



Trends and Challenges in Government Accountability

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Table of Contents

- Pandemic Work
- Improper Payments
- Actions Needed to Improve Oversight
- High-Risk List Updates
- Strategic Plan and Foresight
- Infrastructure Oversight: Intergovernmental Coordination

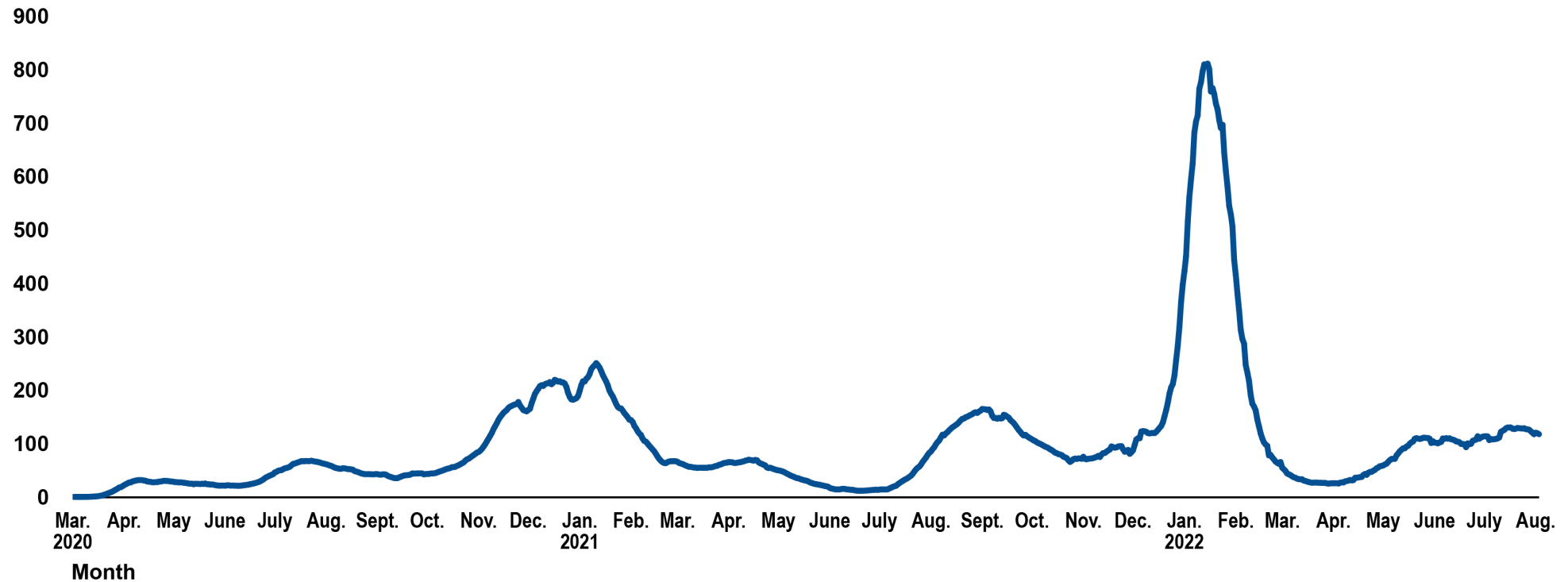
The image features a photograph of the Wisconsin State Capitol building, a large white domed structure with a central tower, partially obscured by several overlapping, semi-transparent blue shapes. A large, solid blue circle is positioned on the right side of the image, containing the text "Pandemic Work" in white, bold, sans-serif font. The background is a clear blue sky with some light clouds, and green trees are visible in the foreground.

Pandemic Work

7-Day Averages of Reported COVID-19 Cases in the U.S.

Mar. 1, 2020 – Aug. 3, 2022

7-day average of COVID-19 cases (in thousands)

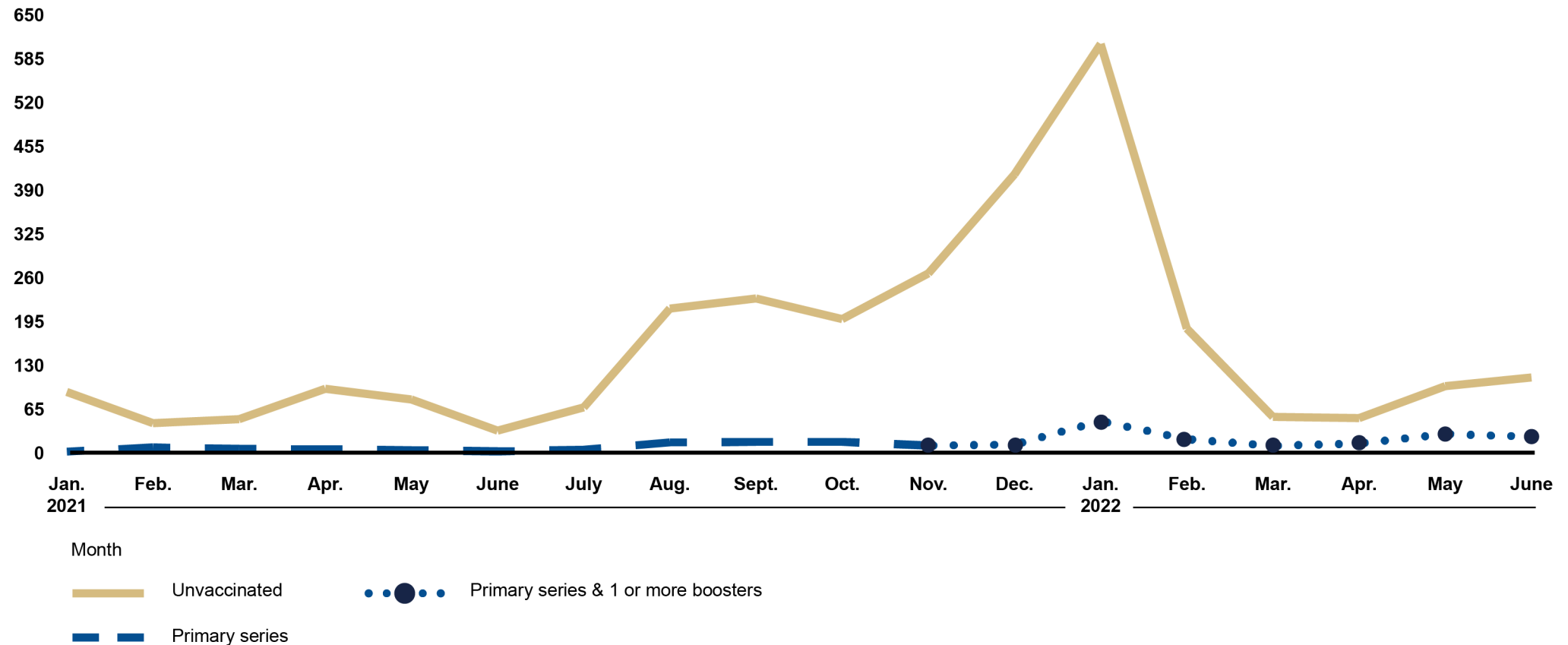


Source: Centers for Disease Control and Prevention (CDC).

Age-Adjusted Rates of COVID-19-Associated Hospitalizations by Vaccination Status

Jan. 2021 – June 2022, Adults Aged 18 Years and Older

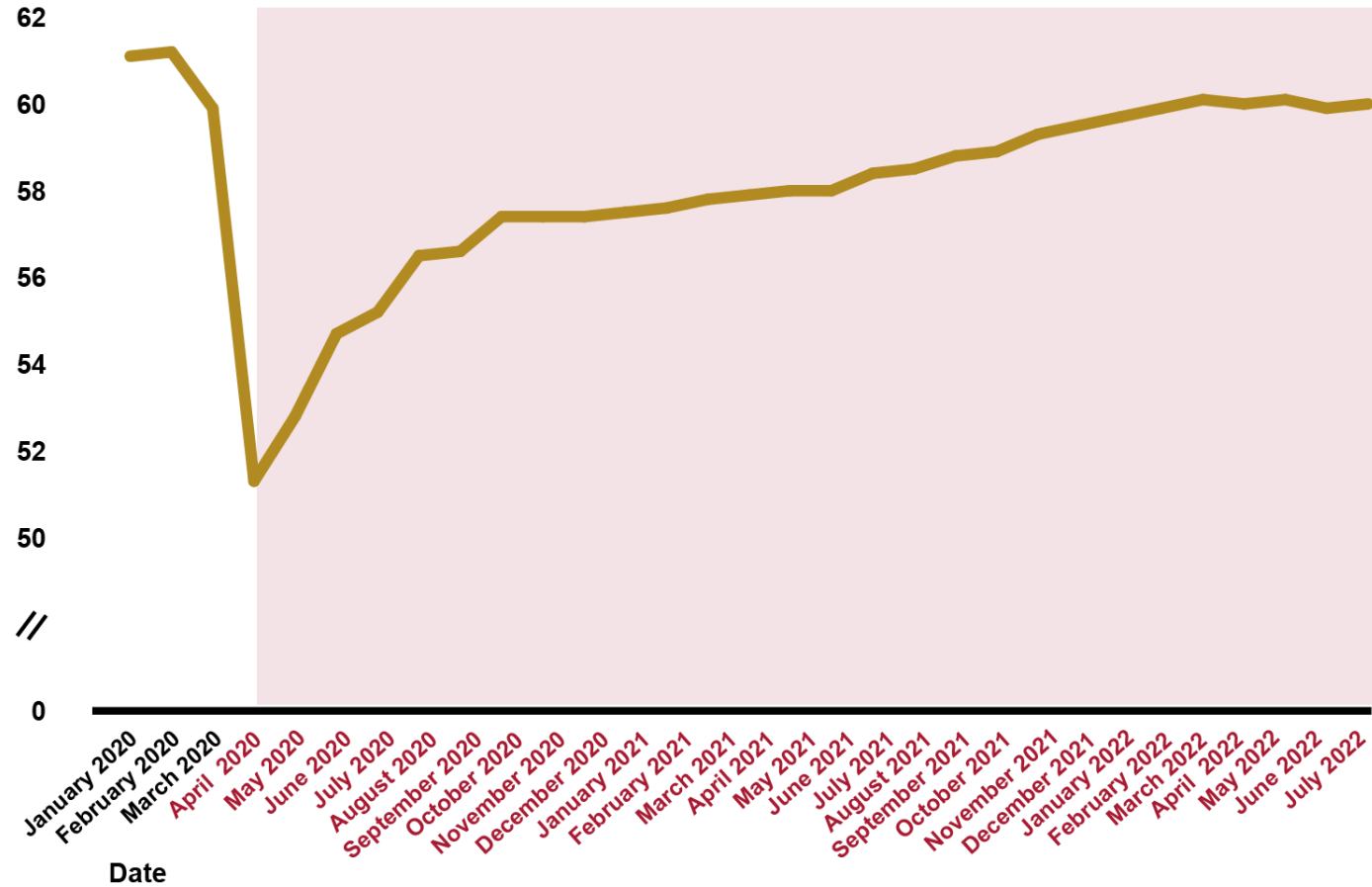
Rate per 100,000 population



Source: Centers for Disease Control and Prevention (CDC).

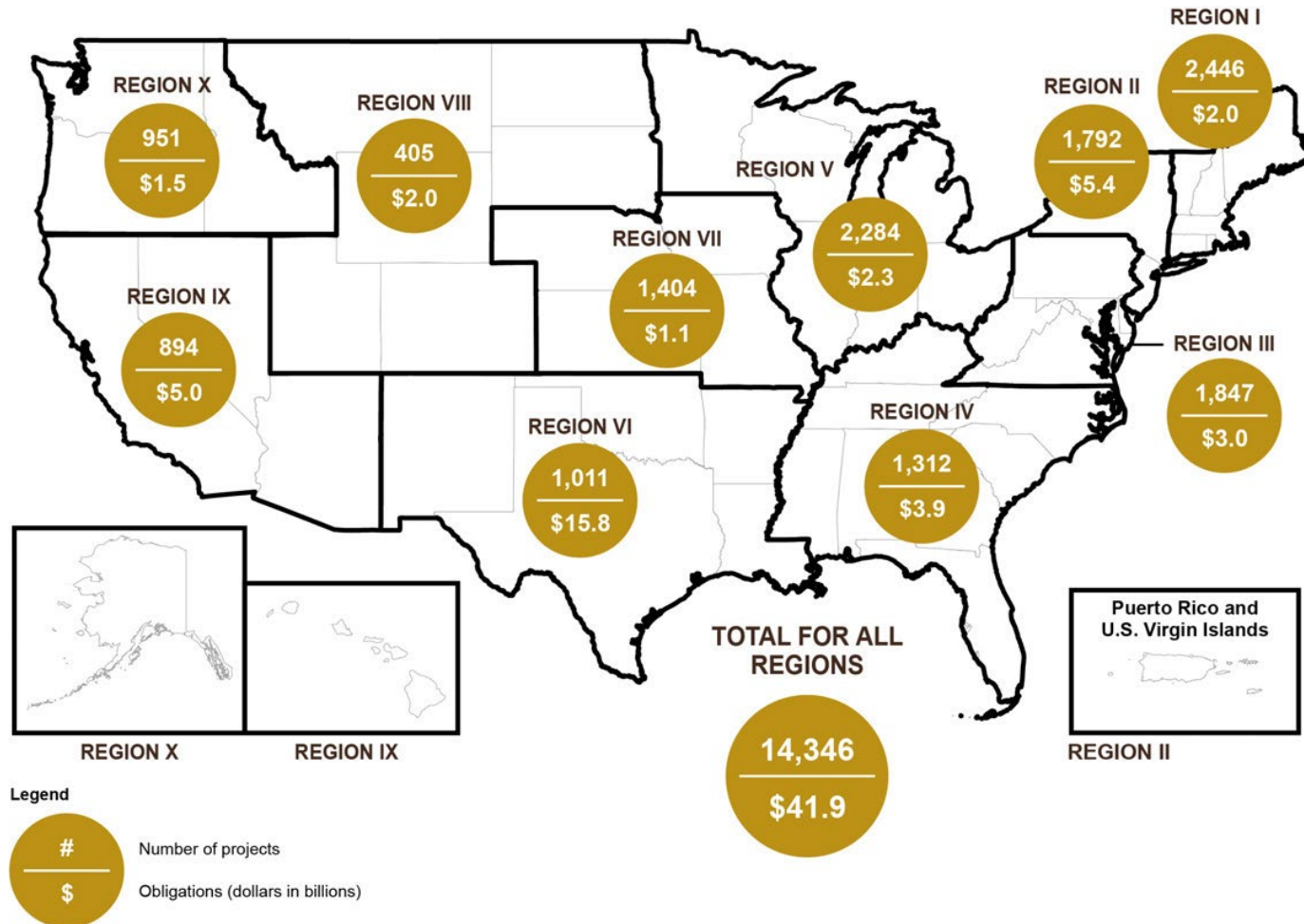
Employment-to-Population Ratio

Jan. 2020 – Jul. 2022
Percent of population employed



Source: GAO, Department of Labor. | GAO-22-105397

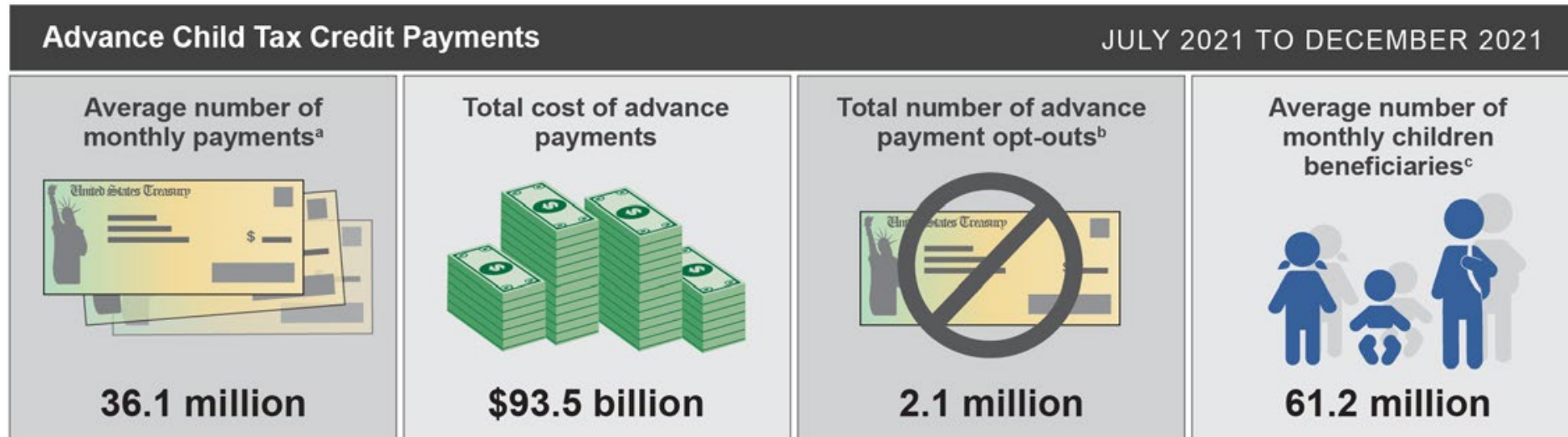
Number of FEMA Projects and Amounts Obligated for Public Assistance for COVID-19



Source: GAO's presentation of Federal Emergency Management Agency (FEMA) data. | GAO-22-105397

Data as of Feb. 28, 2022

Advance Payments of Child Tax Credit (CTC)



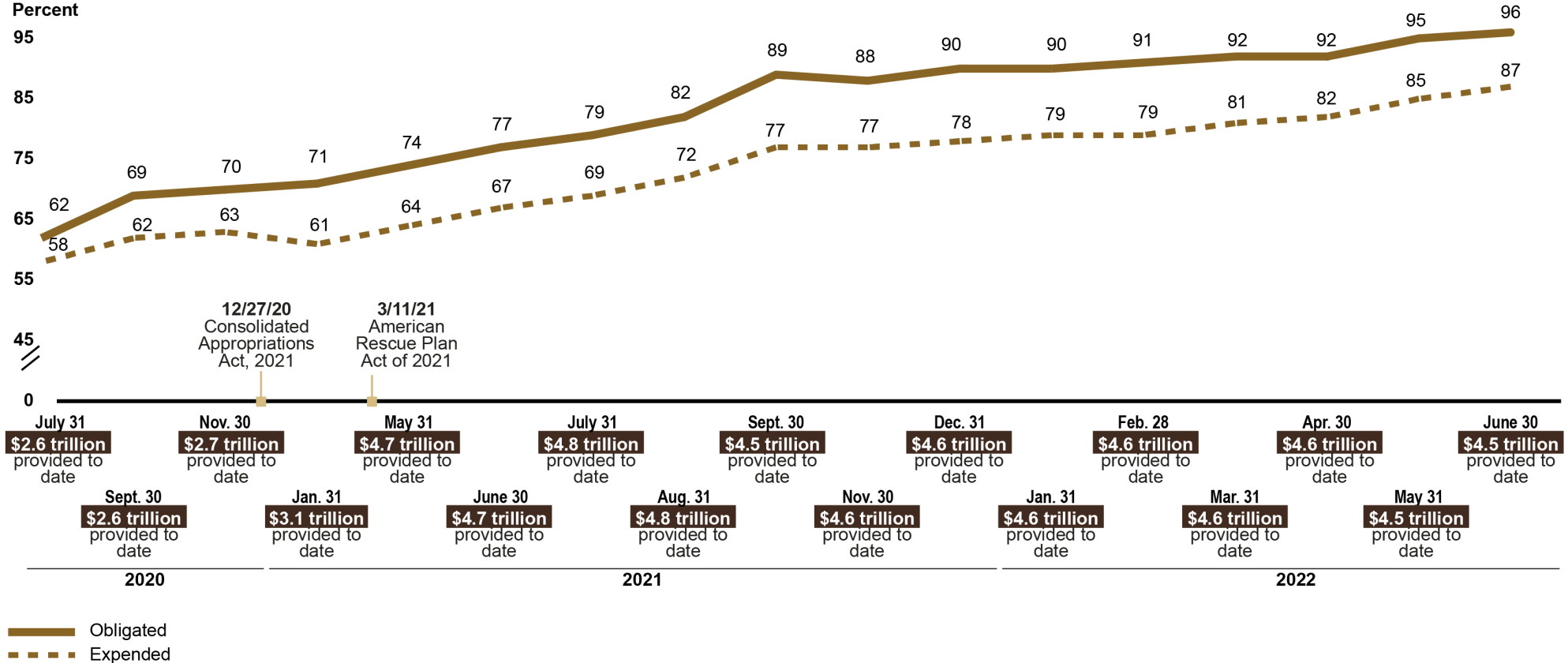
Source: GAO. | GAO-22-105397

Data as of April 6, 2022

Percentage of COVID-19 Relief Funding Obligated and Expended

July 31, 2020 – June 30, 2022

Percent



Source: GAO analysis of data from the Department of the Treasury.



Top COVID-19 Funding and Spending Areas

1. **Economic Impact Payments** (Department of the Treasury)
2. **Business Loan Programs** (Small Business Administration)
3. **Unemployment Insurance** (Department of Labor)
4. **Coronavirus State and Local Fiscal Recovery Funds** (Department of the Treasury)
5. **Public Health and Social Services Emergency Fund** (Department of Health and Human Services)
6. **Education Stabilization Fund** (Department of Education)
7. **Coronavirus Relief Fund** (Department of the Treasury)
8. **Supplemental Nutrition Assistance Programs** (Department of Agriculture)
9. **Disaster Relief Fund** (Department of Homeland Security)

Selected GAO Pandemic Reporting Areas

Public Health

Nursing Homes

Medical Supplies (Drug/Medical Supply Chain, Domestic Medical Supply Manufacturing, Strategic National Stockpile)

COVID-19 Testing (Data, Guidance, Funding)

Vaccine and Therapeutics (Vaccine Development, Vaccine Distribution and Administration, FDA Oversight of COVID-19 Vaccine Manufacturing Quality, DOD Vaccination Efforts for Civilians and Servicemembers)

Health Disparities

Medicaid (Enrollment, Financing, Spending, Flexibilities and Waivers)

Medicare Waivers

HHS COVID-19 Funding

Behavioral Health

Health Insurance during COVID-19

Defense Production Act

Emergency Use Authorizations for Medical Devices

Public Health Data Collection and Standardization

Economy

Small Business Programs, State Small Business Credit Initiative

Paycheck Protection Program

Federal Reserve Emergency Lending Programs

Department of Commerce Support for Industries and the Economy

Fraud Risks, Federal Fraud-Related Cases

Economic Injury Disaster Loan Program

Single Audits, Single Audit Compliance Supplement

Shuttered Venue Operators Grants

Restaurant Revitalization Fund

COVID-19 Spending Payment Integrity

Child Care, Child Welfare, Child Nutrition, Head Start, K-12 Education

Coronavirus Relief Fund, Coronavirus State and Local Relief and Recovery Funds, COVID-19 Relief Funding to States and Localities

Taxes – Business

(Tax Relief for Businesses, Tax Relief for Employers, Payroll Tax Deferrals)

Taxes - Individual

(Deduction for Charitable Contributions, 2020 and 2021 Tax Filing Seasons, Advanced Child Tax Credit, Employee Payroll Tax Deferrals)

Economic Impact Payments

Housing Protections, Eviction Moratoriums, Emergency Rental Assistance, Homeowner Assistance Fund

FEMA's COVID-19 Funeral Assistance and Public Assistance Program

Transit Industry, Amtrak Grants, Coronavirus Economic Relief for Transportation Services

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

Unemployment Insurance Programs, UI Fraud Risk Management

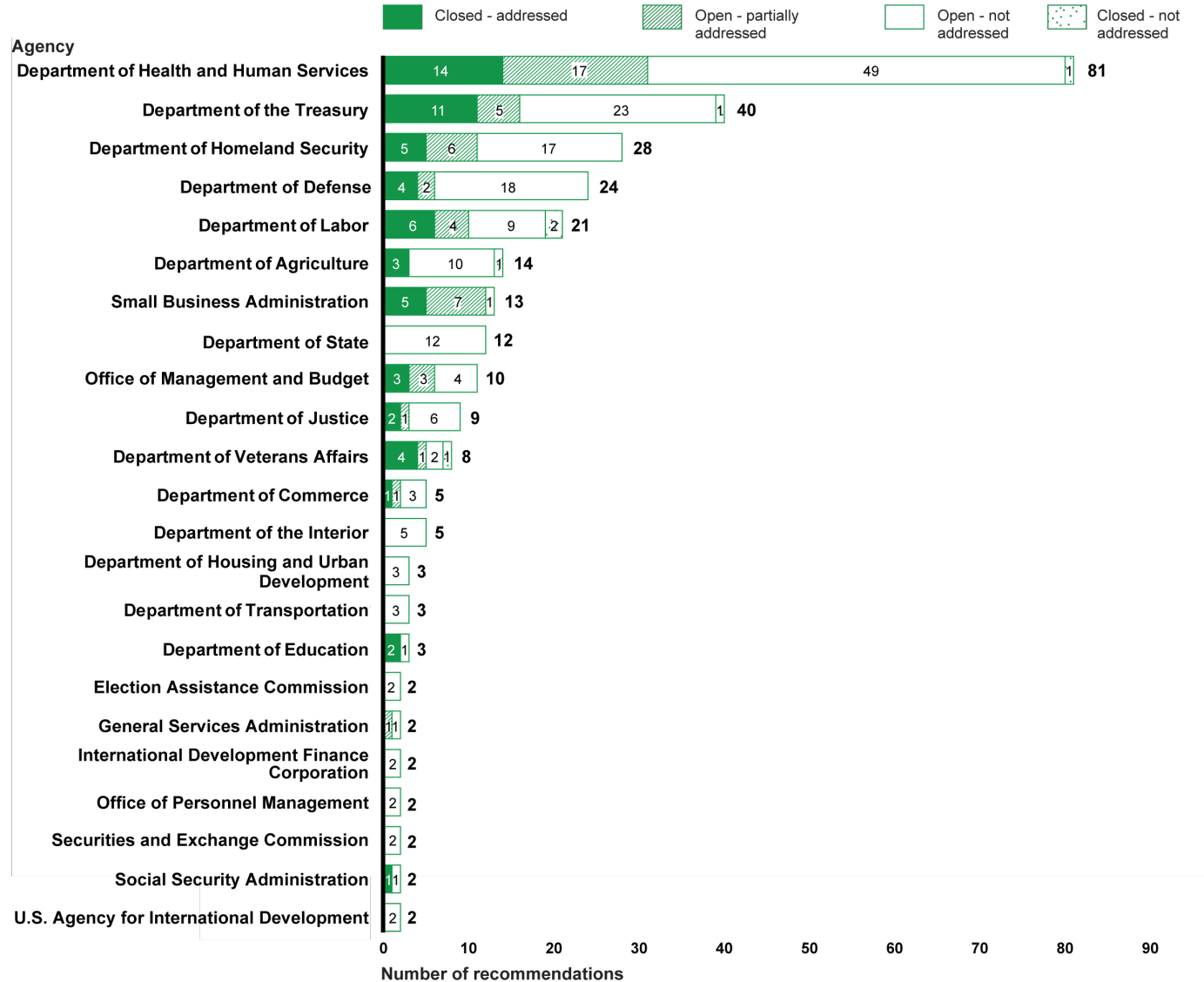
GAO's Work on COVID-19, by the Numbers

March 1, 2020 – August 5, 2022



Source: GAO.

Status of GAO Recommendations

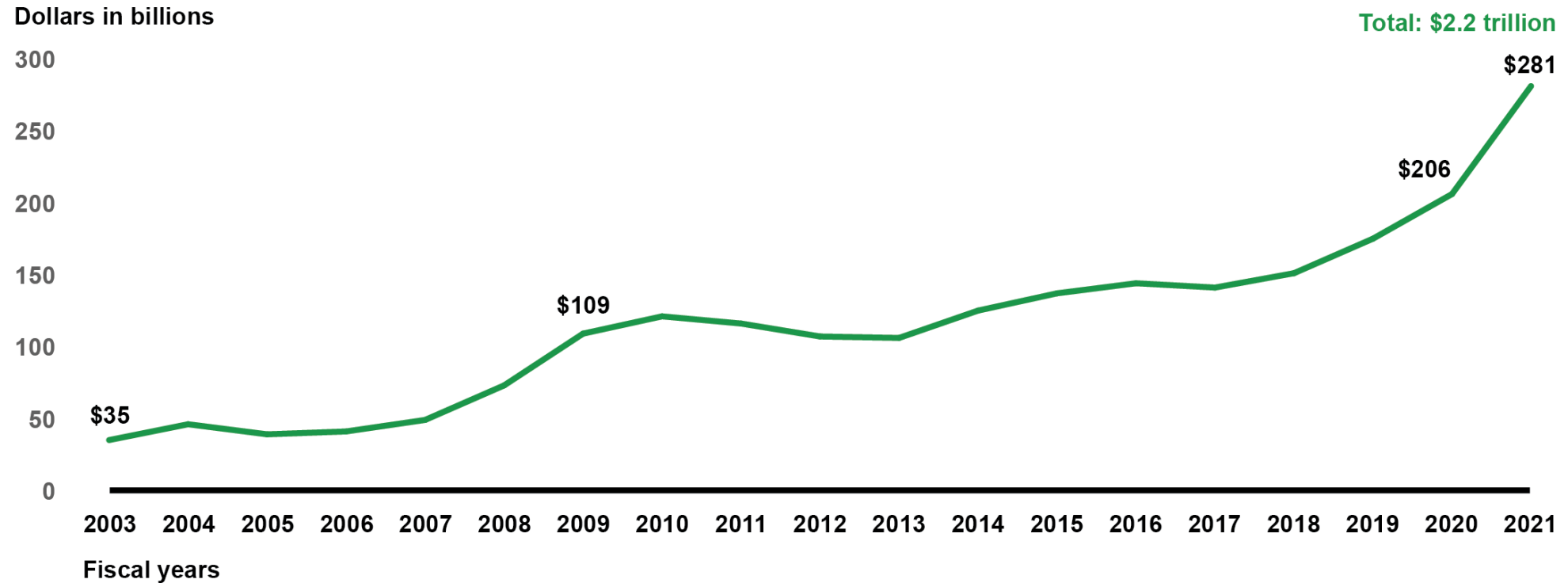


Source: GAO.



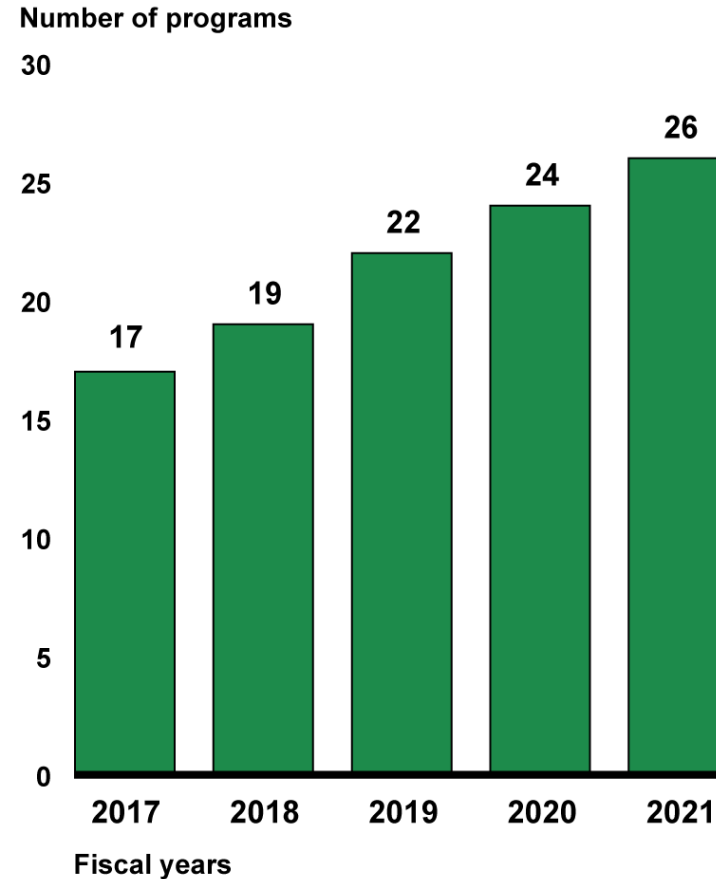
Improper Payments

Cumulative Government-wide Improper Payment Estimates Totaled \$2.2 Trillion (Fiscal Years 2003-2021)



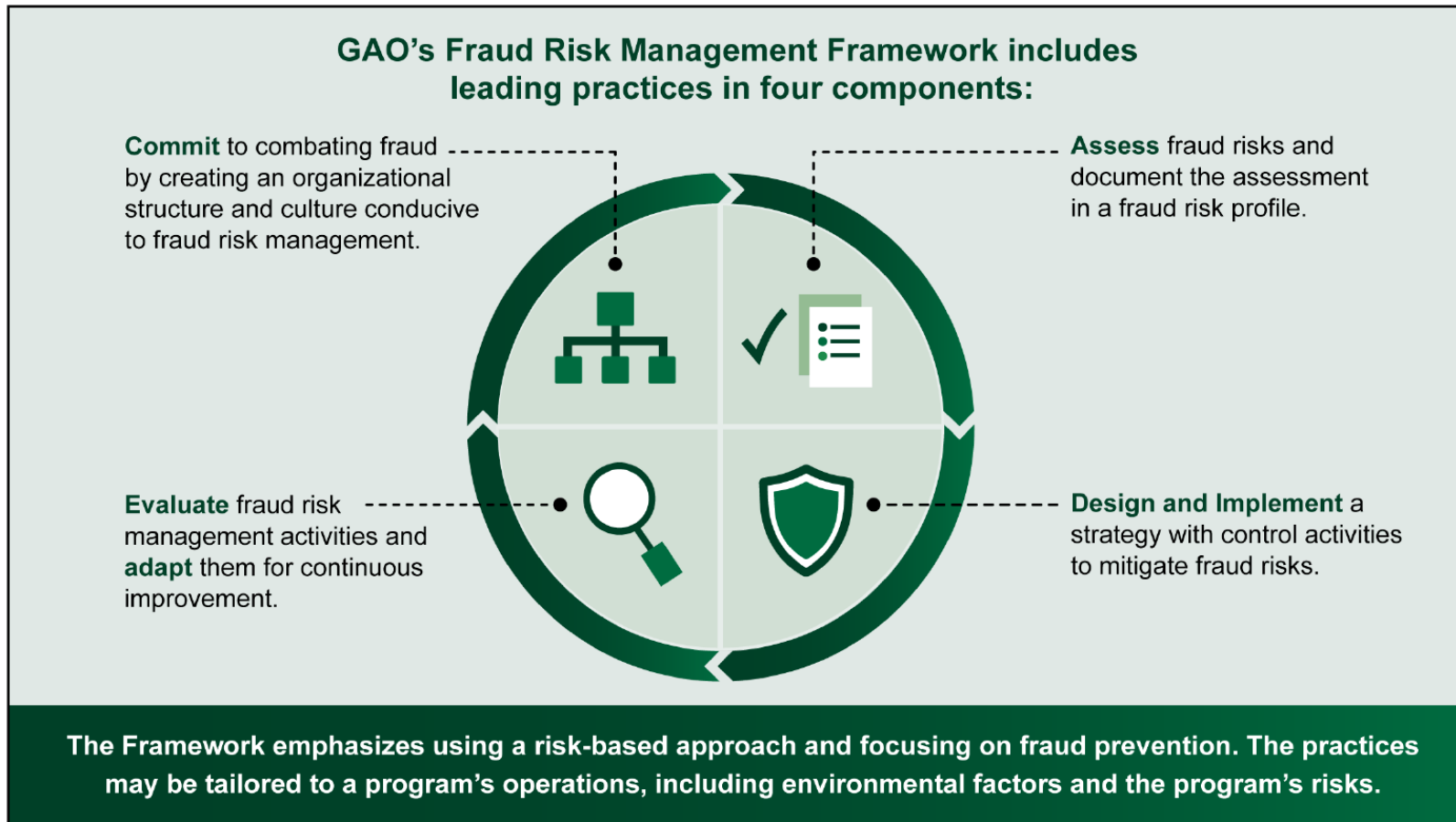
Source: GAO.

Number of Programs Reporting Annual Improper Payment Rates Higher than Ten Percent (Fiscal Years 2017-2021)



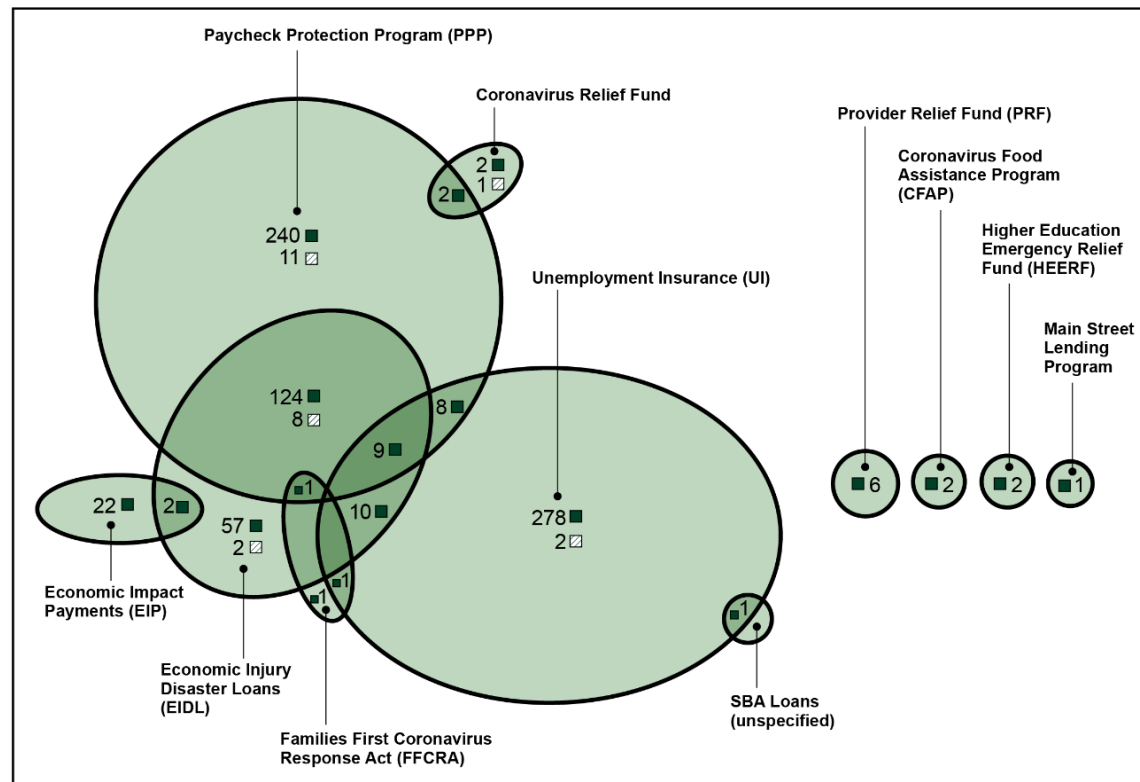
Source: GAO. | GAO-22-105715

Components of GAO's Fraud Risk Framework



Source: GAO. | GAO-22-105715

Number of Individuals That Have Pleaded Guilty to or Were Convicted at Trial of Federal Fraud-Related Charges by COVID-19 Relief Program



Number of individuals

■ Guilty pleas (769)

▨ Convictions at trial (24)

Source: Preliminary GAO analysis of Department of Justice case information.

Data as of Jul. 31, 2022



Actions Needed to Improve Oversight



Matters for congressional consideration to enhance the transparency and accountability of federal spending

- **Program improper payment reporting.** (1) Designate all new federal programs distributing more than \$100 million in any one fiscal year as “susceptible to improper payments,” and, thus, subject to more timely improper payment reporting requirements; and (2) require agencies to report improper payment information in their annual financial reports.
- **Chief Financial Officer (CFO) authorities.** Clarify that agency CFOs have oversight responsibility for internal controls over financial reporting and key financial information; and require agency CFOs to (1) certify the reliability and validity of improper payment risk assessments and estimates and monitor associated corrective action plans, and (2) approve improper payment estimate methodology in certain circumstances.



Matters for congressional consideration to enhance the transparency and accountability of federal spending

- **Fraud risk management reporting.** Reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports. Such reporting will increase congressional oversight to better ensure fraud prevention during normal operations and emergencies.
- **Fraud analytics.** Establish a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.
- **Internal control plans.** Require the Office of Management and Budget (OMB) to provide guidance for agencies to develop internal control plans that can then be put to immediate use for future emergency funding and require agencies to report such plans to OMB and Congress.



Matters for congressional consideration to enhance the transparency and accountability of federal spending

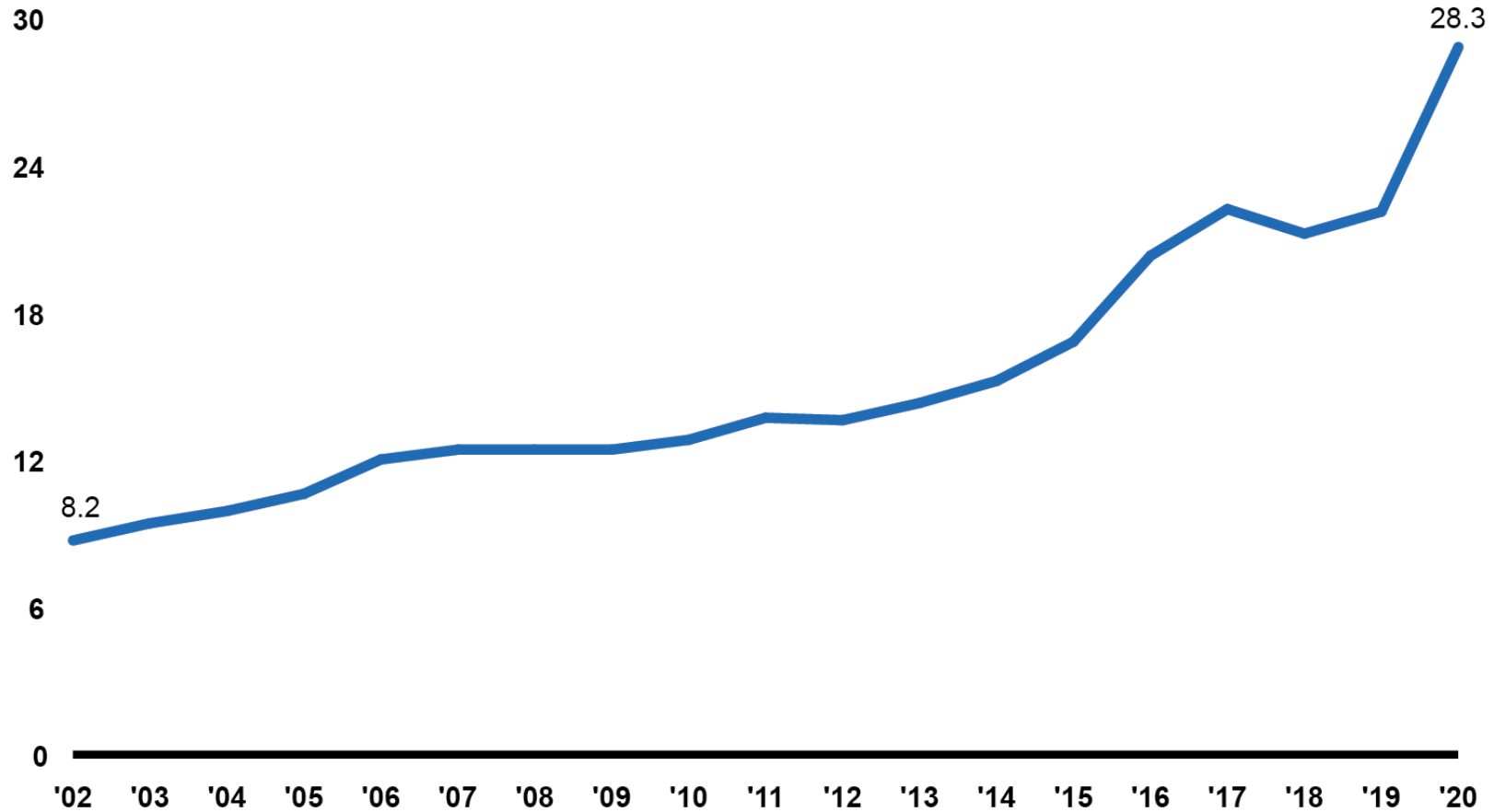
- **USAspending.gov.** (1) Clarify the responsibilities and authorities of OMB and Treasury for ensuring the quality of federal spending data available on USAspending.gov, and (2) extend the previous requirement for agency inspectors general to review agency data submissions on a periodic basis.
- **Data sharing.** Amend the Social Security Act to accelerate and make permanent the requirement for the Social Security Administration to share its full death data with Treasury's Do Not Pay working system.



High-Risk List Updates

High-Risk Area: Drug Misuse

Drug overdose deaths per 100,000 people



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



High-Risk Area: HHS's Leadership and Coordination of Public Health Emergencies

Through our work, we have found persistent deficiencies in HHS's preparedness and response efforts in these areas:

1. **Establishing clear roles and responsibilities** for the wide range of key federal, state, local, tribal, territorial, and nongovernmental partners;
2. **Collecting and analyzing complete and consistent data** to inform decision-making — including any midcourse changes necessary — as well as future preparedness;
3. **Providing clear, consistent communication** to key partners and the public;
4. **Establishing transparency and accountability** to help ensure program integrity and build public trust; and
5. **Understanding key partners' capabilities and limitations.**



High-Risk Area: SBA Emergency Loans for Small Businesses

- Between March and December 2020, the Small Business Administration (SBA) made or guaranteed more than 14.7 million loans and grants totaling about \$744 billion.
- Key findings include:
 - Lack of safeguards and finalized oversight plans.
 - Risk of improper payments and fraud.
 - Inability to support its accounting and related controls.
 - Independent auditor issued disclaimer for years ending Sept. 30, 2021 and 2020, as SBA was unable to provide adequate documentation.

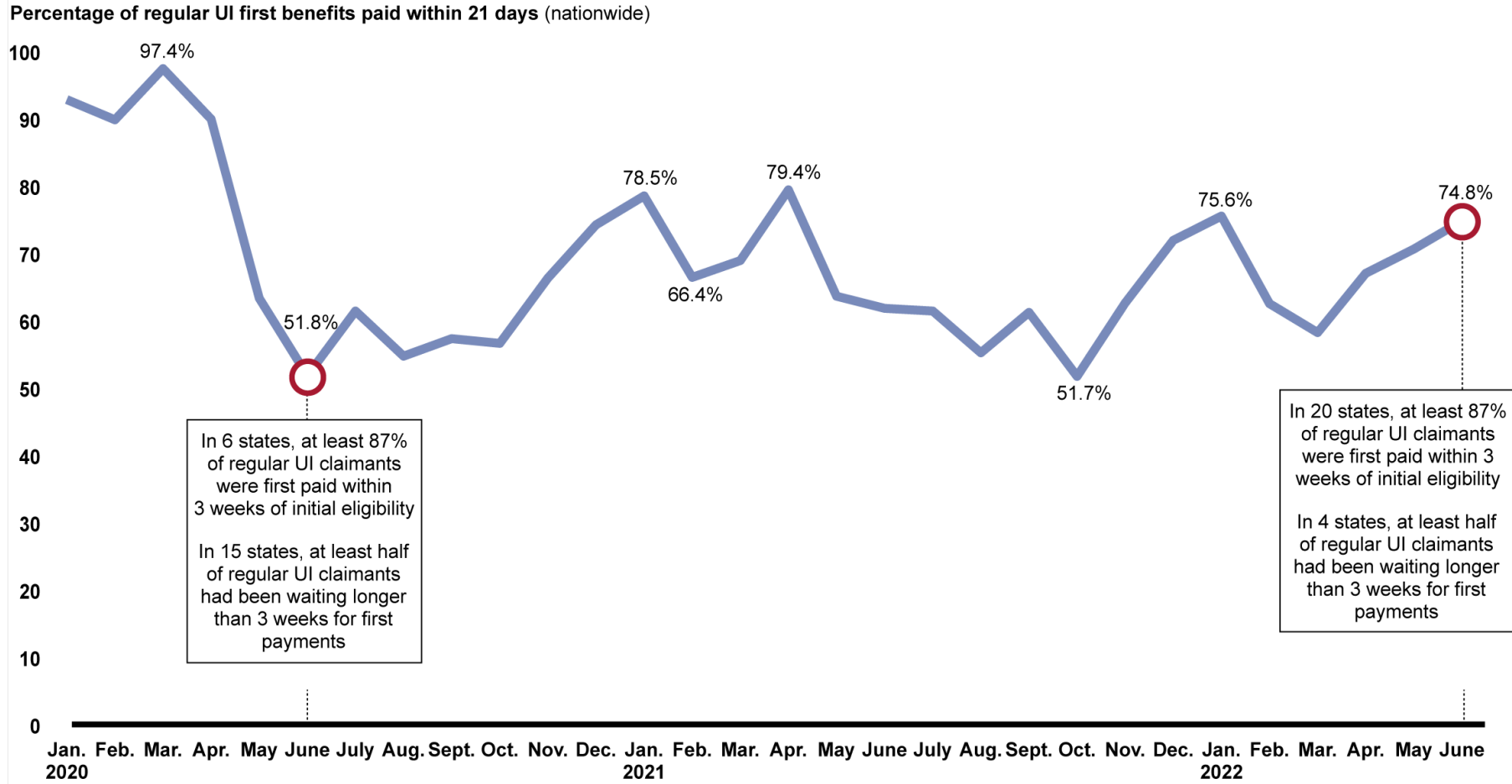


High-Risk Area: SBA Emergency Loans for Small Businesses

- Since June 2020, we have made 8 recommendations to SBA regarding PPP and EIDL. SBA should
 - Develop and implement plans to identify and respond to risks in PPP to ensure program integrity, achieve program effectiveness, and address potential fraud, including in loans of \$2 million or less; (closed)
 - Estimate improper payments and report estimates and error rates for PPP; and
 - Develop and implement portfolio-level data analytics across EIDL loans and advances made in response to COVID-19 as a means to detect potentially ineligible and fraudulent applications.
 - Conduct and document a fraud risk assessment for PPP and EIDL (two separate recommendations);
 - Develop a strategy that outlines specific actions to monitor and manage fraud risks in PPP and EIDL (two separate recommendations); and
 - Implement a comprehensive oversight plan to identify and respond to risks in the EIDL program to help ensure program integrity, achieve program effectiveness, and address potential fraud.

High-Risk Area: Unemployment Insurance (UI) System

Timeliness of Nationwide First Payments of Regular Unemployment Insurance (UI) Benefits



Source: GAO analysis of Department of Labor data on timeliness of first benefits paid for regular UI.



Factors Contributing to Fraud Risk in CARES Act UI Programs

- Reliance on self-certification
- Waiver of waiting period
- Low staffing levels
- Legacy IT systems
- Variation in data analysis across states



UI Programs – Recommendations

- GAO has made 21 recommendations to the Dept. of Labor to improve the UI system. 5 are ones GAO considers priority recommendations.
- There are 5 new recommendations and 16 earlier recommendations that have not been fully implemented by Labor.
- The newest recommendations are:
 - 1) Labor should develop and execute a **transformation plan** that meets GAO's high risk criteria for transformation
 - The plan should outline coordinated and sustained actions to address issues related to providing effective service and mitigating financial risk, including ways to demonstrate improvements.



UI Programs – Recommendations

2) Labor should study and advise the Congress and other policymakers on the **costs, benefits, and risks of various options to systematically support self-employed and contingent workers** during periods of involuntary unemployment outside of declared disasters, including considering options' feasibility and approach to fraud prevention.

3) Labor should ensure the Office of Unemployment Insurance examines and publicly reports on the **extent of and potential causes of racial and ethnic inequities** in the receipt of Pandemic Unemployment Assistance (PUA) benefits. The report should also address whether there is a need to examine racial, ethnic, or other inequities in regular UI benefit receipt, based on the PUA findings.



UI Programs – Recommendations

4) Labor should ensure the Office of Unemployment Insurance review the **customer service challenges** that states faced during the pandemic; identify comprehensive information on **customer service best practices**; and **provide states with this information** to assist them in improving service delivery.

5) Labor should ensure the Office of Unemployment Insurance assesses **lessons learned** from the pandemic to inform its future disaster response efforts and support the Congress on ways to address future emergencies.



Strategic Plan and Foresight

U.S. GOVERNMENT
ACCOUNTABILITY
OFFICE

TRENDS

AFFECTING GOVERNMENT
AND SOCIETY

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



KEY EFFORTS

2022-2027

*Serving Congress
and the Nation*

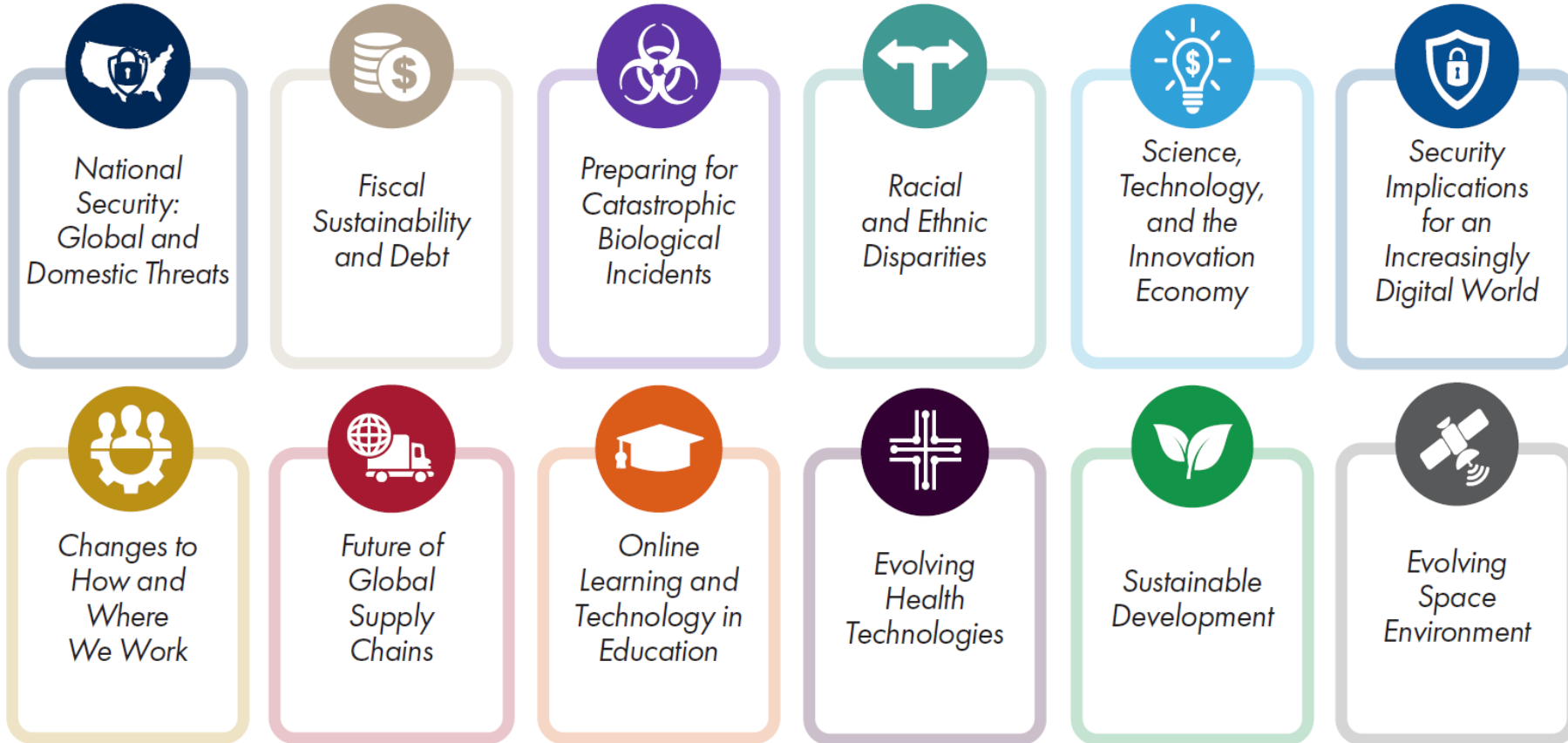


STRATEGIC PLAN

2022-2027

*Serving Congress
and the Nation*

GAO Strategic Plan: Trends Affecting Government and Society



Debt Held by the Public Projected to Grow Faster Than GDP

Percentage of gross domestic product

250%

200

150

100

50

0

1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000 2010 2020 2030 2040 2050

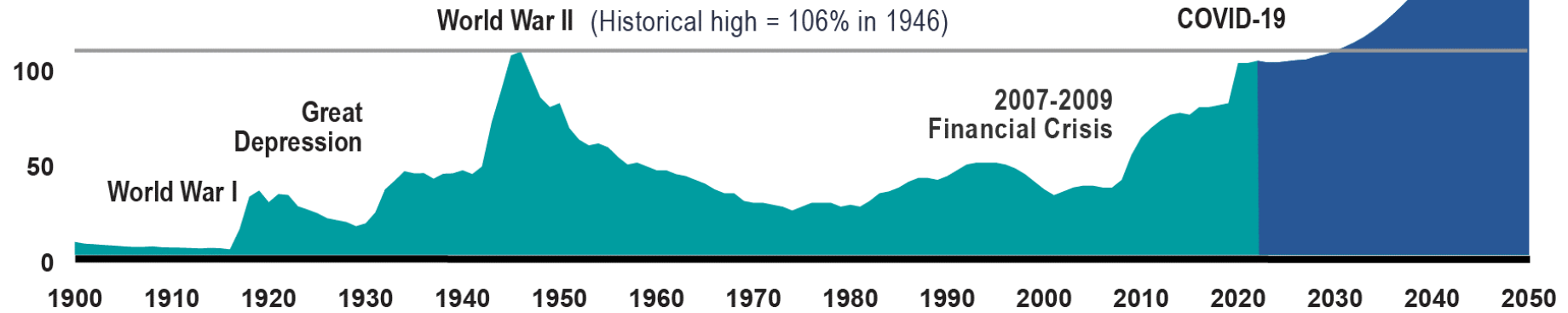
Fiscal year



Actual

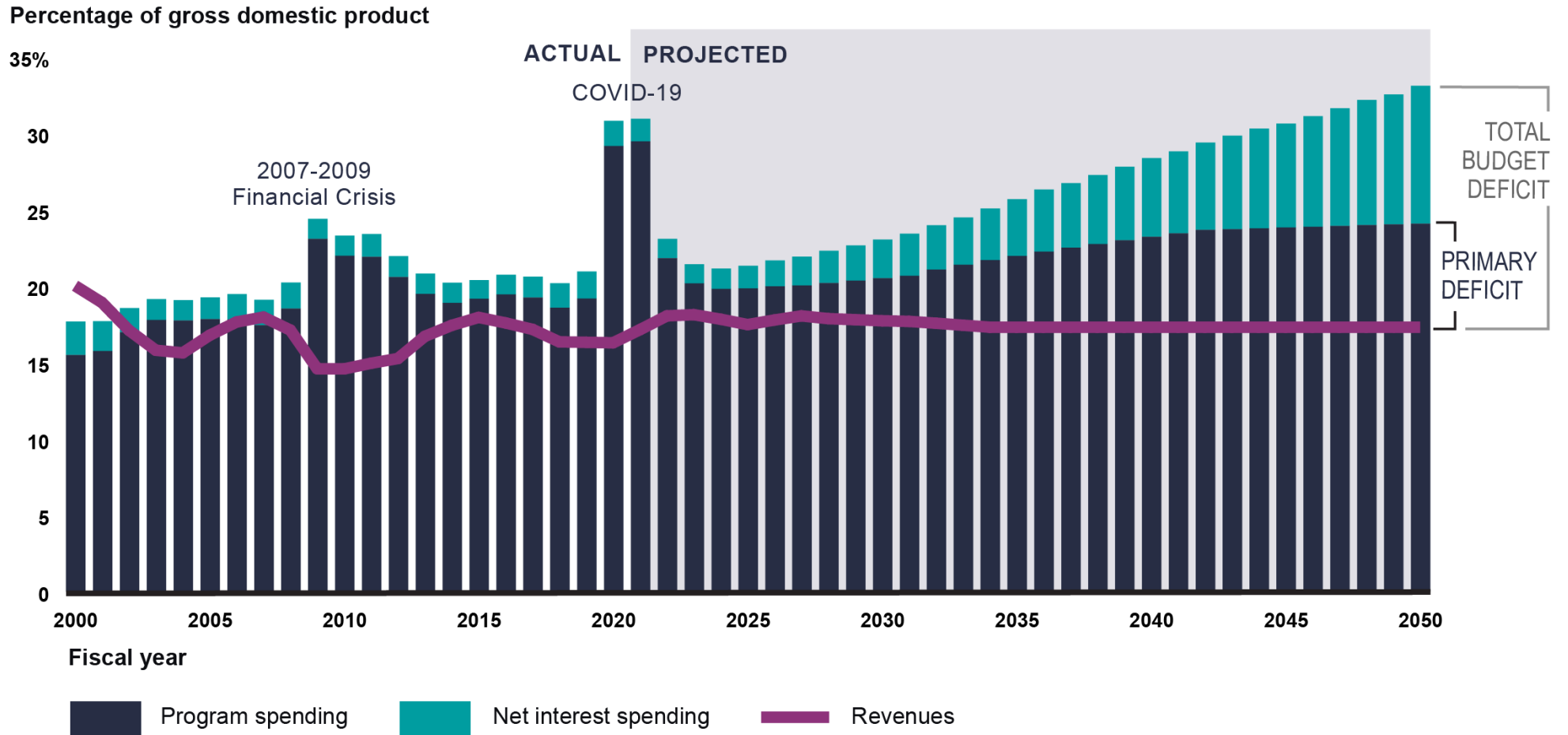


Projected



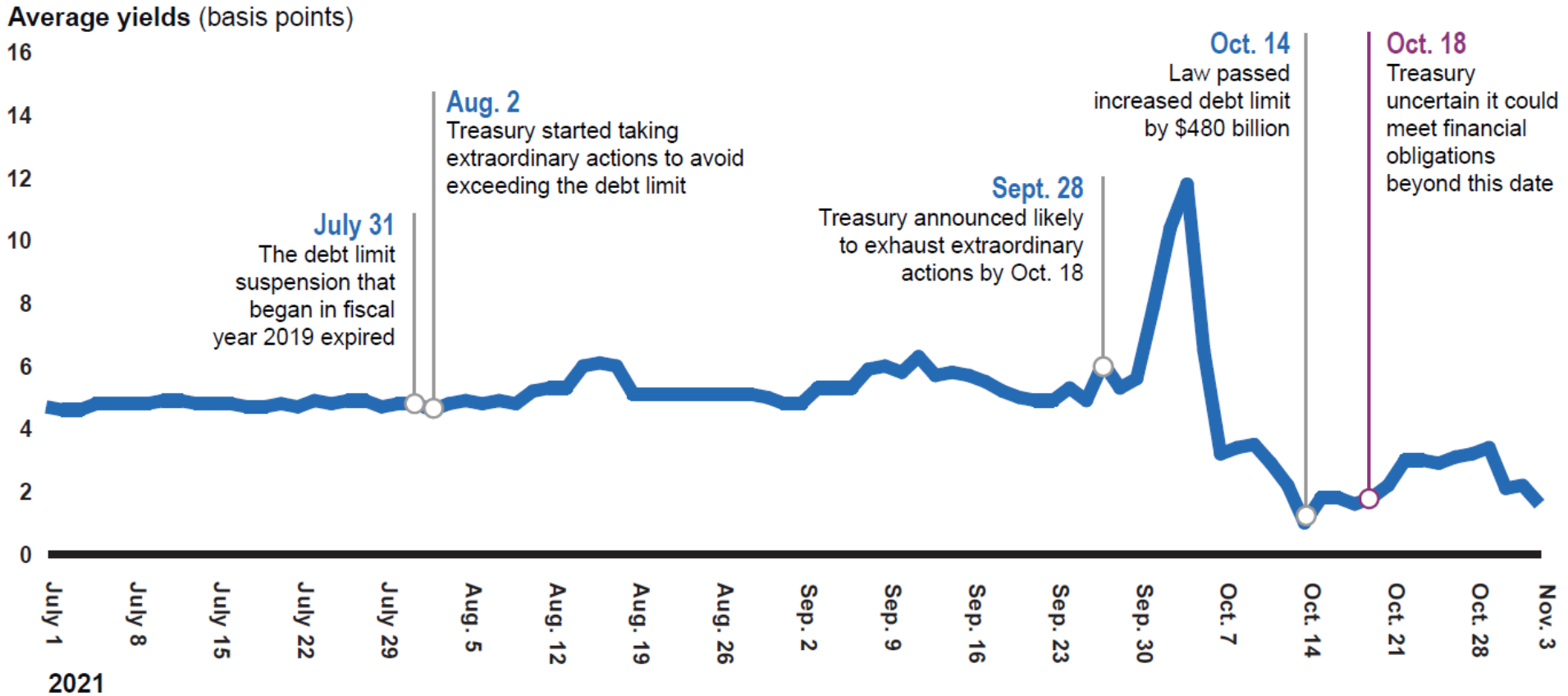
Source: GAO analysis of Congressional Budget Office historical data and GAO simulation. | GAO-22-105376

Primary Deficit and Total Budget Deficit



Debt Limit Impasses Disrupt Treasury Markets and Increase Interest Costs

Average Secondary Market Yields on Treasury Bills Maturing in Oct.-Nov. 2021



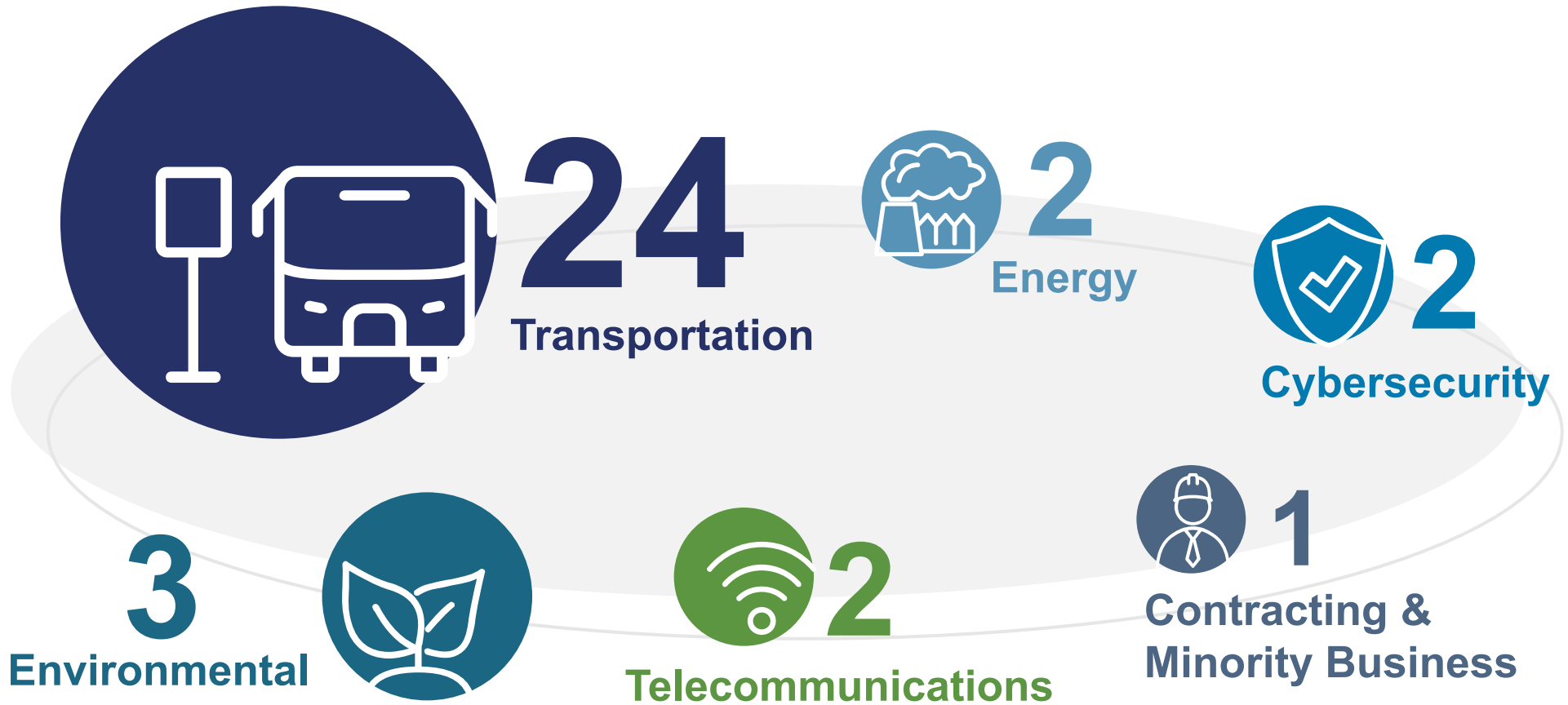
Source: GAO analysis of Bloomberg data. | GAO-22-105376



Infrastructure Oversight: Intergovernmental Coordination

Snapshot of IJA's GAO Mandates

IJA includes 35 mandates, mostly focusing on transportation issues:



Transportation Mandates



24 mandates focused on transportation programs:

- 9 on discretionary transportation grants
- 8 on transportation safety
- 4 on passenger and freight rail
- 2 on roads and bridges
- 1 on DOT operations

10 on-going mandates, including:

- Highway Removal and Capping
- Crash Test Dummies
- FTA Capital Investment Grants
- Motor Carrier Complaints

*GAO plans to initiate
7 additional mandates
by the end of 2022.*



Q&A



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