

American Recovery and Reinvestment Act Oversight Update



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ARRA Accountability Objectives

1. Recovery funds are awarded and distributed in a prompt, fair, and reasonable manner.
2. The uses of all recovery funds are transparent to the public, and the benefits of these funds are reported clearly, accurately, and in a timely manner.
3. Recovery funds are used for authorized purposes and every step is taken to prevent fraud, waste, error, and abuse.
4. Projects funded under the recovery legislation avoid unnecessary delays and cost overruns.
5. Projects meet specific goals and targets, and contribute to improved performance on broad economic indicators.



Multiple Levels of Financial Oversight

- Government Accountability Office (GAO)
- Federal Agency Inspectors General
- Auditor General
- Single Audit/Independent Auditors
- Bureau of Audits

Government Accountability Office

- Pennsylvania is one of 16 states selected by GAO for bimonthly reviews
- GAO's most recent work has focused on specific Recovery Act programs including: Weatherization, Transportation, Clean/Drinking Water, Low-Income Housing Tax Credit Assistance, Public Housing, Education, State Energy, and Justice
- The sixth bimonthly review of Pennsylvania was released in May; the final will be released in September



Federal Agency Inspectors General

- ❑ Several federal agency Inspectors General (IG) have been present in the Commonwealth, including: US Department of Labor, US Department of Education, US Department of Energy, and the Federal Highway Administration
- ❑ These IG have been conducting ARRA related audits or internal control reviews of Commonwealth agencies and their subgrantees

Pennsylvania Department of the Auditor General (AG)

- ARRA Oversight by the AG has primarily occurred through their participation in the Commonwealth's single audit (see next slide)
- The AG has included ARRA related procedures in a special performance audit of procurement which is currently being conducted at PENNDOT

Single Audit

- In accordance with OMB Circular A-133, entities that expend \$500,000 or more in federal awards during their fiscal years are required to submit a single audit report within nine months of their fiscal year-end
- The AG and an independent audit firm issue joint opinions on the financial statements, compliance with specified laws and regulations, and a report on internal controls over these federal programs



Bureau of Audits

- The Bureau of Audits (BOA), within the Office of the Budget, is the primary internal audit organization within the Commonwealth
- BOA is conducting ARRA related engagements of Commonwealth agencies and their subgrantees

Status of Engagements

- Weatherization
 - Coordinated efforts with both GAO and DOE OIG
 - Ten Community Action Agencies were selected Field work began for first project (Dauphin County) on March 22
- Federal Highway
 - 52 projects were selected
 - Planning to roll out three to four additional engagements, focused on project costs (change orders), late in the fiscal year
- Clean Water/Drinking Water State Revolving Funds
 - Eight projects were selected
 - Three engagements are under way

Status of Engagements (Continued)

- State Energy Program
 - Field work is in process
- Homelessness Prevention and Rapid Re-housing
 - Approximately \$800,000 of funds have been expended, objectives are being developed
- Title I Grants to LEAs/IDEA
 - Engagements of two Cyber Charter Schools are underway
- State Fiscal Stabilization Fund
 - Engagement is being conducted in PDE, DOC, and DGS
- Workforce Investment Act
 - One report is in the review stages
 - Two other engagements are being planned

Wrap-up

- ❑ To date, GAO has issued six bi-monthly reports, federal OIGs have issued one report, and BOA has completed procedures for three engagements – No instances of fraud or abuse have been reported
- ❑ All agencies are continuing to improve internal controls, including increasing monitoring efforts
- ❑ The unprecedented level of federal and state oversight is on-going