, and reporting with OMB and the agency's IG in a proactive, front-end exchange during the program design phase. Topics explored during this joint review meeting may include those noted in OMB Memorandum M-22-04, Promoting Accountability through Cooperation among Agencies and Inspectors General, as well as others. This process was developed by the White House American Rescue Plan (ARP) Act Implementation Team and OMB, and these meetings have promoted proactive and transparent collaboration for new and expanded ARP programs.

- Prioritize combatting fraud, waste, and abuse in agency Strategic Plans.

  HHS Strategic Plan (Objective 5)
  Strategic Objective 5.2: Sustain strong financial stewardship of HHS resources to foster prudent use of resources, accountability, and public trust.

  Objectives:

  - Strengthen program integrity methods to better prevent fraud and reduce improper payments by maintaining and improving oversight programs related to early detection and prevention.

- Invest in technical assistance, capacity-building, and burden reduction to strengthen program outcomes while ensuring program integrity, fiscal discipline, including helping grant recipients improve financial acumen, enterprise risk management, internal controls, and efficient operating policies and procedures to promote equitable access to financial assistance funding, while preventing fraud, waste, and abuse.

AmeriCorps Strategic Plan 2022-2026 (p. 33, Goal 4)
Goal 4 Sub-Objective 5: strengthen agency and program integrity by protecting AmeriCorps resources from fraud and mismanagement.

- Strategies:

  - Develop a grantee training program around fraud prevention in consultation with the Office of Inspector General.

  - Hire staff dedicated to fraud prevention and detection and obtain specialized training.

    - Conduct annual fraud risk identification and maintain fraud risk profile with mitigation steps to address identified fraud risk. Maintain fraud risk working group.

    - Build grantee performance data analytics to identify fraud risk trends.

    - Enhance assessment activities to detect potential fraud indicators.

    - Continue refinement of the risk-based monitoring selection methodology to ensure that identified fraud risks inform prioritization of monitoring compliance activities across the portfolio.

DOJ FYs 2022- 2026 Strategic Plan (p. 16, Strategic Goal 1)
Strategic Goal 1, Strategy Four: Protect the Public Fisc from Fraud on Government Programs
DOJ outlines that they will deter and redress collusions, fraud, waste, and abuse targeting public programs by vigorously investigating and prosecuting culpable individuals and enterprises. They will employ a whole -of-government approach including, when appropriate, parallel investigations with federal and state law enforcement and regulatory agencies.

IRS Strategic Plan (p. 11, Goal 2, Objective 2.3)
Objective 2.3: Proactively identify current and emerging fraud schemes and other threats using real-time intelligence and analytics.

- Strategy 2.3.1: Consolidate fraud-related compliance efforts to streamline operations and better allocate resources.

- Strategy 2.3.2: Proactively provide taxpayers and other stakeholders with information on how to protect themselves against fraud schemes, abusive tax avoidance efforts, and cybersecurity threats.

- Strategy 2.3.3: Utilize emerging technology to rapidly identify and thwart fraudulent activity while minimizing false positives from fraud detection models.

- Mandate and track training for agency staff on preventing, identifying, and reporting fraud, waste, and abuse.

  GAO-15-593SP, A Framework for Managing Fraud Risks in Federal Programs (p. 23)
  GAO highlighted that a leading practice for agencies to consider is to increase managers' and employees' awareness of potential fraud schemes through training and education, noting that this can serve a preventive purpose by helping to create a culture of integrity and compliance within the program. GAO added that increasing fraud awareness can enable managers and employees to better detect potential fraud. In addition, increasing fraud awareness externally can help prevent and deter fraud.

  AmeriCorps OIG Anti-Fraud Advisory (p. 2)
  In the advisory, AmeriCorps OIG applauded AmeriCorps efforts on developing anti-fraud training for employees. The OIG noted that to be effective it must be mandatory for employees and contractors, annually retaken, and tracked for completion.

  FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans (p. 43, Recommendation 10)
  FDIC OIG's objective was to determine the effectiveness of the FDIC's examinations in identifying and addressing risks related to government-guaranteed loans for banks that participate in government-guaranteed loan programs. FDIC OIG found that FDIC's guidance did not adequately address risks present in government-guaranteed loan programs and that FDIC did not provide adequate training to examination personnel on government-guaranteed lending programs. As such, FDIC OIG recommended:

  REC 10: Develop and implement a training plan to ensure examination staff is trained on the requirements and risks of government-guaranteed loan programs.

- Provide outreach and resources to grantees, contractors, state agencies, and lenders on how to identify risks and combat fraud, waste, and abuse.

  DHS OIG-23-42, Ineffective Controls Over COVID-19 Funeral Assistance Leave the Program Susceptible to Waste and Abuse (pp. 16-19, Recommendations 3 and 5)
  DHS OIG conducted a review of DHS's oversight of the COVID-19 Funeral Assistance Program and found that the processes for reviewing funeral assistance applications did not always prevent erroneous or questionable payments, including payments to multiple parties applying for the same decedents, paying applicants more than the allowable maximum award, and other questionable awards. Ultimately the report identified over $26 million in questioned costs. DHS OIG recommended the following:

  REC 3: Ensure that future iterations of the Individual Assistance Program and Policy Guide and supporting procedures (a) provide consistent guidance on eligibility of funeral expenses for all future disaster declarations; and (b) allow for reimbursement of only necessary expenses and serious needs, consistent with the law.

  REC 5: Ensure that FEMA provides its COVID-19 Funeral Assistance call center contractor with the guidance and training necessary to meet the quality control and production monitoring metrics as prescribed by its agreement with the contractor.

AmeriCorps OIG AR-23-06: Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems (p. 8 Recommendations 5-7)
In their performance audit of AmeriCorps Seniors grantees, AmeriCorps OIG identified deficiencies in the grantees' financial management systems; specifically, their systems did not comply with Federal regulations and grant terms and conditions. As a result, AmeriCorps OIG's recommendations included.

REC 5: Instruct AmeriCorps portfolio managers to provide grantees with sufficient guidance and training on how to:

a. Ensure that all costs reported on Federal Financial Reports submitted to AmeriCorps are sufficiently supported and reconcile to the grantees' financial management systems.
b. Appropriately track and report Federal and match costs to support that the grantees used the funds for authorized purposes.

REC 6: Develop training and guidance for AmeriCorps Seniors grantees related to:

a. Documentation required to support costs reported on Federal Financial Reports, including how to ensure amounts reported are accurate and reconcile to the grantees' financial management systems.
b. AmeriCorps Seniors grantees' responsibilities with regard to retaining records and providing required documentation, responses, or information necessary to demonstrate that the documentation complies with Federal or AmeriCorps requirements.
c. Requirements for financial management systems to separately identify expenses that the grantees paid using Federal funds or matching funding sources.

REC 7: Issue clear instructions regarding match cost reporting and documentation requirements, including how these requirements may differ in extenuating circumstances or when grantees are eligible for a waiver.

Manage Fraud Risks and Improper Payments

Congressional Research Service, Improper Payments in Pandemic Assistance (p. 15)
The Congressional Research Service noted that audits of pandemic programs have found that many agencies did not meet [statutory] requirements, resulting in hundreds of billions of dollars in fraud and other improper payments.

- Prioritize addressing OIG and GAO recommendations regarding improper payments and fraud risk management.

Testimony of Richard K. Delmar Acting Inspector General U.S. Department of the Treasury Before the House Financial Services Committee Subcommittee on Oversight and Investigations U.S. House of Representatives, March 8, 2023 (pp. 2-8)
The testimony focuses on four pandemic recovery programs, revealing significant financial concerns. It identifies $2.6 billion in questioned costs due to unsupported charges to the Coronavirus Relief Fund. Additionally, it estimates that the Air Carrier Payroll Support Program may have experienced up to $100 million in improper overpayments. These findings

underscore the necessity for stringent oversight and robust internal controls to prevent financial mismanagement and ensure the integrity of pandemic recovery efforts.

HUD OIG, Priority Open Recommendations for Fiscal Year 2024 (pp. 6, 13-14)
HUD OIG identified four related priority open recommendations: one to mature HUD's fraud risk management program, and three to address improper payments in two of HUD's largest programs, which spent $41 billion in fiscal year 2022 and represented over 60 percent of HUD's total expenditures.

REC 1A: To ensure proper coordination, OCFO should establish an improper payment council that consists of senior accountable officials from across the Department with a role in the effort that would work to identify risks and challenges to compliance and identify solutions as a collaborative group.

GAO Testimony Before the Subcommittee on Emerging Threats and Spending Oversight, Committee on Homeland Security and Governmental Affairs, U.S. Senate, COVID-19 Insights and Actions for Fraud Prevention, November 2023 (pp. 13-14)
In their testimony, GAO noted that in their work since July 2015 they have highlighted areas in which federal agencies need to take additional actions to help ensure they are effectively managing fraud risks, consistent with leading practices in GAO's Fraud Risk Framework. GAO reported that from July 2015 through August 2023, they made 173 recommendations to over 40 agency or program offices related to certain areas aligned with leading practices from the Fraud Risk Framework. As of August 2023, agencies needed to take additional action to fully address 95 of these recommendations. Fully addressing these recommendations can help ensure that federal managers safeguard public resources, including while providing needed relief during emergencies.

Congressional Research Service R47902, Improper Payments in Pandemic Assistance Programs (p. 15)
"Some agencies have been slow to implement comprehensive, effective anti-fraud controls. Audits of pandemic programs found that, despite the mandate of the Fraud Reduction and Data Analytics Act (FRDAA), 'federal agencies did not strategically manage fraud risks in alignment with the GAO framework and were not adequately prepared to prevent fraud when the pandemic began.' Some agencies remain vulnerable to fraud: "As of August 2023, agencies had 95 open GAO recommendations for better aligning their fraud practices with the leading practices and standards in the Framework, including 25 recommendations for enhancing the use of data analytics to manage fraud risks."

• Adopt strong fraud risk-management programs in line with the Treasury Anti-Fraud Playbook and GAO's Fraud Risk Framework, to include establishing a dedicated entity to lead fraud risk management activities.

HUD OIG 2023-FO-0001, Assessment of HUDs Fraud Risk Management Program (p. 14, Recommendations 1A through 1E)
HUD OIG found that HUD's fraud risk management program was in the early stages of development and recommended that HUD complete an agencywide fraud risk assessment,

which incorporates program-level fraud risk assessments, and use the results to develop and implement an agencywide plan to mature HUD's fraud risk management program.

REC 1A: Perform a complete agency-wide fraud risk assessment (which incorporates the fraud risk assessments performed at the program level) and use the results to develop and implement an agency-wide plan to move HUD's fraud risk management program out of the ad hoc phase.

REC 1B: Develop and implement a procedure to collect and analyze reported suspected instances of fraud, along with other relevant data points, that can be leveraged to develop more robust antifraud risk mitigation tools.

REC 1C: Communicate to HUD program staff the differences between HUD's enterprise risk management, PIIA, and financial risk management risk assessment processes to ensure an understanding of their roles and responsibilities within HUD's fraud risk management program.

REC 1D: Develop and implement activities to raise awareness of fraud, such as participating in organized antifraud conferences or a newsletter that includes instances of recent fraud in Federal programs.

REC 1E: Develop and implement a strategy for collecting and analyzing agency-wide data, to include subrecipient and beneficiary data, to identify trends and potential indicators of fraud across programs.

[DOT OIG ST2023034, DOT Should Enhance Its Fraud Risk Assessment Processes for IIJA-Funded Surface Transportation Programs](p. 17, Recommendations 1 and 2)
When reviewing new programs developed from the $660 billion authorized by the Infrastructure Investment and Jobs Act (IIJA) the Department of Transportation (DOT) OIG found that DOT has an opportunity to expand its fraud risk assessment process for IIJA-funded surface transportation programs to better incorporate GAO's Fraud Risk Framework, such as planning and tailoring fraud risk assessments for all programs. DOT OIG provided two recommendations related to DOT's fraud risk assessment processes.

REC 1: Require Operating Administrations (OAs) to regularly assess fraud risks for each program; tailor their assessments based on factors such as size, resources, maturity, and experience in managing risks; and include relevant stakeholder input.

REC 2: Provide guidance to OAs on how to identify and assess fraud risks in their programs, including guidance on specific tools, methods, and sources for gathering information about fraud risks. This guidance should also address the leading practices for identifying and assessing the likelihood and impact of inherent fraud risks, determining fraud risk tolerance, examining the suitability of existing controls, prioritizing residual fraud risks, and documenting the program's fraud risk profile to inform managers' decisions on their responses to assessed risks.

[GAO-22-105715, EMERGENCY RELIEF FUNDS: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond](#) (p. 22)
"We recognize that eliminating all fraud and fraud risks is not a realistic goal. However, agencies should make every effort to minimize fraud and maximize help to individuals in legitimate need.

Across our COVID-19 work, we found that agencies did not consistently apply leading practices to manage fraud risks in COVID-19 spending, including designating dedicated antifraud entities or assessing fraud risks."

[FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans](#) (p. 38, Recommendations 5 and 6)
FDIC OIG noted that FDIC did not follow practices outlined in GAO's Fraud Risk Management Framework, and recommended that FDIC:

REC 5: Issue and implement guidance to require that examination staff conduct a fraud risk assessment on future Government-guaranteed loan programs involving FDIC-insured and FDIC-supervised financial institutions to inform policy decisions.

REC 6: Ensure guidance on future Government-guaranteed loan programs includes all risks associated with such programs and has instructions to allow for consistency in supervisory activities.

- Conduct fraud risk assessment for new programs.

[DHS OIG 22-69, FEMA Did Not Implement Controls to Prevent More than $3.7 Billion in Improper Payments from the Lost Wages Assistance Program](#) (p. 15, Recommendations 1 and 2)
DHS OIG found that FEMA did not conduct the necessary internal reviews or studies on fraudulent activity in UI programs before launching its Lost Wages Assistance (LWA) program. If it had, FEMA would have been better positioned to reduce fraud in the program. FEMA had internal discussions about fraud risk assessments. However, a full risk assessment did not occur before the program launched and was not completed until at least a full year after the LWA program was initiated. As such DHS recommended:

REC 1: The FEMA Administrator develops and implements a standard risk assessment process before initiating new federal grant programs. This risk assessment should focus on identifying and evaluating program risks that may affect FEMA's ability to prevent waste, fraud, and abuse in its programs and mitigating those external risks to the extent practical.

REC 2: The FEMA Administrator, when mandated to rely on eligibility determinations of non-FEMA programs, develop a process to assess the program controls and identify risk to the extent practical

[USDA OIG 27801-0003-22, Supplemental Nutrition Assistance Program Online Purchasing in Response to the Coronavirus Disease 2019](#) (pp. 4-5, Recommendations 1 and 2)
USDA OIG reviewed USDA's Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP) Online Purchasing Pilot. The pilot was expanded as a result of

the pandemic, and while not a new program, between March and December 2020, the total value of online SNAP purchase transactions increased from more than $18.9 million to more than $1.5 billion cumulatively.

USDA OIG found that FNS had not updated its risk assessment of the SNAP Online Purchasing Pilot since creating the pilot in 2014, noting without updating its risk assessment to assess new risks in the rapidly evolving e-commerce market, the pilot could be susceptible to fraud and abuse—particularly as FNS rapidly expanded the pilot between March and December 2020. As such, USDA OIG recommended that FNS should perform an updated risk assessment and establish a policy to periodically perform assessments to identify any new risks and re-evaluate existing ones.

Build Necessary Infrastructure

Maintain a Crisis-Ready Staff

- Develop and implement a long-term training program to ensure staff has competencies to manage existing and new programs.

  HHS OIG A-02-20-01019, Prior Audits of Medicaid Eligibility Determinations in Four States Identified Millions of Beneficiaries Who Did Not or May Not Have Met Eligibility Requirements (p. 2)
  In HHS OIG's compilation of prior audits, HHS OIG determined that both human and system errors, as well as a lack of policies and procedures, contributed to improper or potentially improper payments in the Medicaid program, related to eligibility determinations.

  Maintain its efforts to improve the integrity of the Medicaid program by continuing to provide training, technical advice, and guidance to states to address the causes identified in OIG's prior audits in order to ensure that states:

  - improve the accuracy of eligibility caseworkers who manually input case actions and verify eligibility requirements

  - improve their eligibility verification systems to properly verify all eligibility information in a timely manner

  - develop additional policies and procedures to produce more accurate eligibility determinations and to resolve eligibility discrepancies in a timely manner

  FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans (p. 43, Recommendation 10)
  FDIC OIG found that "without regular training on these programs, the examiners may not be aware of the new or revised requirements that could impact loan guaranties and, ultimately, the safety and soundness of institutions." FDIC OIG recommended the following:

  REC 10: That FDIC develop and implement a training plan to ensure examination staff is trained on the requirements and risks of Government-guaranteed loan programs.

DHS OIG, Ineffective Controls Over COVID-19 Funeral Assistance Leave the Program Susceptible to Waste and Abuse (pp. 14 and 15 Recommendation 4)
DHS surveyed all Federal Emergency Management Agency (FEMA) caseworkers assigned to process COVID-19 Funeral Assistance applications. Nearly a third of survey responses ranged from neutral to strong disagreement that FEMA prepared respondents to perform their role with both program-specific training and guidance on processing applications. As a result, DHS OIG recommend the following:

REC 4: FEMA Administrator strengthen and monitor improvement of FEMA's COVID-19 Funeral Assistance training practices with particular focus on a) distinguishing legitimate sources of potential duplication such as decedent's name and social security number from potential duplications that arise due to FEMA using a repurposed Individual Assistance processing system, with a data field such as damaged dwelling address...

- Develop a plan to ensure staff has the competencies to manage high-risk programs.

DOJ OIG 21-130, Review of the Office of Justice Programs' Administration of CARES Act Funding (pp. 10-12, Recommendations 2 and 3)
Department of Justice (DOJ) OIG assessed the Office of Justice Program's (OJP) efforts to distribute Coronavirus Emergency Supplemental Funding (CESF) awards in a timely and efficient manner, and (2) review pre-award activities to determine if CESF awards were made in accordance with applicable laws, regulations, and other guidelines. DOJ OIG noted that Bureau of Justice Assistance (BJA) grant managers (the employees in charge of providing oversight for CESF awards) stated that the information provided by CESF recipients in performance reports was not sufficient to effectively oversee CESF awards. Further, some BJA grant managers stated that they did not receive training on the CESF program, and others were dissatisfied with the training they received. DOJ OIG made the following two recommendations that OJP:

REC 2: Ensure it maintains records of staff who attend, and do not attend, program-specific training.

REC 3: Consider whether follow-up training opportunities for the CESF award managers are warranted.

USDA OIG 427801-0001-21, COVID-19, Oversight of the Emergency Food Assistance Program (pp. 13-16, Recommendations 3 and 4)
When reviewing the Food and Nutrition Service (FNS) process for approving requests from state agencies to implement flexibilities to continue to provide food during the pandemic, USDA OIG found that the Management Evaluation (ME) reviewers did not support their determinations of State agency and Eligible Recipient Agencies compliance or non-compliance with Federal and FNS program requirements in their workpapers.

USDA OIG noted that FNS needs to provide training to the ME reviewers and regional office supervisors on the documentation requirements outlined in the FNS National ME Review Guidance.

REC 3: Perform a comprehensive review of the Emergency Food Assistance Program (TEFAP) program-specific ME module to ensure it provides clear instructions for retaining documentation in accordance with the National ME guidance documentation requirements and, based on this review, revise the ME module as appropriate.

REC 4: Provide the ME reviewers and regional office supervisors with training to ensure the ME reviews are performed consistently and in accordance with the FNS National ME Review Guidance.

- Ensure that staff have the training and expertise to support data-informed decision making, as required by the [Evidence Act](#).

  [USAID OIG 4-000-24-001P, COVID-19: Enhanced Controls Could Strengthen USAID's Management of Expedited Procurement Procedures](#) (pp. 9, 12, Recommendation 3) USAID OIG found that more training to ensure accurate reporting in the agency's Global Acquisition and Assistance System would have been beneficial as these reporting requirements connect to other information systems that stakeholders use to form policy decisions and report on trends.

  USAID OIG recommended that USAID officials:

REC 3: Implement procedures to strengthen training on use of noncompetitive action codes in the Global Acquisition and Assistance System to ensure consistent reporting of use of other than full and open competition for new and modified awards in the Global Acquisition and Assistance System and the Federal Procurement Data System, and track use of the Expedited Procedures Package for Infectious Disease Outbreaks.

[DOI OIG 2021–ER–015, The Bureaus of Indian Affairs and Indian Education Have the Opportunity to Implement Additional Controls To Prevent or Detect Multi-dipping of Pandemic Response Funds](#) (p. 7, Recommendations 1 and 2)
DOI OIG found that the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE) used existing programs and controls to quickly distribute pandemic response funds to Tribes but did not design additional controls to safeguard these emergency funds because the legislation did not contain specific requirements for increased agency controls. As such, their programs were at greater risk of multi-dipping (when a recipient used funds from multiple federal programs for the same expenses and then uses the excess funds for other unallowable purposes).

DOI OIG made the following recommendations that the Bureaus:

REC 1: Develop and implement policies, procedures, or guidance designed to prevent or detect multi-dipping.

REC 2: Communicate the policies and procedures developed and train bureau personnel and Tribes on preventing and detecting multi-dipping.

[FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans](#), (pp. 41-43, Recommendations 10 and 11)
This report discusses the lack of data and lack of awareness and training of FDIC examiners to seek additional data or understand its impact.

FDIC OIG recommended that FDIC officials:

REC 10: Develop and implement a training plan to ensure examination staff is trained on the requirements and risks of Government-guaranteed loan programs.

REC 11: Update, develop, and distribute to FDIC examination personnel a list of FDIC examiners who have significant experience examining banks that specialize in Government-guaranteed loan programs to regional offices.

Enhance Information Technology

- Where feasible, replace or upgrade legacy IT systems and implement enhanced IT processes and controls.

  [DHS OIG 22-12, Continued Reliance on Manual Processing Slowed USCIS' Benefits Delivery During the COVID-19 Pandemic](#) (pp. 11-16, Recommendations 1 and 2)
  DHS OIG conducted an audit to determine the effectiveness of USCIS' technology systems to provide timely and accurate electronic processing of benefits while offices were closed or operating at reduced capacity as a result of the COVID-19 pandemic and recommended that the agency:

REC 1: Update the USCIS pandemic plan to incorporate additional technology guidance and lessons learned during the COVID-19 pandemic.

REC 2: Develop an updated strategy for digitizing all benefits work and tracking the outcome of improving case processing times, including a detailed funding plan, in accordance with the Emergency Stopgap USCIS Stabilization Act.

[DOL OIG 23-24-002-07-725, Without an IT Modernization Framework, DOL Is Vulnerable to Inadequate Resource Prioritization for Ensuring Security and Availability of DOL Systems](#)
(pp. 3-5 and 9, and Recommendations 1 and 3)
DOL OIG found that the Department had not developed a formal, documented IT modernization framework to help it and recommended that the Chief Information Officer:

REC 1: Document Document an IT modernization framework including the variety of connections between different elements and publish the information to ensure all Department personnel are aware of how it works.

REC 2: Develop documents for IT modernization project discussions that ensure completeness of IT modernization efforts including new projects and enhancements to existing systems.

REC 3: Implement a system/program to maintain an automated, real-time inventory of all Department systems and applications that enables prioritization of IT modernization.

USPS OIG 21-056-R21, Passport Application Acceptance Operations (p.8)
In its Audit, USPS OIG "noted the Postal Service's technology, both currently used and in development, could enhance passport acceptance operations as well as other services the Postal Service may consider offering. Such technology, including biometric fingerprinting for identity checks, is currently offered at select post offices as part of a pilot program. In addition, the Postal Service could utilize its current Priority Mail tracking capabilities to enhance the passport customer experience."

GAO 24-107157, COVID-19: Insights and Actions for Fraud Prevention (p.10)
GAO found that "during the pandemic, due to outdated IT systems, agencies experienced challenges in detecting and recovering improper payments, including from fraud. Addressing interoperability issues can support future use of data analytics for fraud prevention and detection."

SBA OIG 22-19, COVID-19 and Disaster Assistance Information Systems Security Controls (pp. 3-10)
SBA OIG offered ten recommendations to strengthen the agency's entity-level IT control environment to include cybersecurity risk and privacy controls, system development life cycle, continuous monitoring, and the supply chain risk management processes.

CIGIE Capstone Report, Management Challenges of Federal Agencies in Preparing for and Responding to Natural Disasters (pp. 44-45)
This CIGIE Capstone Report identified information technology security and management as a top challenge for agencies in preparing for and responding to natural disasters, which "incorporated the protection of Federal information technology systems from intrusion or compromise by external or internal entities and the planning and acquisition of replacing or upgrading information technology infrastructure. Key areas of concern related to information technology security and management include safeguarding sensitive data and information systems, networks, and assets against cyber-attacks and insider threats; modernizing and managing Federal information technology systems; ensuring continuity of operations; and recruiting and retaining a highly skilled cybersecurity workforce."

- Implement cybersecurity requirements to systems and processes to defend against organized attacks and identity theft.

SBA OIG 22-17, COVID-19 Economic Injury Disaster Loan Applications Submitted from Foreign IP Addresses (pp. 10-14, Recommendation 2)
SBA OIG found that the agency implemented several layers of controls to prevent or reduce fraud with firewalls or alerts designed to prevent applications originating from foreign countries and that the system blocked a majority of the applications from foreign IP addresses. However, SBA OIG found that applicants with foreign IP addresses were able to access the system more than 233,000 times, resulting in $1.3 billion in COVID-19 EIDL funding to applicants in foreign countries who may not have been eligible.

To address this finding, SBA OIG recommended that the agency:

REC 2: Examine controls related to foreign IP addresses and ensure these controls are more effective in future disaster processing systems.

[USPS OIG Report 22-058-R22, Issues Identified with Internet Change of Address](#) (pp. 4-5. Recommendation 2)
USPS OIG found that ineffective identity verification controls allow bad actors to use Moversguide to facilitate mail and identity theft against Postal Service customers, which could result in a financial loss to customers and negative impact on the Postal Service Brand," and recommended that USPS officials:

REC 2: Ensure controls are in place to verify customer's identity when using a certain application.

- Use technology and implement processes to securely collect and protect key personal identifiers and information to include social security numbers, dates of birth, IP addresses, and tax returns or tax transcripts.

  [SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape](#) (p. 5)
  SBA OIG's report discussed the value of implementing requirement that applicants provide tax transcripts, and the use of tax transcripts, EINs, and IP Addresses to prevent and identify fraud.

  [HHS OIG A-02-21-01013, HRSA Made COVID-19 Uninsured Program Payments to Providers on Behalf of Individuals Who Had Health Insurance Coverage and for Services Unrelated to COVID-19](#) (p. 9)
  HHS OIG's report addressed the challenges of verifying a patient's health insurance coverage status without a social security number, and alternative checks using a first name, last name, date of birth, and address.

  [SBA OIG 22-22, Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants](#) (p. 7)
  Conclusion:
  "At the start of the pandemic economic crisis, the CARES Act restricted SBA from requesting tax return transcripts. Although lessening requirements can speed up governmental processes, it also opens the door to fraudsters and unscrupulous borrowers. The requirement to obtain tax return transcripts is a necessary control to help prevent ineligible applicants from receiving COVID-19 EIDLs.

  In late 2020, Congress authorized SBA to obtain official tax information to prove applicant eligibility, which would help stop potential misuse or abuse of funds. It took SBA 4 months to implement this vital eligibility requirement, even though the agency has prior experience implementing this internal control. In the first 6 months of 2021, SBA made 133,832 COVID-19 EIDL disbursements, totaling about $8.5 billion, without obtaining tax transcripts to verify that new applicants were eligible to receive the loan funds. Of these, 1,536 disbursements, totaling about $92.1 million, had more suspect tax ID numbers indicating

that many of these applicants were likely ineligible for the COVID-19 EIDL funds. The results of our review of a sample of COVID-19 EIDL disbursements confirm that many loan recipients were ineligible for the funds they received.

Loans to ineligible borrowers reduce the amount of capital available for eligible businesses to withstand the effects of the pandemic. Obtaining tax return transcripts to confirm eligibility prior to approving COVID-19 EIDLs ensures that needed funds go to the applicants Congress intended and minimizes the potential of COVID-19 loan fraud."

- Create a process for the return and tracking of program funds.

  SBA OIG 23-08, Serious Concerns Regarding the Return of PPP Funds (p. 5)
  "Establishing clear and detailed guidance for borrowers, lenders, and financial institutions on how to return PPP funds and implementing a process for SBA to accurately handle and track the returned funds should mitigate the risk of financial loss. SBA should take immediate action to ensure it has processes and procedures in place to adequately accept, process, and account for returned PPP funds."

  HHS OIG A-09-21-06001, HHS's and HRSA's Controls Related To Selected Provider Relief Fund Program Requirements Could Be Improved (pp. 23-24)
  HHS OIG found that the Health Resources and Services Administration's (HRSA's) guidance was lacking for situations when providers rejected payments, to ensure timely return of funds, HHS OIG concluded that "If HRSA does not ensure that providers return their rejected payments in a timely manner, the allocation of returned payments to future PRF distributions may be delayed."

Implement a Data-Centric Approach

- Identify and collect program-critical data and compare against existing reliable databases, such as Do Not Pay, to verify eligibility.

  SBA OIG 22-06, COVID 19 Program Recipients on the Department of Treasury's Do Not Pay List (pp. 1-3, Recommendations 1 and 2)
  SBA OIG discussed the importance of pre-award and pre-payment procedures using the batch match or continuous monitoring functions available in Treasury's DNP system to identify potentially ineligible applicants using applicant data such as names, Taxpayer Identification Numbers (TINs), Social Security Numbers or Employer Identification Number (EINs). To prevent improper payments and strengthen oversight controls, SBA OIG recommended that the agency:

  REC 1: Implement prepayment and pre-award procedures and use the batch match or continuous monitoring functions available in Treasury's DNP system to identify potentially ineligible applicants before disbursing COVID-19 EIDL program funds.

  REC 2: Use Treasury's DNP analysis to systemically flag COVID-19 EIDL and Emergency EIDL grant recipients who were found in Treasury's DNP system and not previously reported by OIG. Review the applications and determine whether they are deemed ineligible. If the

applicant is deemed ineligible, recover any disbursed funds, and flag the application as ineligible.

[GAO 24-107157, COVID-19: Insights and Actions for Fraud Prevention](#) (pp. 9-10)
"Integrated, functional, and secure data and systems are essential for effective fraud risk management. Agencies' responses to the pandemic revealed challenges in leveraging available data, legacy IT systems that were unable to facilitate fraud detection and recovery, and data breaches that facilitated identity fraud.

According to the [Fraud Risk Framework](#), a leading practice in fraud data analytics is to conduct data mining and matching. This includes cross-checking of data and using external data sources to validate information, to identify suspicious activities. There are various sources of data available for agencies to use. For example, agencies have access to free payment integrity services provided by the Department of the Treasury. Agencies can also leverage their own program or agency data. However, these data sources are not always fully leveraged.

Internal and external data sharing posed challenges in the administration of COVID-19 relief programs..."

GAO suggested that agencies leverage the Department of the Treasury's free payment integrity services as well as available program or agency data.

[PRAC, Fraud Alert Follow-Up: Improved Use of the DNP System Would Strengthen Program Integrity](#) (p. 2)
This fraud alert informed readers that verifying borrower information, including SSN and the date of death, helps prevent identity fraud and ensures government benefits are paid only to those who are eligible.

- Take the steps necessary to complete data sharing agreements and obtain access to critical databases.

    [FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans](#) (pp. 43-46, Recommendations 12, 13, and 14)
    FDIC OIG found that FDIC did not maintain adequate data to identify, monitor, and research bank participation in Government-guaranteed loan programs, and recommended that FDIC take the following actions:

    REC 12: Develop and implement a process to obtain improved data regarding Government-guaranteed lending activities of FDIC-supervised financial institutions.

    REC 13: Update the MOU (Memoranda of Understanding) to include the sharing of loan portfolio information such as historical loan performance, status of guaranty, and loan-level risk characteristics.

    REC 14: Establish arrangements with other Federal agencies that administer Government-guaranteed loan programs to facilitate information sharing and proactive identification of risk.

SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape (pp. 8-9)
SBA OIG described their work on obtaining additional datasets through partnerships with other government agencies, such as the Pandemic Response Accountability Committee (PRAC) and the U.S. Government Accountability Office (GAO), as well as through subpoenas of certain lenders and their third-party processors.

Chief Data Officer Council, Report on Data Sharing (pp. 1-4)
Recommending expedited data agreements, improved data awareness, and improved data trustworthiness.

- Employ strategies for analyzing data sets to inform funding and monitoring decisions.

PRAC, Insights on Telehealth Use and Program Integrity Risks Across Selected Health Care Programs During the Pandemic (p. 16)
"Most OIGs found that the selected programs need additional data to oversee billing for telehealth services and to better understand how telehealth is used in these programs. Complete and reliable data on telehealth services are critical to oversight and protecting against program integrity risks. These data are also important to assessing the impact of telehealth on quality of care."

HHS OIG A-02-21-01013, HRSA Made COVID-19 Uninsured Program Payments to Providers on Behalf of Individuals Who Had Health Insurance Coverage and for Services Unrelated to COVID-19 (pp. 5-10, 13, Recommendation 3)
The OIG recommended that HRSA commit to strengthening its procedures that may apply to future programs of a similar nature to:

- expand insurance verifications using additional data fields on each patient for whom an SSN is not submitted as part of a prepayment check or post payment review process to identify potential exact matches for health insurance coverage,

- ensure data sources used to verify health insurance coverage are reliable, and

- develop in a timely manner an assessment strategy to ensure claims are appropriately reimbursed to providers.

HHS OIG A-09-22-06001, HRSA Made Some Potential Overpayments to Providers Under the Phase 2 General Distribution of the Provider Relief Fund Program (pp. 9, 17-18)

Certain HRSA Procedures for Processing and Reviewing Provider Relief Fund Applications and Supporting Documentation did not Ensure that Payments were Correctly Calculated and were Supported by Appropriate Documentation. The potential overpayments occurred because certain HRSA procedures for processing and reviewing PRF applications and supporting documentation did not ensure that PRF payments were correctly calculated and were supported by appropriate documentation.

Section 2 – Design And Implement Effective Emergency Relief Programs

[CIGIE Capstone Report, Management Challenges of Federal Agencies in Preparing for and Responding to Natural Disasters](#) (p. 46)
In this compilation of oversight reports related to the administration of disaster relief programs, OIGs found that their agencies needed to update their processes to effectively: manage disaster programs, spend disaster funds on fully documented expenditures related to disasters, review grant applications and award grants, evaluate the risks of grantees and projects, oversee grant recipients and subrecipients, award and oversee contracts, evaluate borrowers' ability to repay loans, and maintain adequate and well-trained staff.

[Statement of Michael E. Horowitz, June 22, 2022](#) (p. 10)
In his testimony, Pandemic Response Accountability Committee Chair Michael Horowitz includes the following top 10 lessons learned from oversight of pandemic response programs:

1. Agencies shouldn't solely rely on individuals attesting that they are eligible for benefits
2. Underserved communities should be prioritized for funding
3. Agencies should use existing data to verify eligibility, like the "Do Not Pay" system
4. Relief guidance needs to be accurate and issued quickly
5. Programs must fully disclose to the public who received relief funds
6. Allocate funding based on need
7. New programs need more outreach to increase public awareness and participation
8. Watchdogs need access to data to find fraud
9. Collaboration is critical to oversee pandemic relief programs
10. Better reporting is needed to track pandemic relief spending

Incorporate Robust Internal Controls

[CFOC, Interactive-Treasury-Playbook.pdf](#)
This playbook represents compiled information related to best practices and lessons learned surrounding the development and advancement of antifraud efforts within various agencies. It provides practical and actionable guidance drawn from successful practices from the federal government and private sector to help agencies combat fraud risks.

Develop Strong Award Terms and Conditions

- Clearly define program objectives and parameters.

  CIGIE Capstone, The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse (p.6)
  This cross-cutting report summarizes the IG community's multidisciplinary efforts to combat fraud, waste, and abuse in Federal grant programs. This report incorporated the need to provide clear guidance to award recipients, citing HUD OIG's recommendation that the Community Development Block Grant Disaster Relief Programs be codified to standardize the rules for all grantees and avoid confusion associated with multiple federal register notices.

  Testimony of Richard K. Delmar Acting Inspector General U.S. Department of the Treasury Before the House Financial Services Committee Subcommittee on Oversight and Investigations U.S. House of Representatives, March 8, 2023 (p.7)
  Looking at lessons learned from the administration of the Coronavirus Relief Fund, the Acting Inspector General for Treasury testified about the value and necessity of clear and timely guidance to recipients on proper uses and compliance with reporting requirements, as well as the value of formal agreements with terms and conditions in order to mandate conditions for receipt of funds.

  SIGPR-A-22-005, Audit of the U.S. Department of the Treasury's Process for Its Direct Loan to YRC Worldwide, Inc. Under Section 4003 of the CARES Act Report Number (pp. 3-5)

  The Special Inspector General for Pandemic Recovery's (SIGPR) found that Treasury did not have specific, measurable objectives, nor did it have finalized loan approval policies and procedures in place prior to the approval and disbursement of Yellow's loan. We recommended that 1) Treasury finalize/codify program objectives in its policies and procedures before any new programs are established and executed; and 2) Ensure that appropriate policies and procedures are in place prior to rolling out new programs where American tax dollars are at risk; and 3) Develop a contingency plan for financial disasters that provides a framework for future direct lending programs to reduce implementation time and the possibility of errors or omissions.

- Incorporate lifecycle certifications and strategies to avoid duplication of benefits.

  CIGIE Capstone, The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse (p. 3)
  "[A] leading practice of grant-making agencies is to require grantees to provide lifecycle certifications to confirm that grantees spent award funds as promised and that the grant applications, reports, and documentation provided in support of grant expenditures and drawdowns are accurate and truthful. Requiring certifications throughout the lifecycle of a grant, coupled with mandatory pre-award, anti-fraud training, helps deter fraud, educates grantees about the seriousness of various grant requirements and the need to provide truthful information, and contributes to effective civil and criminal grant fraud enforcement efforts."

[DOD OIG Report DODIG-2021-030, Audit of Department of Defense Implementation of Section 3610 of the Coronavirus Aid, Relief, and Economic Security Act](#) (pp. 9-10)
Section 3610 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized agencies to reimburse contractors for paid leave provided to employees to maintain a ready state during the pandemic, and contractors were required to self-certify that they were not being reimbursed from any other source of funding for the same leave expenses. DOD OIG found that contracting officers could not validate contractor use of other relief options because they did not have access to other agencies' databases. Therefore, if contractors did receive other COVID-19 funds from another Federal agency for the same expenses, the contracting officer had to rely on the contractor to reduce the requested reimbursement amount accordingly.

Contracting officers were encouraged to work with the contractors to secure necessary documentation to support reimbursement and prevent duplication of payment. DOD OIG compared the data against SBA's data to identify contractors who had also received Paycheck Protection Program funds.

[VA OIG Report 21-02688-182, Digital Divide Consults and Devices for VA Video Connect Appointments](#) (pp. 17-19, 26, Recommendations 5 and 6)
VA OIG reviewed the VA's implementation of the digital divide consult program, which provided access to video-based virtual care to patients by providing a video-capable device, or the internet connection required to access this care. The report found that VHA's digital divide program was successful in distributing devices to patients but identified several gaps in oversight and guidance preventing the program from fully meeting its intended purpose for patients to receive virtual care, to include multiple devices issued to the same patients. VA OIG recommended that the program:

REC 5: Implement procedures to require responsible staff to check for duplicate devices before submitting a device order consult, and

REC 6: Establish an alert in the Remote Order Entry System to notify the responsible staff member that a patient already has an issued device before ordering another, and initiate retrieval activities for duplicate devices.

[Education OIG F20CA0047, Duplicate Higher Education Emergency Relief Fund Grant Awards](#)
Education OIG conducted a review of the Higher Education Emergency Relief Fund (HEERF) grant awards to institutions of higher education and identified duplicate HEERF grant awards made to 24 schools, totaling about $73 million. Education OIG made the following recommendation to prevent and identify duplicate awards:

REC 1.1: Design and implement written policies and procedures for HEERF and other future emergency programs that specifically address (1) application and award verification procedures designed to prevent duplicate awards from occurring, (2) quality assurance reviews of obligated HEERF funds including analyses to identify duplicate awards, and (3) the correction and documentation of erroneous awards in a timely manner.

[Interior OIG 2021-ER-015, The Bureaus of Indian Affairs and Indian Education Have the Opportunity To Implement Additional Controls To Prevent or Detect Multi-dipping of Pandemic Response Funds](#) (pp. 6-10, Recommendations 1 and 2)
Interior OIG found that the Bureaus of Indian Affairs (BIA) and Education (BIE) did not take the opportunity to develop additional internal controls designed to prevent or detect multi-dipping of pandemic response funds. To address these findings, OIG recommended that the agency:

REC 1: Develop and implement policies, procedures, or guidance designed to prevent or detect multi-dipping.

REC 2: Communicate the policies and procedures developed and train bureau personnel and Tribes on preventing and detecting multi-dipping.

- Highlight awardees' obligation to return any unused or misused program funds to the agency.

[SBA OIG Report 23-08, Serious Concerns Regarding the Return of PPP Funds](#) (pp. 5-9)
"Establishing clear and detailed guidance for borrowers, lenders, and financial institutions on how to return PPP funds and implementing a process for SBA to accurately handle and track the returned funds should mitigate the risk of financial loss."

[TIGTA 2021-46-034, Implementation of Economic Impact Payments](#) (pp. 11-12)
Referencing action by IRS to add instructions to IRS.gov to inform ineligible individuals of the need to return these payments, including the process to be followed.

[CRF-Guidance-Federal-Register_2021-00827.pdf](#) (p. 5)
"Instructions for State, Territorial, Local, and Tribal Governments To Return Unused Coronavirus Relief Fund Payments to the Department of the Treasury."

"Any remaining amount of payments from the Fund not used for eligible expenses incurred during the covered period must be returned to Treasury in one of three ways, set forth below. Please note that these instructions are for Fund recipients to return the balance of unused Fund payments to Treasury."

[HHS OIG A-02-20-01025, HHS's Oversight of Automatic Provider Relief Fund Payments Was Generally Effective but Improvements Could Be Made](#) (p. 22)

HHS OIG recommended "that the Health Resources and Services Administration [. . .] perform postpayment reviews of:

- 108 renal dialysis providers that attested to and kept automatic PRF payments totaling $58 million and recoup any outstanding overpayments from these providers;

- 58 providers with multiple subsidiary organizations that attested to and kept automatic PRF payments totaling $130 million and recoup any outstanding overpayments from these providers;

- 642 providers that attested to and kept $165 million in automatic PRF payments for which they were not eligible and recoup any outstanding overpayments from these providers"

- Mandate that awardees timely notify agency and OIG of fraud, waste, or abuse involving program funds.

    Uniform Grant Guidance, 2 C.F.R Section 200.113
    "The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award."

    Federal Acquisition Regulation, Section 52.203.13
    "The Contractor shall timely disclose, in writing, to the agency Office of the Inspector General (OIG), with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of this contract or any subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed:

    (A) A violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or
    (B) A violation of the civil False Claims Act (31 U.S.C. 3729-3733)."

    AmeriCorps, General Grant and Cooperative Agreement Terms and Conditions (p. 13, Section I: REPORTING OF FRAUD, WASTE, AND ABUSE)
    Recipients must contact the OIG and their Portfolio Manager without delay when they first suspect:

    1. Any criminal activity or violations of law has occurred, such as:

        - Fraud, theft, conversion, misappropriation, embezzlement, or misuse of funds or property by any person, including AmeriCorps personnel, grantees, or contractors— even if no federal funds or property was involved;

        - Submission of a false claim or a false statement by any person in connection with any AmeriCorps program, activity, grant or operations;

        - Concealment, forgery, falsification, or unauthorized destruction of government or program records;

        - Corruption, bribery, kickbacks, acceptance of illegal gratuities, extortion, or conflicts of interest in connection with operations, programs, activities, contracts, or grants;

        - Other misconduct in connection with operations, programs, activities, contracts, or grants; or

        - Mismanagement, abuse of authority, or other misconduct by AmeriCorps personnel.

Validate Self- Certified Eligibility Criteria

- Implement pre-award and post-award verification procedures to confirm eligibility criteria.

  DOD OIG DODIG-2021-030, Audit of Department of Defense Implementation of Section 3610 of the Coronavirus Aid, Relief, and Economic Security Act (pp. 8-10)
  "DoD contracting personnel stated that they were not sure how they could verify that contractors were not actually receiving assistance from other COVID-19 programs. For example, one contracting officer stated that she knows she has to review whether the contractor is receiving any additional funds, but other than a statement the contractor signs to certify it is not receiving other assistance, she does not know what else she could require. Another contracting officer stated that he also relied on the certification statement and that he could not determine what other assistance the contractor was receiving because he did not have access to that information. Ultimately, DoD contracting officers had to trust the contractors to self-report because DoD contracting personnel do not have access to the SBA, the Department of the Treasury, the Department of Labor, or state unemployment databases."

  DOD OIG concluded that "identifying contractors that might be receiving assistance through multiple programs for the same expenses will require extensive interagency coordination, but should be considered to detect potential fraud, waste, and abuse."

  DOL OIG 19-23-016-03-391, COVID-19: The Employment And Training Administration Needs To Improve Grant Oversight In New Jersey (p. 8, Recommendations 5 and 6)
  DOL OIG found that DOL's Employment and Training Administration did not provide sufficient oversight to ensure grantees assessed and enrolled eligible individuals and made seven recommendations to update guidance to better identify and account for risks associated with grant fund use and improve assistance to and monitoring of grant recipients to ensure they can account for and report on federal awards, as well as understand how to properly award contracts. Among the recommendations were that DOL take the following two actions:

  REC 5: Establish and implement a plan to improve monitoring activities to ensure grantees and sub-recipients are properly documenting eligibility.

  REC 6: Establish and implement a plan to increase the level of technical assistance and monitoring for grantees and sub-recipients to ensure they properly administer contracts and reimburse on-the-job training costs.

  TIGTA 2021-46-034, Implementation of Economic Impact Payments (pp. 8-13, Recommendation 2)
  TIGTA conducted an audit to assess the IRS's Economic Impact Payment program, to include the adequacy of controls to prevent ineligible individuals from receiving a payment. The audit found that "as of July 16, 2020, the IRS had issued more than 4.4 million EIPs totaling nearly $5.5 billion to potentially ineligible individuals. These payments include payments made to deceased individuals, potentially nonqualified dependents, nonresidents, individuals in U.S. Territories (who have also received payments from the Territories), and

individuals with filing status changes, which included improper and fraudulent payments to incarcerated individuals, duplicate payments, and identity theft." TIGTA recommended that the IRS take the following action to:

REC 2: Ensure that prior to issuing future EIPs, processes are developed to cross-check return filings to identity and prevent payments to individuals who are not eligible based on applicable dependency requirements.

SBA OIG 21-06, Paycheck Protection Program Loan Recipients on the Department of Treasury's Do Not Pay List (p. 5, Recommendation 3)

REC 3: SBA OIG recommended that SBA review prepayment and pre-award procedures and work with Treasury to formulate a technical approach to use Treasury's DNP portal to determine loan applicant eligibility and prevent improper payments before the release of any federal funds.

- Compare information provided by recipients against well-established databases.

  SBA OIG 23-09, COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape (pp. 2-4) SBA OIG conducted a review to provide a comprehensive estimate of the potential fraud in the U.S. Small Business Administration's (SBA) pandemic assistance loan programs and estimated that SBA disbursed over $200 billion in potentially fraudulent loans under its pandemic relief programs. SBA OIG concluded that "to ensure program integrity and mitigate the risk of financial loss, SBA must ensure first that loans are provided to eligible applicants and that borrowers meet all eligibility requirements."

  SBA OIG offered the following key recommendations to strengthen internal controls to prevent fraud that relate to using and comparing data to protect federal programs from improper payments:

  - working with the U.S. Department of the Treasury (Treasury) to develop a technical solution to enable the use of Treasury's Do Not Pay portal to determine PPP loan applicant eligibility and prevent improper payments before the release of any federal funds;

  - establishing or strengthening controls to ensure loan deposits are made to legitimate bank accounts for eligible borrowers only, preventing the change of loan application information post-approval without having that information reviewed again by a person;

  - strengthening or establishing controls to ensure multiple loans are provided only to eligible COVID-19 EIDL applicants and prevent the erroneous duplication of loans. At a minimum:

    - obtain a photo ID of the applicant to verify their identity;

    - verify the applicant is not on Treasury's Do Not Pay List for delinquent child support and has not been suspended or debarred;

- verify the applicant is a legitimate business through tax returns, incorporation, not-for-profit records with Secretary of State offices, or another method;

- institute a "Rule of Two," requiring two people to approve each loan application and eliminate the batch approval process.

- strengthening controls for verifying an entity's start date to ensure applicants meet eligibility requirements. At a minimum:

  - prevent illegitimate duplicate applications for applications with the same Employer Identification Number (EIN) or Social Security number (SSN);

  - establish a system to freeze applications with the same EINs, SSNs, IP addresses, email addresses, physical addresses, or bank account numbers used by fraudsters to prevent additional fraudulent applications from being submitted; and

  - ensure EINs were registered before the eligibility date.

[PRAC, Fraud Alert Follow-Up: Improved Sharing of Death Records and Use of the DNP System Would Strengthen Program Integrity and Better Protect the Public](#) (pp. 1-2)
This PRAC Fraud Alert found that verifying borrower information, including Social Security Number and the Date of Death, helps prevent identity fraud and ensures that government benefits are paid only to those who are eligible. However, at the time that the report was issued, Treasury's Do Not Pay System did not have access to the Social Security Administration's full Master Death File (MDF), which uses information submitted from state level vital statistics agencies and matches them to SSA data to verify their identity.

In sum, the PRAC concluded that access to the MDF can help prevent deceased individuals' identities being used to improperly apply for government benefits and give agencies a higher degree of certainty that a payee is legitimate and eligible before making an award or payment.

In December 2023, DNP obtained access to SSA's MDF for better matching capabilities for agencies.

[SBA OIG 21-07, Inspection of SBA's Implementation of the Paycheck Protection Program](#) (pp. 20-21, Recommendations 3-6)
SBA OIG assessed SBA's implementation of the Paycheck Protection Program and made six recommendations to improve SBA's program and reduce the risk of financial loss from PPP loans being made to ineligible or fraudulent borrowers and improve SBA's ability to obtain information necessary for critical program decisions. These recommendations included that for future rounds of PPP lending, SBA:

REC 3: revise the borrower application to include the critical "jobs retained" field to ensure SBA reports accurate and complete job numbers.

REC 4: revise the application to include the demographic information of borrowers.

REC 5: update the PPP borrower application to include a field for the North American Industry Classification System code of the business and the business description to enable SBA to prevent potentially ineligible loan approvals.

REC 6: update the PPP forgiveness application to include North American Industry Classification System code to ensure that previously recorded information is accurate.

Distribute Funding Strategically

- Mandate recipient reporting requirements for federal programs and ensure that recipients have adequate financial management systems in place to track and report federal expenditures.

  [Treasury OIG 20-036, Coronavirus Relief Fund Recipient Reporting](#) (pp. 3-4)
  In this report, Treasury OIG noted that the agency had not provided user-friendly means for CRF recipients to meet reporting requirements, and that the agency's decision to disburse funds from CRF in the form of direct payments instead of grants limits the ability of recipients to report under existing mechanisms as outlined in OMB's M-20-21.

  [AmeriCorps OIG AR-23-06, Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems](#) (p. 8, Recommendation 3)
  AmeriCorps OIG found that grantees were unable to reconcile their financial management systems to their Federal Financial Reports and distinguish between costs paid using Federal funds and costs paid using match funding sources for the following reasons: insufficient documentation; misunderstanding of federal requirements, data transfer error, manual spreadsheet errors, lack of quality control procedures. AmeriCorps OIG recommended that AmeriCorps:

REC 3: Require that grantees revise their existing financial management systems to ensure that the grantees can identify and reconcile all Federal and match costs reported within their Federal Financial Reports and that they can differentiate between expenses paid using Federal funds and expenses paid using other funding sources.

  [CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies](#) (pp. 18, 31-39)
  Compliance activities are the administrative, financial, audit, and program requirements described in the Notice of funding Opportunity (NOFO) and are used for recipient oversight and monitoring, which conform with the Federal rules and regulations on reporting in 2 CFR Part 200. The primary purpose of compliance activities is to document that funds are spent in accordance with the terms of the Federal award, including accomplishing the intended sub-project purpose. Compliance activities take place at the sub-project (or individual award recipient) level and include:

  - Ensuring the timely expenditure of funds

  - Preventing fraud, waste, and abuse

- Financial reporting

- Identifying the technical assistance needs of the award recipient.

- Consider requiring recipients to report and certify award expenditures at close out, before releasing final payment.

CIGIE Capstone Report, The IG Community's Joint Efforts To Protect Federal Grants From Fraud, Waste, and Abuse (p. 24)
"During the award end and closeout phase, grantees cannot incur costs after the period of performance for a grant that has ended. Thus, the recipient is responsible for reporting total expended award funds to the awarding agency, both to close the agency's award financial account and as part of the final project report that describes the results and benefits of the project financed with Federal funds. Audit and evaluation work over the award closeout process in this report identified more than $527.2 million in questioned costs where expenditures were not reasonable, allowable, or allocable and nearly $435,000 in funds to be put to better use where opportunities exist to promote more efficient and effective spending."

CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies (pp. 36-40)
"As award recipients close out their individual sub-projects, Federal awarding agencies have an additional opportunity to confirm and review final financial and programmatic performance data. Closeout is a process by which a Federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the award recipient. During the "closeout" period, recipients must submit all reports required under the award within 90 days after the award expires or is terminated."

Federal employees may closeout an award after the following administrative actions and required work of the grant have been completed:

a. The grant period has expired.

b. All approved extensions have expired.

c. There are no funds remaining in the account, or there are no issues related to the funds remaining in the account.

d. All performance and financial reports and data required by the terms and conditions of the award have been received and accepted by Federal employees who determine all programmatic requirements for the grant have been met.

e. All identified programmatic or financial issues/findings have been resolved, including special conditions, high risk, and monitoring findings of noncompliance.

f. The Single Audit, if required during the period of performance, is completed, all audit findings (including from Federal audits) are resolved, corrective actions are successfully completed, and amounts due back have been paid or an approved payment plan has been established.

APPENDIX 1-B:
Section 3 – Strengthen Program Impact Through Enhanced Monitoring And Evaluation

Design Effective Strategies for Enhancing Stewardship

Implement Risk-Based Monitoring:

- Identify program and contract-specific risk factors and red flags.

    HUD OIG 2022-FO-0007, Fraud Risk Inventory for the Tenant and Project Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds (pp. 5-12)
    HUD OIG identified six overall and three program-specific fraud risk factors that contribute to the likelihood of fraud related to the CARES and ARP Act funds for the Tenant – and Project – Based Rental Assistance, HOME, and Operating Fund programs. HUD OIG recommended that HUD use the fraud risk inventory to enhance program-specific fraud risk assessment for the programs identified.

    USPS OIG RISC-WP-22-006, The Role of the Postal Service in Identity Verification. Report Number (pp. 3-6)
    USPS OIG found that with the increase in identity theft due to the pandemic, it is important for agencies to assess the risk of identity fraud in their programs and develop secure identity verification solutions to help prevent fraud, such as knowledge-based verification, attribute, verification, or remote documentation.

    USPS OIG 22-058-R22, Issues Identified with Internet Change of Address (pp. 3-4, Recommendation 1)
    USPS OIG identified instances where individuals submitted fraudulent change of address requests using the same forwarding address several times during 2020 and 2021, noting that this may have occurred because identity verification controls were not implemented to protect the program. USPS OIG recommended that USPS:

    REC 1: Develop controls to verify that online changes of address requests are authorized by the resident of the address.

    HHS OIG A-04-20-02028, The Strategic National Stockpile Was Not Positioned To Respond Effectively to the COVID-19 Pandemic (pp. 9- 21, Recommendation 1)
    HHS OIG found that the Strategic National Stockpile's (part of HHS's federal response infrastructure) ability to meet demands from the pandemic was impacted by external and multiple factors outside of its control, such as foreign supply chains. HHS OIG recommended the agency:

REC 1: Mitigate the risk presented by relying on foreign supply chains and just-in-time inventory strategies when determining annual Stockpile purchase.

[DOL OIG 19-22-006-03-315, COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments Including Fraud or from Payment Delays](#) (pp. 10 -12, and 26, Recommendations 1 and 2)
DOL OIG conducted a review to determine if unemployment insurance (UI) benefits were sent to the correct individuals and identified several fraud indicators for the UI programs such as multi-state claimants, flagged email address, flagged bank account, and more. The report found that not effectively using these identified risks when verifying applications likely contributed to the fraud seen in the UI programs. DOL OIG recommended that the agency:

REC 1: Use data collected from monitoring and Benefit Accuracy Measurement (BAM) reports to identify the areas of highest improper payments including fraud and create a plan to prevent similar issues in future temporary UI benefit programs.

REC 2: Require states to have written policies and procedures, which apply lessons learned during the COVID-19 pandemic, to continue eligibility testing and BPC procedures during emergencies or other times of increased claims volume. These policies and procedures should include strategies to pay claimants timely.

- Evaluate recipients' risk based upon key factors.

[HUD OIG 2022-FO-0801, Fraud Risk Inventory for the CDBG and ESC CARES Act Funds](#) (pp. 5-6)
HUD OIG, in coordination with the PRAC, identified five overall risk factors for Community Development Block Grants and Emergency Solutions Grants that had not been identified by HUD and contribute to risk of fraud, including: (1) increased funding and volume of payments; (2) the pandemic environment; (3) CARES Act provisions; (4) decentralized processes; and (5) unvalidated self-certification.

HUD OIG recommended that the agency complete a program-specific fraud risk assessment and risk profile for the CDBG and ESG programs, with emphasis on CARES Act funding, and replicate this process to create program-specific fraud assessments and risk profiles for other CPD programs.

[SBA OIG 22-17, COVID-19 Economic Injury Disaster Loan Applications Submitted from Foreign IP Addresses](#) (pp. 6-12, Recommendation 2)
SBA OIG identified that while SBA implemented several layers of controls to prevent or reduce fraud from foreign countries, individuals using foreign IP addresses were able to access the COVID-19 EIDL application system. The report noted that while applicants that reside overseas may qualify for this assistance, transnational criminal organizations have fraudulently obtained funding from this and other U.S. programs in the past. SBA OIG recommended that SBA:

REC 2: Examine controls related to foreign IP addresses and ensure these controls are more effective in future disaster processing systems.

[SBA OIG 21-06, Paycheck Protection Program Loan Recipients on the Department of Treasury's Do Not Pay List](#) (pp. 2-5, Recommendations 2 and 3)
Using Treasury's Do Not Pay List, SBA OIG identified $3.6 billion in Paycheck Protection Program loans to potentially ineligible recipients. This was determined by using data elements such as Taxpayer Identification Number, Social Security Number, address, and more to match PPP application data against Treasury DNP's portal. SBA OIG recommended that SBA take the following action to identify risk:

REC 2: Strengthen SBA controls to ensure that loans to ineligible recipients are not forgiven.

REC 3: Review prepayment and pre-award procedures and work with Treasury to formulate a technical approach to use Treasury's DNP portal to determine loan applicant eligibility and prevent improper payments before the release of any federal funds.

[CFOC, Program Integrity: The Anti-Fraud Playbook](#)
The Playbook provides practical guidance on how to proactively manage fraud risk and are categorized into four phases. Among the phases is to properly identify and assess fraud risks, which includes strategies such as considering both the perpetrator and the fraud risk entry points and creating an overall fraud risk map for your agency.

[Education OIG A20CA0029, The Office of Postsecondary Education's Oversight of Higher Education Emergency Relief Fund Grants](#) (p. 19, Recommendations 1 and 2)
The Department of Education (ED) OIG found that the Office of Postsecondary Education (OPE) needs to strengthen its oversight processes to ensure that schools use Higher Education Emergency Relief Fund (HEERF, a new program created by the CARES Act to respond to the pandemic) grant funds appropriately and that performance goals are met.

Specifically, ED OIG found that OPE did not (1) develop a monitoring framework to guide its monitoring practices, procedures, and controls; (2) conduct a risk assessment of the HEERF program to identify potentially significant areas of concern; and (3) design and implement a risk-based monitoring plan to provide assurance that HEERF grant funds are being used appropriately and performance goals are being met. As such, ED OIG recommended that the Assistant Secretary for OPE develop a monitoring framework for the HEERF program that uses a risk assessment process to identify and prioritize significant program risks, and design and implement a risk-based monitoring plan and associated key control activities.

- Tailor monitoring plans and enhance use of administrative remedies to protect high-risk programs.

[CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies](#)
This report highlights promising practices for program monitoring, to include:

- The Department of State, in 2017, issued a "Program and Project Design, Monitoring, and Evaluation Policy" to establish clear links from its strategic plan goals, to achieve those goals through key programs and projects, and to collect data on whether these efforts were working as intended. (p. 22)

- DOL's Employment and Training Administration typically requires its recipients to submit quarterly performance reports that include data on how many participants received services during the quarter, the types of services and training they received; credentials attained; and employment outcomes. (p. 36)

- The Department of Education (ED) requires recipients of multi-year discretionary awards to submit annual performance reports and uses the information provided to determine whether recipients have demonstrated substantial progress toward meeting the project goals and objectives. (p. 38)

USAID OIG 9-000-21-007-P, USAID Adapted to Continue Program Monitoring During COVID-19, but the Effectiveness of These Efforts Is Still To Be Determined (pp. 9-10)

Given the limitations imposed by the pandemic, selected missions stated that the flexibilities offered by the Agency and the efforts of mission staff that remained in country allowed them to continue, to some extent, to monitor programs, work with implementers, and connect with beneficiaries. Officials with the selected missions stated that they used the following monitoring flexibilities provided by the Agency to help mitigate the effects of COVID-19 on program monitoring:

- Remote Monitoring: Through remote monitoring, including the use of phone lines and Internet, missions stated that they continued speaking with implementers, received required reports as well as photos and videos of activities, and collected and verified data through triangulation with data sources and, when possible, in-person site visits.

- Remote Site Visits: This included observing activities in the field through live video and viewing photos, documents, and online activities—such as community meetings—to compensate for the loss of in-person site visits.

- Data Quality Assessments. Another flexibility provided by the Agency occurred when in-person site visits were necessary to conduct DQAs or the mission needed more time to conduct assessments virtually.

NSF OIG 22-6-002, Promising Practices for NSF Award Management (pp. 1-3)
NSF OIG produced a capstone report of 18 performance audits of NSF award recipients. The report suggests that award recipients continually monitor and verify the allowability of high risk-expenses to improve the stewardship of federal funds.

HHS OIG A-02-20-01018, Prior Audits of Medicaid Eligibility Determinations in Four States Identified Millions of Beneficiaries Who Did Not or May Not Have Met Eligibility Requirements (p. 10)
HHS OIG summarized the results of its prior audits covering Federal Medicaid payments and eligibility determinations made by four states totaling $33.6 billion on behalf of 17.5 million beneficiaries. The objective of the audit was to assist the Centers for Medicare & Medicaid Services (CMS) in achieving greater efficiencies in its operation of the Medicaid program, which had recently been expanded. HHS OIG determined that both human and system errors, as well as a lack of policies and procedures, contributed to improper or potentially

improper payments totaling more than $6.4 billion for the time period in question, 2014 and 2015. Further, of the 31 recommendations from HHS OIG's prior audits, 15 of them remained unimplemented.

HHS OIG recommended that the agency: (1) work with States to implement all of the recommendations made in OIG's prior audits; (2) maintain its efforts to provide training, technical advice, and guidance to States to address the causes identified in OIG's prior audits; and (3) use all available remedies to prevent and reduce the amount of improper payments made on behalf of ineligible beneficiaries.

[Testimony of Richard K. Delmar Acting Inspector General U.S. Department of the Treasury Before the House Financial Services Committee Subcommittee on Oversight and Investigations U.S. House of Representatives, March 8, 2023](#) (p. 8)
Acting Inspector General Delmar stated that "[p]rogram integrity is enhanced by the availability of civil remedies, including the Program Fraud Civil Remedies Act (PFCRA) and suspension and debarment; as well as a commitment to civil and criminal enforcement by the Department of Justice and by state, territorial, local, and tribal authorities."

[HHS OIG A-09-21-06001, HHS's and HRSA's Controls Related To Selected Provider Relief Fund Program Requirements Could Be Improved](#) (pp. 18-22, 29)
HHS OIG reviewed the agency's administration and oversight of the Provide Relief Fund (PRF), which provided funds to eligible hospitals and other health care providers for health care related expenses or lost revenue attributed to COVID 19. The report outlines some of the controls HRSA employed, including prepayment validation processes and postpayment quality control reviews.

[USAID OIG 9-000-21-007, USAID Adapted to Continue Program Monitoring During COVID-19, But the Effectiveness of These Efforts Is Still to Be Determined](#) (pp. 9-11)
"USAID found that the inability to use its traditional project monitoring tools, such as in person site visits, resulted in vulnerabilities to fraud, waste, and abuse. In line with this, selected missions stated that in-person monitoring was preferred, with missions noting that there is still a need to conduct in-person site visits and engage directly with implementers and beneficiaries."

USAID OIG concluded that "as noted by officials interviewed, remote engagement cannot fully replace direct, in-person interaction with implementers and beneficiaries and direct observation of program activities. Full reliance on remote monitoring limits access to beneficiary perspectives, provides fewer data points, and limits the Agency's ability to see what is happening on the ground in real time."

[SIGPR-A-22-002-2, Weaknesses in Treasury's CARES Act Loan Monitoring Report Number](#) (pp. 3-8)

SIGPR found that Treasury's monitoring of CARES Act direct loans was delayed, did not initially have a policy, and was not supported by a risk assessment. We recommended that Treasury: 1) Update its monitoring policy to add deadlines to avoid significant monitoring delays; 2) Ensure that it has an effective policy in place to monitor any future emergency

loan programs in a timely manner; and 3) Conduct a risk assessment of loan requirements to determine whether any areas of monitoring should increase for future quarterly reviews.

Institute Key Reporting Requirements

- Improve quality and oversight of subrecipient data.

  [HHS OIG A-04-22-02035, New York City Department of Health and Mental Hygiene Charged Some Unallowable Costs to Its CDC COVID-19 Award](#) (pp. 4-6, Recommendation 2)
  HHS OIG assessed The New York City Department of Health and Mental Hygiene and found the department used its COVID-19 funding in accordance with award requirements for 96 of the 124 sample items they reviewed. However, for 28 sample items, the department did not maintain adequate documentation to support costs and charged some costs to the wrong award. HHS OIG noted that these errors occurred because the department did not provide adequate oversight of its award in accordance with Federal requirements. As such, HHS OIG recommended:

  REC 2: Strengthen its oversight of subrecipients to prevent future unallowable payments by reviewing subrecipient invoices and supporting documentation to ensure costs claimed are allowable and allocable.

  [HUD OIG 2022-LA-0002, Emergency Solutions Grants CARES Act Implementation Challenges](#) (pp. 1, 6-11, Recommendation 1A)
  HUD OIG conducted an audit to determine what challenges grant recipients faced in implementing the Emergency Solutions Grants Cares Act Program (ESG-CV) program and using grant funds, using a survey to obtain data. The purpose of the program was to prevent, prepare for, and respond to coronavirus among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus.

  HUD OIG found that "[the majority of the grant recipients that provided ESG-CV funds to subrecipients stated that the pandemic impacted their ability to effectively monitor their ESG-CV subrecipients. We attribute that these conditions occurred because grant recipients were awarded large amounts of ESG-CV funding with the expectation it would be implemented and used quickly to address the needs of the homeless during an unprecedented pandemic. As a result, grantee recipients' challenges in (1) capacity, (2) multiple funding sources, and (3) monitoring their subgrantees may increase the risk of misuse of the funds."

  REC 1A: Consider grant recipients' feedback on challenges with (1) capacity, (2) multiple other sources of funding, and (3) subrecipient monitoring as part of CPD's risk assessments.

  [Commerce OIG 23-014-I, NIST Must Improve Monitoring of MEP to Prevent Waste of Financial Resources](#) (pp. 1, 7-9, Recommendation 3)
  Commerce OIG conducted an evaluation to determine the adequacy of the National Institute of Standards and Technology (NIST's) oversight of the Manufacturing Extension Partnership

(MEP), a national network whose mission is to enhance the productivity and technological performance of U.S. manufacturing.

The evaluation concluded that, among other findings, NIST did not adequately review executive compensation associated with subrecipients for reasonableness. The report concluded:

> "Personnel costs for Centers generally constitute a substantial portion of total award funds. Therefore, it is imperative that NIST ensures all personnel costs, including executive compensation, are reasonable and commensurate with limits imposed by other federal agencies. Keeping administrative and overhead costs reasonable will allow more funds to be invested into MEP and, in turn, the nation's manufacturing sector."

Interior OIG recommended that the agency:

REC 3: Establish policy limits on executive compensation for MEP, including restrictions on Center and subrecipient salaries.

PRAC, Tracking Pandemic Relief Funds that Went to Local Communities Reveals Persistent Data Gaps and Data Reliability Issues (pp. 5, 12-14)
The PRAC, in coordination with ten OIG partners, attempted to review how much pandemic relief funding went to six selected communities across the country. The PRAC found that complete data was either unavailable or insufficient and did not allow the PRAC to definitively identify the total funding provided. Additionally, data collection and system limitations at the federal, state, and local levels impacted efforts to obtain consistent data or data reports, or to distinguish between unique or duplicative recipient entries.

This report summarized challenges faced by federal agencies in collecting complete, accurate, and timely data by prime recipients and subrecipients of the more than $5 trillion in pandemic relief funds, discussing a lack of visibility into subrecipient data, to include first-tier and second-tier subrecipients.

In addition, the report identified challenges with the completeness and accuracy of subaward data displayed on USAspending.gov and the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS), which do not have processes to definitively track spending at the subrecipient level.

NSF OIG 22-6-002, Promising Practices for NSF Award Management (pp. 1-3, 7-14, 33)
NSF OIG's report incorporates the requirements for pass through entities with respect to subrecipient monitoring and reporting.

CIGIE Capstone Report, Disaster Preparedness (pp. 38-40, 44-45)
In CIGIE's capstone report of 28 reports from seven different OIGs, they identified the oversight of use of grant funds as a particular challenge for many agencies and highlighted the many agencies faced challenges in maintaining adequate documentation from subrecipients in times of disaster. Further, the report also identified specific examples from agencies where outdated information technology systems necessitated workarounds that created missing or inaccurate data and delays in reporting.

GAO, Grants Management: Observations on Challenges with Access, Use, and Oversight (pp. 11-12)
GAO highlighted that their prior work has shown that when awarding and managing federal grants, effective oversight and internal control are important to provide reasonable assurance that grants are awarded properly, recipients are eligible, and federal grant funds are used as intended. GAO noted that one key way that federal agencies oversee nonfederal grantees is through an audit of their expenditures of federal awards, a component of a Single Audit. GAO also noted that auditors have expressed a need for the single audit guidance by no later than April of each year to effectively plan their audits and conduct interim testing for entities with June 30 fiscal year-ends.

Audit of Direct Loan Program Recipient - Mesa Airlines Inc. SIGPR-A-22-006 September 20, 2023 (pp. 3 - 4)

SIGPR found that direct loan program borrower Mesa Airlines, Inc. allocated approximately $944,400 of its loan proceeds to make payments on other loans, which is not permitted under the terms of the loan agreement. This occurred because the borrower did not receive any guidance on how to account for the spending of the loan proceeds from Treasury, and Treasury was not able to detect the improper payments through its monitoring processes. SIGPR states that Treasury should make efforts to ensure that any future programs include enhanced monitoring and guidance to borrowers to ensure that loan proceeds are expended appropriately.

- Ensure strong certifications with financial and progress reports, in line with the Uniform Grant Guidance.

    2 C.F.R. Section 200.415 -- Required certifications.
    § 200.415 Required certifications.
    Required certifications include:

    > (a) To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."

    CIGIE Capstone Report, The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse (pp. 1- 3, 9-10, 16-18)
    "[A] leading practice of grant-making agencies is to require grantees to provide lifecycle certifications to confirm that grantees spent award funds as promised and that the grant

applications, reports, and documentation provided in support of grant expenditures and drawdowns are accurate and truthful. Requiring certifications throughout the lifecycle of a grant, coupled with mandatory pre-award, anti-fraud training, helps deter fraud, educates grantees about the seriousness of various grant requirements and the need to provide truthful information, and contributes to effective civil and criminal grant fraud enforcement efforts."

Provide Timely, Clear, and Consistent Guidance

CFOC, Managing for Results: The Performance Management Playbook for Federal Awarding Agencies (p.12)
This 2020 Performance Management Playbook for Federal Awarding Agencies, produced by the Chief Financial Officers Council (CFOC) and the Performance Improvement Council (PIC), advises that Agency policies should provide clear guidance on the performance management roles and responsibilities within the organization.

HHS OIG No. A-07-21-04125, HHS Did Not Always Provide the Necessary Resources and Assistance To Help Ensure That Tribal Programs Complied With All Requirements During Early COVID-19 Vaccination Program Administration (p.9, Recommendation 2)
In a report on the COVID 19 Vaccine Program administered by the Indian Health Service (IHS), HHS OIG found that IHS did not provide timely assistance ensuring that tribal program billing practices for vaccine administration fees conformed to Federal guidance.

REC 2: Work with the CMS to disseminate guidance to Tribal programs on vaccine coding and billing.

Treasury OIG-CA-21-020, American Rescue Plan - Application of Lessons Learned From the Coronavirus Relief Fund (pp. 2-3)
Treasury OIG produced a report on the Application of Lessons Learned from the Coronavirus Relief Fund (CRF). One of the lessons learned the OIG noted was the Need for Clear and Timely Guidance. The OIG stated the lack of comprehensive, timely guidance on eligible use caused confusion among recipients, and in some cases was a factor in ineligible use of CRF payments. The OIG recommended that Treasury finalize guidance concurrent with funds distribution to facilitate efficient administration of programs and minimize recipient confusion and misuse of funds.

GAO-24-106152, COVID-19 Relief Funds: State Experience Could Inform Future Federal Relief Funding (pp. 22-27)
GAO conducted an audit on the experiences of eight selected states and discussed with state officials on their experiences, challenges, and actions taken to address the planning for, using and reporting of COVID-19 relief funds received across several programs. GAO reported that states experienced challenges planning for and using COVID-19 relief funds when new programs were introduced or when allowable uses or deadlines were significantly changed. In some cases, Federal agency guidance on allowable uses changed while states were implementing those programs. Some states delayed using the funds until Federal agencies issued further guidance or implemented regulations.

AmeriCorps OIG AR-23-06, Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems (p. 8, 13-14 Recommendations 5–7, 12, 15)
The OIG contracted with an audit firm to audit 15 selected grantees that are part of the AmeriCorps Seniors program, to determine if the grantees had financial management systems that complied with the Uniform Guidance. The audit contained four findings including: 1) Financial Management Systems Did Not Comply with Federal Requirements; 2 Insufficient Financial Management Systems Resulted in Instances of Non-Compliance or Unallowable Costs; 3) Grantees Did Not Support That Their Financial Management Systems Permit Comparison of Expenditures to Budgeted Amounts and 4) Financial Management Systems Did Not Include Sufficient Policies and Procedures. The auditors made 16 recommendations to the agency, including:

REC 5: Instruct AmeriCorps portfolio managers to provide grantees with sufficient guidance and training on how to:

a. Ensure that all costs reported on Federal Financial Reports submitted to AmeriCorps are sufficiently supported and reconcile to the grantees' financial management systems.
b. Appropriately track and report Federal and match costs to support that the grantees used the funds for authorized purposes.

REC 6: Develop training and guidance for AmeriCorps Seniors grantees related to:

a. Documentation required to support costs reported on Federal Financial Reports, including how to ensure amounts reported are accurate and reconcile to the grantees' financial management systems.
b. AmeriCorps Seniors grantees' responsibilities with regard to retaining records and providing required documentation, responses, or information necessary to demonstrate that the documentation complies with Federal or AmeriCorps requirements.
c. Requirements for financial management systems to separately identify expenses that the grantees paid using Federal funds or matching funding sources.

REC 7: Issue clear instructions regarding match cost reporting and documentation requirements, including how these requirements may differ in extenuating circumstances or when grantees are eligible for a waiver.

REC 12: Develop and provide guidance to AmeriCorps Seniors grantees regarding the requirements for indirect costs to ensure the grantees appropriately apply their Federally negotiated indirect cost rates and claim indirect costs.

REC 15: Develop and implement guidance and training for AmeriCorps Seniors grantees that addresses the use of financial management systems to create and maintain documentation to support that the grantees have compared actual expenditures to amounts budgeted for each AmeriCorps Seniors grant.

FDIC OIG EVAL 12-001, FDIC Examinations of Government-Guaranteed Loans (p. 21, Recommendations 1 and 2)

The FDIC OIG conducted an evaluation to determine the effectiveness of the FDIC's examinations in identifying and addressing risks related to Government-guaranteed loans for banks that participate in Government-guaranteed loan programs. The OIG found that FDIC bank examinations were not always effective in identifying and addressing risks related to Government-guaranteed loans. The OIG determined that:

- FDIC's guidance did not adequately address risks present in Government-guaranteed loan programs;

- FDIC could improve its supervision of bank activities in Government-guaranteed loan programs, including the PPP;

- FDIC's guidance differed from that of other Federal bank regulators;

- FDIC did not provide adequate training to examination personnel on Government-guaranteed lending programs;

- FDIC did not maintain adequate data to identify, monitor, and research bank participation in Government-guaranteed loan programs; and

- FDIC did not effectively share information externally and internally to enhance risk oversight of banks that participated in Government-guaranteed loan programs.

In addition, the FDIC's examination guidance did not provide clear instructions on the retention of examination workpapers.

The OIG made 19 recommendations to improve the FDIC's supervision of banks that participate in Government-guaranteed loan programs. The OIG recommended that the FDIC:

REC 1: Develop and implement guidance to examination staff on the credit, operational (including fraud), liquidity, and compliance risks related to Government-guaranteed loans to ensure staff adequately plans and conducts examinations to identify and address emerging risks.

REC 2: Develop and implement guidance to examination staff to ensure the staff consistently evaluate Government-guaranteed loans in their review of loan classification, assessment of off-balance sheet risk, concentration risk, and ongoing monitoring.

Examples of Statements of Cooperation

AmeriCorps

AmeriCorps

Office of the Chief Executive Officer
May 9, 2023

Office of Inspector General Cooperation and Policy 102

Dear colleagues,

Each and every day, we are inspired by your commitment to AmeriCorps' mission and the impact AmeriCorps makes in communities across the nation. The agency's success depends on its ability to be effective stewards of federal dollars, in alignment with goal four in our strategic plan, and maintain accountability and transparency. The Office of Inspector General plays a critical role in fulfilling AmeriCorps' mission by preventing and detecting fraud, waste, and abuse within the agency's programs and operations.

As a reminder, the OIG provides an independent oversight role through its audits, investigations, and reviews to help identify ways to improve the agency's work and prevent wrongdoings that could undermine AmeriCorps' success and public trust. The OIG's independent, yet complementary, functions help ensure the integrity of AmeriCorps' work.

Under the Inspector General Act of 1978, as amended, the agency and its employees must cooperate with the OIG. One important aspect of cooperation is providing information and assistance in a timely manner. Among other provisions, the IG Act authorizes the Inspector General to have timely access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the agency relating to its programs and operations, including those that may be classified, privileged, confidential, or otherwise exempt from disclosure under the law, including the Freedom of Information Act or the Privacy Act.

More broadly, the IG Act authorizes the OIG to request any information or assistance necessary to perform its duties, which may include access to employees, facilities, systems, and equipment. The OIG treats the information it obtains in accordance with applicable statutes and regulations. Providing such information to the OIG does not waive any privileges that the agency may attach to the information.

AmeriCorps' Policy 102: Reporting Waste, Fraud, and Abuse, Cooperating with Office of Inspector General Inquiries, and Whistleblower Protections outlines the duty of AmeriCorps employees to report any reasonable or actual suspicion of – or information or evidence that suggests – waste, fraud, or abuse to the OIG without delay.

As a reminder, under Policy 102:

- Anyone may report allegations to the OIG and you have a right to communicate with the OIG directly. You do not need permission from anyone at AmeriCorps to communicate or file a complaint with the OIG, nor do you need to tell anyone before or after the fact.

- Complaints can be made in person, via phone at 800-452-8210, or through the OIG's Web Portal. In conducting its work, the OIG will maintain employee confidentiality when requested to the extent possible and consistent with the OIG's legal obligations. The OIG will also make best efforts to coordinate with managers and supervisors to avoid disruption, respect segregated sensitive materials, and comport with all other responsibilities under applicable law and agency policies. A complainant may also remain anonymous, but the OIG asks that you provide a way that investigators can reach you if they need additional information to proceed.

- In addition to AmeriCorps employees, employees of contractors, subcontractors, grantees, and subgrantees must cooperate with the OIG inquiries unless the answers would incriminate them. Anyone who fails to cooperate with the OIG may be subject to disciplinary action or, in the case of obstruction, to criminal prosecution.

- It is against the law and agency policy to retaliate against AmeriCorps employees and employees of contractors, subcontractors, grantees, and subgrantees who provide information, cooperate with the OIG, or report allegations of waste, fraud, and abuse to the OIG. AmeriCorps does not tolerate any kind of whistleblower retaliation.

The OIG is integral to AmeriCorps' success, and we thank you for helping uphold our standards of accountability, transparency, and integrity.

In service,

Michael D. Smith
Chief Executive Officer

Stephen Ravas
Acting Inspector General

Department of Housing and Urban Development

OFFICE OF THE SECRETARY

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Dear Colleagues:

By strengthening collaboration between HUD and the Office of the Inspector General (OIG), we can make this Department an even better place to work. Through partnership, we can advance HUD's mission by enhancing the integrity, efficiency and effectiveness of our programs and operations.

To the more than 325 million men and women who call our country home, housing is not just a pillar of our Nation's economy – it is the foundation on which families, and their futures, are often built. HUD plays a critical role in bolstering this foundation through the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD employees do outstanding work every day in service of HUD's mission to better the lives of families and strengthen communities.

Critical to this effort is securing and keeping the people's trust and working together to eliminate waste and mismanagement. This allows us to dedicate more time and resources towards our mission of expanding opportunity for all.

The OIG is essential to this work. OIG prevents and detects inefficiencies and wrongdoing by conducting independent and objective audits, investigations, and evaluations. OIG helps HUD to evaluate our programs to help deliver services effectively and efficiently to HUD's constituents.

The collaboration between OIG and HUD is built on mutual respect, professionalism, and a shared mission to serve the American people. HUD employees are critical in this collaborative process. One important contribution that HUD employees can make is to support HUD in producing materials requested by OIG in a timely and complete fashion. –As stewards of HUD's programs (and under the terms of The Inspector General Act of 1978), HUD and its employees have a duty to cooperate with OIG, and there is no basis for withholding information from OIG when requested. All managers should respect employees' rights to speak directly and confidentially with the OIG, and refrain from inappropriate activity that might inhibit an employee's or contractor's cooperation. HUD employees should make the OIG aware when materials contain classified national security information, privacy-protected materials, attorney-client or deliberative communications, other sensitive information, or materials from agencies outside the Department. However, this should not cause any delay or prevent the production of materials.

OIG itself also has important obligations. In conducting its work, OIG will maintain employee confidentiality when requested, to the extent possible and consistent with OIG's legal obligations. OIG will also make best efforts to coordinate with managers and supervisors to avoid disruption, respect segregated sensitive materials, and comport with all other responsibilities under applicable law and agency policies.

Finally, because accountability makes us better, all HUD employees have a responsibility to report instances of fraud, waste, and abuse directly to the OIG. It is against the law and agency policy to retaliate against employees who provide information or report allegations of waste, fraud, and abuse to OIG. OIG protects whistleblowers, and employees can learn about their whistleblower rights and protections on OIG's website.

Sincerely,

Marcia L. Fudge
Secretary

Rae Oliver Davis
Inspector General

APPENDIX 1-D:
Program-Critical Databases

- Do Not Pay (treasury.gov)
  - SAM.gov – System for Award Management
  - Tax Exempt Organizations (irs.gov)
  - Federal Bureau of Prisons inmate Locator (bop.gov)
  - Exclusions | Office of Inspector General (hhs.gov)
  - Specially Designated Nationals and Blocked Persons List (SDN) Human Readable Lists | Office of Foreign Assets Control (treasury.gov)
  - Credit Alert Verification Reporting System (hud.gov)
  - Social Security Death Master File
  - Department of Defense and Department of State Death Master Files
  - Treasury Offset Program
  - Forms 990 N Filed by Small Tax Exempt Organizations (irs.gov)
- The Federal Audit Clearinghouse (fac.gov)
- Federal Procurement Data System - Next Generation (fpds.gov)
- Government Spending Open Data (usaspending.gov)
- Contractor Performance Assessment Reporting System (cpars.gov)
- National Directory of New Hires | The Administration for Children and Families (hhs.gov)
- Public Assistance Reporting Information System (PARIS) | The Administration for Children and Families (hhs.gov)
- Oversight.gov | All Federal Inspector General Reports in One Place
- National Provider Identifier NPI Registry (hhs.gov)
- Nonprofit data for donors, grant makers, and businesses | GuideStar | Candid
- National Verifier (NV) - Universal Service Administrative Company (usac.org)

- Digital Wallet, Identity Verification, and More (id.me)

- The public's one account for government. (login.gov)

- Commercial Mail Receiving Agency (CMRA) (usps.com)

- NEMIS (fema.gov)

- Beneficiary Identification Records Locator Subsystem (va.gov)

- Computerized Delivery Sequence (CDS) | PostalPro (usps.com)

- International Treasury Services (treasury.gov)

- Automated Standard Application for Payments (ASAP) (treasury.gov)

- Federal Employee Register (opm.gov)

- USDA Risk Management Agency Ineligible Tracking System (usda.gov)

Contributing Partners

With our thanks to the following stakeholders for sharing key recommendations, leading practices, and lessons learned, which are incorporated throughout Chapter 1 of the Blueprint:

Pandemic Responsibility Accountability Committee Members

Inspector General Mark Bialek, Federal Reserve Board & CFPB
Inspector General Sandra D. Bruce, Department of Education
Inspector General Joseph Cuffari, Department of Homeland Security
Inspector General Rae Oliver Davis, Department of Housing and Urban Development
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Inspector General Tammy L. Hull, U.S. Postal Service
Inspector General Allison C. Lerner, National Science Foundation
Inspector General Brian D. Miller, Special Inspector General for Pandemic Recovery
Inspector General Michael J. Missal, Department of Veterans Affairs
Inspector General Eric J. Soskin, Department of Transportation
Inspector General Robert P. Storch, Department of Defense
Inspector General Larry D. Turner, Department of Labor
Inspector General Hannibal "Mike" Ware, Small Business Administration

Additional Federal Partners

AmeriCorps Office of Inspector General
Department of Education
Government Accountability Office
Office of Management and Budget

State Partners

Alabama State Controller
Colorado State Controller
Indiana State Examiner
Florida Office of the Chief Inspector General
Maine State Controller
California Department of Finance
New York State Controller
Georgia State Controller

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Visit us at:

PandemicOversight.gov

Follow us at:

Report Fraud, Waste, Abuse, or Misconduct:

To report allegations of fraud, waste, abuse, or misconduct regarding pandemic relief funds or programs please go to the PRAC website at PandemicOversight.gov.

A Committee of the
Council of the Inspectors General
on Integrity and Efficiency