2009 ANNUAL REPORT

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD

Breaking Ground

RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD

CONTENTS

1 **MESSAGE FROM THE CHAIRMAN**
Chairman Earl E. Devaney discusses the establishment of the Recovery Board and its commitment to accountability and transparency.

4 **THE RECOVERY BOARD'S STORY**
A new government board was created to help private citizens see how their money is being spent and to minimize fraud, waste, and mismanagement of Recovery funds.

13 **THE ROAD TO RECOVERY.GOV VERSION 2.0**
The Board developed two websites to fulfill the mission of providing citizens the ability to view and track the details of how their money is being spent.

18 **PREVENTING FRAUD & WASTE**
The Board's accountability program, like the rest of its operations, had to be implemented swiftly. The Board, IG community and investigators in state agencies around the country are focused on preventing fraud, not just detecting it.

23 **APPENDICES**
This section provides the Recovery Board Organizational Chart, Board Committee Information, Key Oversight Indicators, and a list of the Board's Congressional and Other Public Appearances.

NOVEMBER 2009

Message from the Chairman...

Earl E. Devaney

Current Position: Chairman of the Recovery Board

Previous Position: Inspector General for the Department of the Interior

Educational Background: Bachelor of Arts, Franklin and Marshall College

In the nine months since the signing of the American Recovery and Reinvestment Act of 2009, much attention has been focused on the Recovery Board's efforts to report on the progress of the $787 billion economic Recovery program. With each uptick in the nation's unemployment rate, public pressure has grown to get the dollars flowing quickly while at the same time increasing the importance of transparency and oversight of the program.

This Annual Report, required by the Recovery Act, documents the start-up of the Recovery Board and provides a first look at how we are navigating through uncharted territory in an effort to bring openness and full disclosure of Recovery spending to the American people. For many on the Board, this is a unique report. We are accustomed to doing audits and investigations, but the Recovery program is too new to have produced that kind of report. More accurately, this report is meant to be a testament to the ongoing efforts of Recovery Act transparency.

In recent weeks, tens of thousands of recipients of Recovery funds submitted data reports to the federal government. That data was promptly posted on our website, Recovery.gov, giving citizens historic insight into how their tax dollars are being spent.

The Board is reviewing these data reports closely to help minimize fraud and waste, and we will be encouraging swift enforcement action when serious problems arise. Furthermore, we ask that millions of "Citizen IGs" who live in the neighborhoods where Recovery dollars are being spent join in the oversight effort.

To launch two complex websites—one to collect recipient data and a second to publicly display that data in a user-friendly fashion—has required tremendous effort and collaboration with other federal agencies, including the Environmental Protection Agency. In addition, we want to recognize the Inspectors General, investigators, procurement officers and officials at the federal, state and local level who have pulled together in an unprecedented cooperative effort to develop oversight of these funds.

The General Services Administration and the Office of Management and Budget deserve special credit for invaluable assistance in the challenging task of developing the initial Recovery.gov website last February and for helping us stand up a brand new agency.

Our plan is not perfect, and we are prepared to reposition, rework and revise as necessary to handle the volume and oversight of data that will be coming through the Board in the months and years ahead. But what will not change is our fierce commitment to accountability and transparency.

Earl E. Devaney

THE RECOVERY BOARD

The Chairman and the 12 Inspectors General who serve on the Recovery Board are charged in the American Recovery and Reinvestment Act of 2009 with developing a system of transparency and accountability for the $787 billion Recovery initiative.

Although only 12 agency Inspectors General serve on the Recovery Board, a total of 28 federal agencies received Recovery monies, and 29 Inspectors General are involved in oversight of those agency spending programs. As a result, the Board has worked to bring the IG community together to develop initiatives that will increase prevention activities and help minimize fraud and waste in expenditure of the Recovery funds.

POWERS & FUNCTIONS OF THE RECOVERY BOARD

To fulfill its oversight mission, the Board was given specific powers and functions under the Recovery Act.

Powers - The Board Can:

- ✓ Audit and review stimulus spending either on its own or in collaboration with federal Inspectors General.
- ✓ Issue subpoenas to carry out its audit and review responsibilities.
- ✓ Refer instances of fraud, waste and mismanagement to federal Inspectors General.
- ✓ Hold public hearings and compel testimony through subpoenas.
- ✓ Enter into contracts for audits, studies, analyses and other services with public agencies and private entities.

Functions - The Board Shall:

- ✓ Review whether there are sufficient and qualified acquisition and grant personnel overseeing Recovery Act funds.
- ✓ Submit quarterly and annual reports to the President and Congress as well as "flash reports" on potential problems that require immediate attention.
- ✓ Make all reports publicly available through the Recovery.gov website.
- ✓ Make recommendations to federal agencies on measures to prevent fraud, waste and mismanagement of Recovery Act funds.

AGENCIES & INSPECTORS GENERAL CHARGED WITH RECOVERY FUNDS DISTRIBUTION AND OVERSIGHT RESPONSIBILITIES

NAME	RECOVERY AGENCY	INSPECTOR GENERAL OVERSIGHT	RECOVERY BOARD MEMBER *
Agency for International Development	✓	✓	
Amtrak		✓	
Corporation for National and Community Service	✓	✓	
Department of Agriculture	✓	✓	✓
Department of Commerce	✓	✓	✓
Department of Defense	✓	✓	✓
Department of Education	✓	✓	✓
Department of Energy	✓	✓	✓
Department of Health and Human Services	✓	✓	✓
Department of Homeland Security	✓	✓	✓
Department of Housing and Urban Development	✓	✓	
Department of the Interior	✓	✓	✓
Department of Justice	✓	✓	✓
Department of Labor	✓	✓	
Department of State	✓	✓	
Department of Transportation	✓	✓	✓
Department of Treasury	✓	✓	✓
Department of Veterans Affairs	✓	✓	
Environmental Protection Agency	✓	✓	
Federal Communications Commission	✓	✓	
General Services Administration	✓	✓	
National Aeronautics and Space Administration	✓	✓	
National Endowment for the Arts	✓	✓	
National Science Foundation	✓	✓	
Railroad Retirement Board	✓	✓	
Small Business Administration	✓	✓	
Smithsonian Institution	✓	✓	
Social Security Administration	✓	✓	
Treasury Inspector General for Tax Administration		✓	✓
US Army Corps of Engineers	✓		
Total Participating	**28**	**29**	**12**

Inspectors General Who Serve on the Recovery Board

The Recovery Board's Story

BACKGROUND

Starting a new government agency is a formidable task under the best of circumstances. But if, at the same time, the agency being created is designated to watch over the expenditure of the largest federal spending initiative ever undertaken, the challenges increase exponentially.

When Congress passed and the President signed into law the American Recovery and Reinvestment Act of 2009, they created the Recovery Accountability and Transparency Board. With a twin mission of ensuring accountability and transparency in Recovery spending, the Recovery Board was directed to establish and maintain a user-friendly website that would provide historic levels of transparency on how $787 billion in Recovery funds are being spent. In addition, the Board was directed to create a process to help prevent fraud, waste and abuse.

Developing the infrastructure necessary to accomplish a charge this broad could easily have taken a year or two, but that timetable was unacceptable. The Recovery Act required a quick set-up and there simply were too many taxpayer dollars at stake for delay.

Against that backdrop, a new government board was created from the ground up to help all Americans see how their money is being spent and to capture data on thousands of projects undertaken with Recovery funds. At the same time, the Board and its staff began working with state and local officials in an unprecedented cooperative effort to head off misappropriation of money and to take quick and consistent action against those who misuse the funds.

Given the tough economic times and the loss of millions of jobs in less than two years, Americans are increasingly demanding even more accountability and transparency in their government programs. The job of the Recovery Board is to make certain that the public gets both what it is demanding and deserves.

TDOT crew installs Recovery Act logo signage along state Route 66 in Sevier County, Tennessee. Photo courtesy of Tennessee Department of Transportation

THE BOARD

On Feb. 23, 2009, six days after signing the Recovery Act, the President tapped Earl E. Devaney, the Inspector General of the Department of the Interior, to be Chairman of the Recovery Board. Devaney and fellow Board members immediately moved to hire and borrow a team of professionals to take on the work ahead.

The Board's staff initially worked from existing offices at the Interior Department, but within two months permanent office space was located and occupied in downtown Washington. Fortunately, little needed to be done to the offices in order to move in;

getting telephones, computers, furniture, and equipment in place was a more difficult undertaking.

Some tasks, such as printing stationery, getting listed in the phone book and designing a logo, were relatively easy but all took time—and time was the one thing the Board did not have.

Even tougher challenges awaited action, specifically meeting the law's requirement for a highly transparent, detailed and public-facing website and designing a massive accountability and enforcement operation.

The legislation creating the Board identified 10 federal Inspectors General who with the Chairman would serve on the governing body, and outlined some of the duties and actions that must be undertaken. The President quickly appointed two more Inspectors General, and the 13-member Board went to work creating governing documents and dividing up into three standing committees. The committees quickly executed two new major initiatives—development of a new website, and an accountability program. They also established close ties with the Recovery Funds Working Group, which had been previously constituted under the auspices of the separate Council of Inspectors General on Integrity and Efficiency. That group includes all 29 Inspectors General with Recovery oversight responsibilities.

THE WEBSITE

Even before Congress passed the Recovery legislation, the Office of Management and Budget (OMB) and the General Services Administration (GSA) were developing the first version of the Board's website, www.recovery.gov. Consequently, Recovery.gov was ready to go live the moment the President signed the bill into law. Any question about the degree of public interest in the Board's activities was erased instantly as e-mails began arriving the minute the site was up and running. In those first moments, the website logged an estimated 4,000 hits per second.

Despite the best efforts of GSA and OMB, the website needed more transparency and information features to give the public a clear picture of where the Recovery money was being spent – and on what. An evaluation of the original website by a non-profit research organization concluded that significant improvements would be needed to provide accountability and transparency on spending and contracting, as envisioned by the Recovery Act.

In addition, the Board's information technology staff faced the challenge of finding a way to capture large amounts of data from recipients of grants, loans and contracts issued by 28 federal agencies. How to collect that data from recipients and then get it into a format to be posted on the Recovery.gov website quickly was the principal challenge.

OIG SPOTLIGHT

UNIQUE RECOVERY ACT REVIEW

Office of Inspector General, Social Security Administration

The SSA received $500 million in Recovery Act funds to address retirement and disability workloads. The SSA fully funds the salaries and costs of certain state employees who perform critical work in the SSA's disability program. However, because of the recent economic downturn, several states have furloughed employees, including disability determination staff. The SSA-OIG issued a report on the impact of state employee furloughs on the disability program. The report provides critical information on how these furloughs will impact the SSA's ability to process disability work. The SSA-OIG also notes that because fewer disability decisions will be made in states that have furloughed disability determination staff, there will be a negative impact on the flow of money in the U.S. economy.

The Board had two choices: either spend precious time fixing the differing legacy computer systems that exist throughout the government and making them interact in unprecedented ways, or start from scratch and build a new government website that would receive the reporting data in the form needed to move it quickly to the public-facing website, Recovery.gov. The IT team ultimately opted to start from scratch and create a new major website, FederalReporting.gov, to gather the recipient reporting data. That decision saved millions of dollars but also added to the time pressures.

To speed development, the Board utilized an existing contract held by the Environmental Protection Agency to build FederalReporting.gov to collect the recipient data, then worked with GSA to craft and advertise another contract to build a newer version of Recovery.gov. The redesigned Recovery.gov addressed the shortcomings of the initial site and was equipped to interact with FederalReporting.gov so data could be posted in a transparent fashion. The Board dubbed the redesign of the website "Recovery.gov 2.0."

In an effort to maximize public input, the Board also teamed up with OMB and the National Academy of Public Administration to conduct a week-long electronic town hall meeting during which participants were encouraged to provide their ideas on how the website could give them the most information possible about Recovery spending and contracting.

More than 500 people—average citizens, IT specialists and website development experts—registered and offered ideas during that forum. Some of these ideas were included in the 2.0 version of Recovery.gov and others will be considered in future redesign initiatives.

Normally, writing up the specifications, objectives and technical design requirements for this sort of a website development contract could take as long as six months, but through collaborative efforts it was accomplished in three weeks. The Board was also able to speed the competitive bidding process as well by using GSA's Alliant Government-Wide Acquisition Contract initiative. Under that initiative, 59 companies had previously qualified to bid on technology contracts, allowing the procurement process for development of the new Recovery.gov to be completed in just 39 days rather than the average 268 days for contracts of this size and complexity.

The Board dubbed the redesign "Recovery.gov 2.0."

Time pressures and the risk involved in tackling the redesign and development were so great that only three companies eventually submitted bids. A panel of IT experts, after a thorough evaluation of the bids, selected a Maryland company, Smartronix, to build, host, operate and maintain the site.

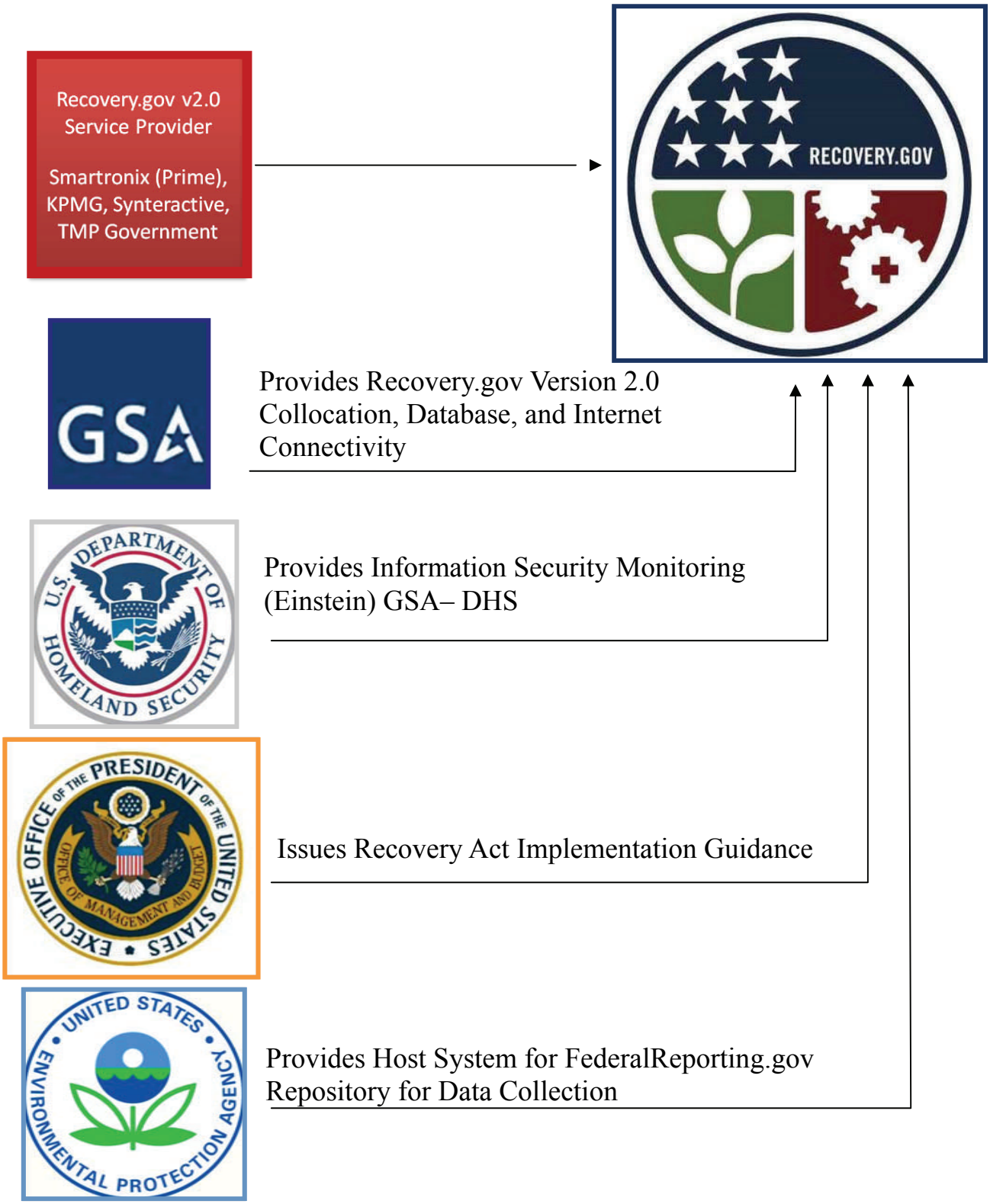
OIG SPOTLIGHT

NATIONAL AUDIT GUIDE

Office of Inspector General, Department of Education

The Department of Education received $98.2 billion of Recovery Act funds. Prior to initiating audits of those funds in multiple states, Education OIG staff created a national audit guide to address high-risk areas of sub-recipient monitoring, data quality, cash management, and use of funds. To increase the potential coverage of these areas, the Education OIG has offered the audit guide to state and local auditors across the country and shared it with more than 25 audit organizations to date, including those in California, Nebraska, Iowa, Maine, and Texas.

Infrastructure of RECOVERY.GOV VERSION 2.0



PREVENTING FRAUD AND WASTE

Historically, Inspectors General across the federal government have operated as independent agents. By law, they have the authority to investigate or audit anything that affects the efficient operations of their own agencies. Although Inspectors General take action to prevent fraud, waste, and abuse, traditionally much of their work focuses on after-the-fact audits or investigations of agency spending and programs.

But the passage of the Recovery legislation and establishment of the Board has changed that paradigm dramatically. Inspectors General and others in the oversight community have joined together to leverage their workforces and put together programs that will minimize fraud and waste in Recovery spending—and, most importantly, focus on preventing misconduct from happening in the first instance.

Soon after organizing, the Board determined that the IG structure should be leveraged rather than superimposing another layer of auditors and investigators on what already existed. As a result, the Board staff began working closely with the Recovery Funds Working Group to develop systematic processes for coordinating and leveraging the combined resources of all 29 IG offices involved in Recovery oversight. Before long, the working group agreed on governance rules and an agenda that would help the IG community take on the challenge of minimizing fraud and waste. This "value added" approach is the driving force behind the Board's accountability strategy.

The Board also developed a strong network of personal contacts among senior procurement executives across the federal government. At the same time, a similar solid working relationship was forged with state and local oversight entities, the Government Accountability Office, the Department of Justice and leading Recovery officials in each of the 28 agencies receiving Recovery monies.

One well-received initiative is a brochure containing a detailed pre-award and award checklist that outlines specific contracting requirements in the Recovery Act and OMB guidance. The checklist covers everything from whether the word "Recovery" is included in the solicitation announcements to whether the award includes the required clauses on contractor reporting, whistleblower protections and "Buy American" stipulations. The checklist covers most of the documentation and announcement requirements for contracts involving Recovery funds. Some 2,000 brochures already have been distributed to various government agencies and another 4,000 have been ordered to meet the demand.

The Board has also established certain boundaries. For instance, the Board is not in the business of determining the merit of a given project, such as whether a bridge or highway should have been built. The Board is committed to a strong preventative approach on the front end of the contracting process to stop improper activities before they occur. The more attention given to the early stages of contracting, the greater the chance of avoiding fraud and waste in the later stages.

OIG SPOTLIGHT

WHISTLEBLOWER PROTECTION TRAINING

Office of Inspector General, Department of the Interior

The Recovery Act provides new protections for non-federal employees reporting waste, fraud, and mismanagement of Recovery funds. The DOI-OIG's Whistleblower Protection Awareness presentation offers an overview of protections from employer retaliation for certain non-federal employees. More than 500 DOI contracting officers, program managers, and budget and financial personnel have received these presentations. In a joint venture with the Department of Justice and other Inspectors General, the DOI-OIG participated in the special training for more than 800 California state financial and management employees responsible for nearly $60 billion of Recovery money.

The belief is that this new culture of prevention will lessen the necessity of post-award "detecting.''

The Board, therefore, is engaged in a vigorous front-end review of contract awards. By late August, the staff had reviewed about 85 percent of the roughly 5,300 federal contracts awarded up to that time. Beginning in early September, the review effort was accelerated and the staff began reviews of all Recovery related contracts awarded and had alerted various funding agencies to problems and issues. Most of the problems were minor, the sort of administrative mistakes that can be easily fixed to help agencies monitor contracts more effectively. Identifying these types of mistakes early on should smooth and improve the process as the volume of contracts increases in coming months.

More serious problems are being sent to the relevant Inspector General for review. Already, the Board has forwarded 135 matters to various IGs. In each instance, the Board has received written confirmation from the IGs indicating what actions they have taken, including, when appropriate, audits and investigations. Once their work is completed, the IGs will send their findings to the Board.

Other Board initiatives that will benefit investigators are under way. For instance, the Board is developing software analytics that will provide broad analysis of Recovery spending and identify possible irregularities.

This tool, which was acquired under a GSA program designed to benefit disabled veterans, will be value-added to the referrals sent out by the Board to the Inspectors General.

Recovery Board staff members conduct a training session for the Defense Criminal Investigative Service.

Separately, training on fraud awareness and Recovery Act responsibilities is a major part of the accountability program. In this critical area, the Board relies on the IG offices that oversee Recovery spending. Inspectors General have sponsored training initiatives for more than 46,000 contracting and grant officials at state and federal levels as well as recipients of Recovery monies.

OIG SPOTLIGHT

Fraud Awareness Briefings

Office of Inspector General, Department of Energy

The DOE-OIG has been aggressively expanding its fraud awareness briefing program. During these presentations to Department officials, contractors, state and local oversight agencies, and Recovery Act recipients, common fraud schemes and indicators are highlighted, serving to educate individuals on specific vulnerabilities within the programs, contracts and grants they oversee. The briefing process enhances the DOE-OIG's "eyes and ears'' as well as the Department's overall ability to prevent and detect fraud. Fraud awareness briefings also alert recipients (contractors, grantees, others) to the DOE-OIG's oversight role, and expose them to potential adverse ramifications of the misuse of Recovery funds. As of July 31, DOE-OIG personnel had provided extensive fraud awareness briefings to nearly 8,000 federal, state, and local officials.

Contract Checklist

Pre-Award & Award

Recovery Accountability and Transparency Board

Washington, DC

Award Checklist

1. If an award was not competitive, was it documented in the contract file as required by the FAR and Agency policy?
YES___NO___

2. Was the contractor determined to be responsible and was verification conducted to ensure the contractor was not listed in the Excluded Parties List System at www.epls.gov?
YES___NO___

3. Was the award announced on FBO?
YES___NO___

4. Is the FBO award announcement appropriately identified by:
- including the word "Recovery" as the first word in the *Title* field (if notices are submitted electronically via ftp/email)? YES___NO___, or
- selecting "yes" for the field "Is this a Recovery and Reinvestment Act action" on the *Notice Details* form (Step 2) located below the NAICS Code field? YES___NO___

5. Was a summary of the action, including a clear, plain language description of the required products or services (including construction), posted on FBO?
YES___NO___

6. Regardless of dollar value, if the contract action, including all modifications and orders issued under task or delivery order contracts, is not both fixed price and competitive, does the description in the FBO award notice announcement include a rationale for using other than a fixed price and/or competitive approach?
YES___NO___

7. Was the action reported in FPDS?
YES___NO

8. Did the FPDS entry include the TAS in the *Description of Requirement* field in the proper format?
YES___NO___
TAS::XX XXXX XXX::TAS

References

The Recovery Board's Contract Checklist brochure assists agency personnel with Recovery Act and Office of Management & Budget (OMB) contracting requirements.

OIG SPOTLIGHT

Ensuring Adequate Oversight

Office of the Inspector General, Department of Veterans Affairs

The VA-OIG has five Recovery Act-related reviews in process. These include an evaluation of Veterans Health Administration (VHA) oversight of $1 billion in Recovery Act funds for medical facility non-recurring maintenance projects; an evaluation of VHA controls for state extended care facility grants totaling $150 million; an evaluation of Veterans Benefits Administration productivity for claims processing staff hired with $150 million in Recovery Act funds; an evaluation of National Cemetery Administration management for monument and memorial repairs; and a survey of VA contracting and grants management staffing and staff qualifications.

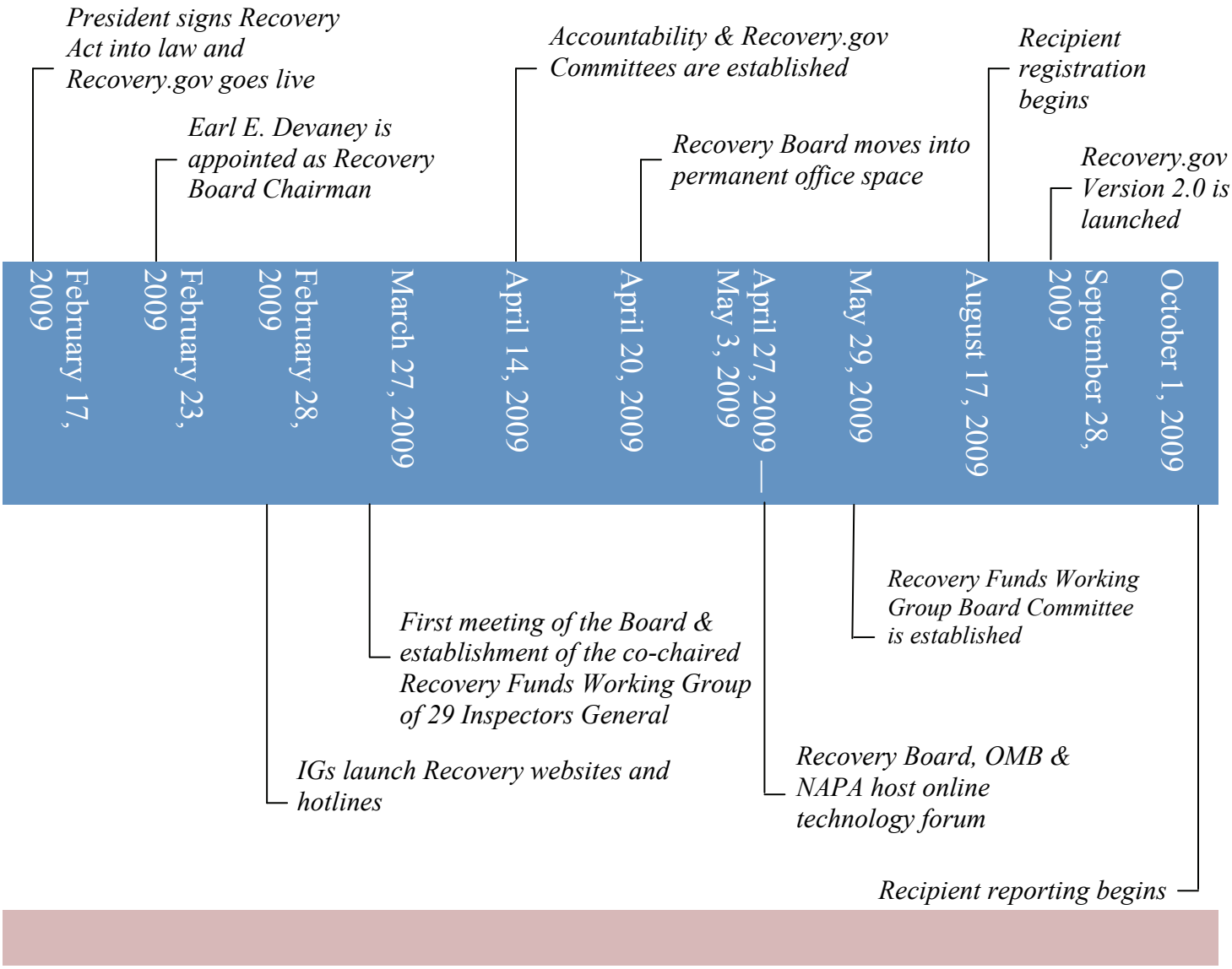
Moving Forward...

In a perfect world, all these accountability, transparency and training efforts would stop fraud and waste dead in their tracks. But given the large amount of money involved, the variety of projects being funded and the speed with which contracts and grants are being awarded, that is not realistic. Still, the Board will have millions of "Citizen IGs" all over the country who find potential abuses on the website based on the recipient reporting that began on Oct. 1. Many of the problems that these "Citizen IGs" identify might never have come to light without the unprecedented reporting and transparency required by the Recovery Act.

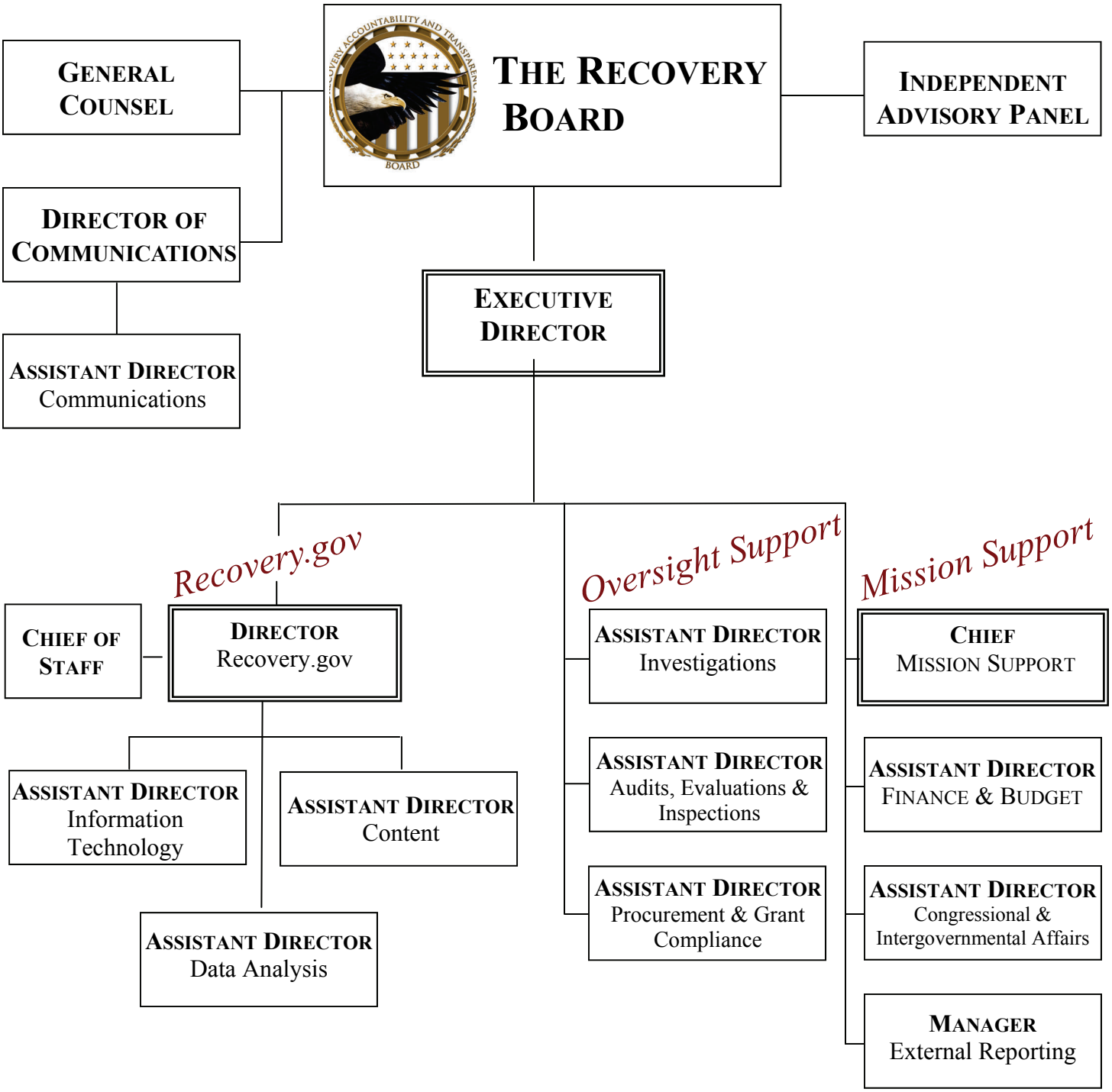
The Board's first months have certainly been marked by fits and starts, and as the reporting process develops, the next few months are likely to be very challenging. But the Board has been established as an independent entity of the federal government, the website has been redesigned to ensure historic transparency and the oversight operation is functioning as intended—a firm foundation has been established.

The Board will have millions of "Citizen IGs" all over the country.

Recovery Board Significant Dates



Support Structure of the Board



THE ROAD TO RECOVERY.GOV VERSION 2.0

Reaching New Heights in Government Accountability & Transparency

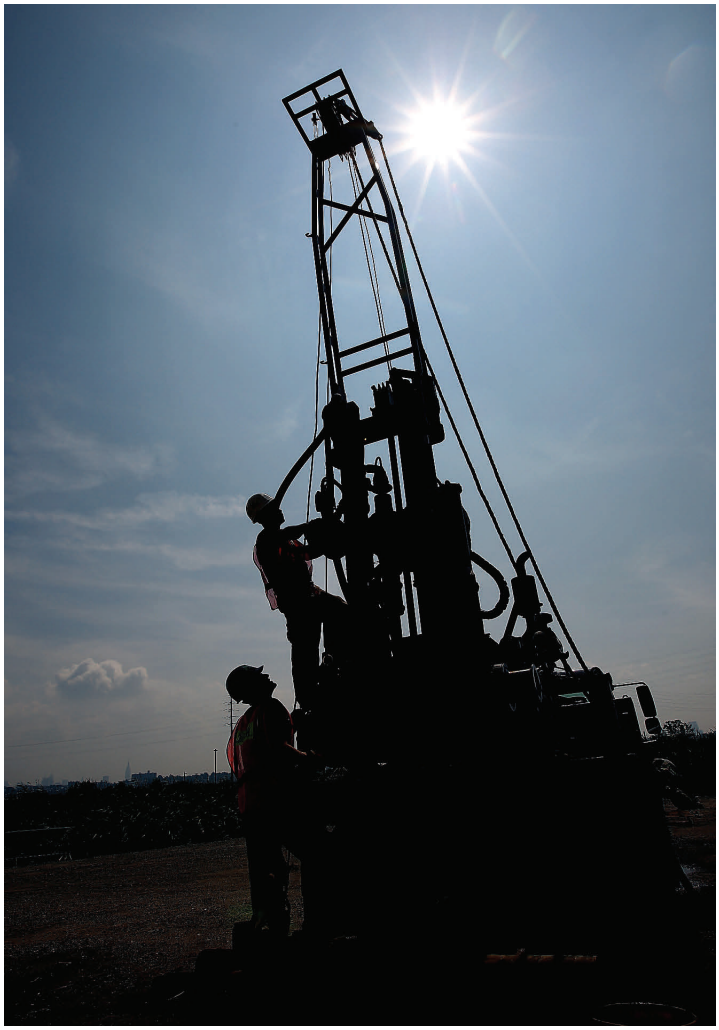
Introduction

Taxpayers want greater openness and transparency in their government programs. To that end, Recovery.gov is an unprecedented effort by the federal government to show taxpayers how and where their money is being spent. This sophisticated website breaks the mold for federal sites, providing detailed data and comprehensive search capabilities that could influence accountability and transparency standards for the government long after Recovery spending is over.

The improved version 2.0 of Recovery.gov displays data from funding recipients required to report how they have spent their Recovery money. With thousands of recipients reporting, Recovery.gov contains large amounts of data. The website serves as a window to the data in a way that is easy to understand and navigate. Users can see details on how their money is being spent in their own neighborhoods. Visitors to the website are able to download the raw data or use the site's own reporting features to track project spending.

Users also can employ a state-of-the-art mapping system to dig out data and other information on spending projects. Simple clicks of an icon on a state map bring up details about recipients and projects. The site's search engines let users find contracts by agency, state or amount of award. The more casual visitor can readily find graphs and quick-glance listings of such things as "most funds available by states" or "which agencies have paid out the most money.'' Eye-catching graphics help direct visitors to statistics and data, such as a prominent graphic providing the estimate of the number of jobs created or saved by Recovery funds.

From the very beginning, the public demonstrated great interest in Recovery.gov. But the initial site, which went live on Feb. 17 when the Recovery Act became law, lacked the features and capabilities that would give the public a clear picture of where its money was going. Soon after taking over the website, the Board realized that a new website was needed to fully meet the transparency requirements of the Recovery Act. That decision resulted in the website that became known within the Board as Recovery.gov 2.0.



Work crew performs geotechnical borings needed for construction of the Mass Transit Tunnel in Secaucus, NJ. Courtesy of T. Larsen, New Jersey Governor's Office

GETTING TO VERSION 2.0

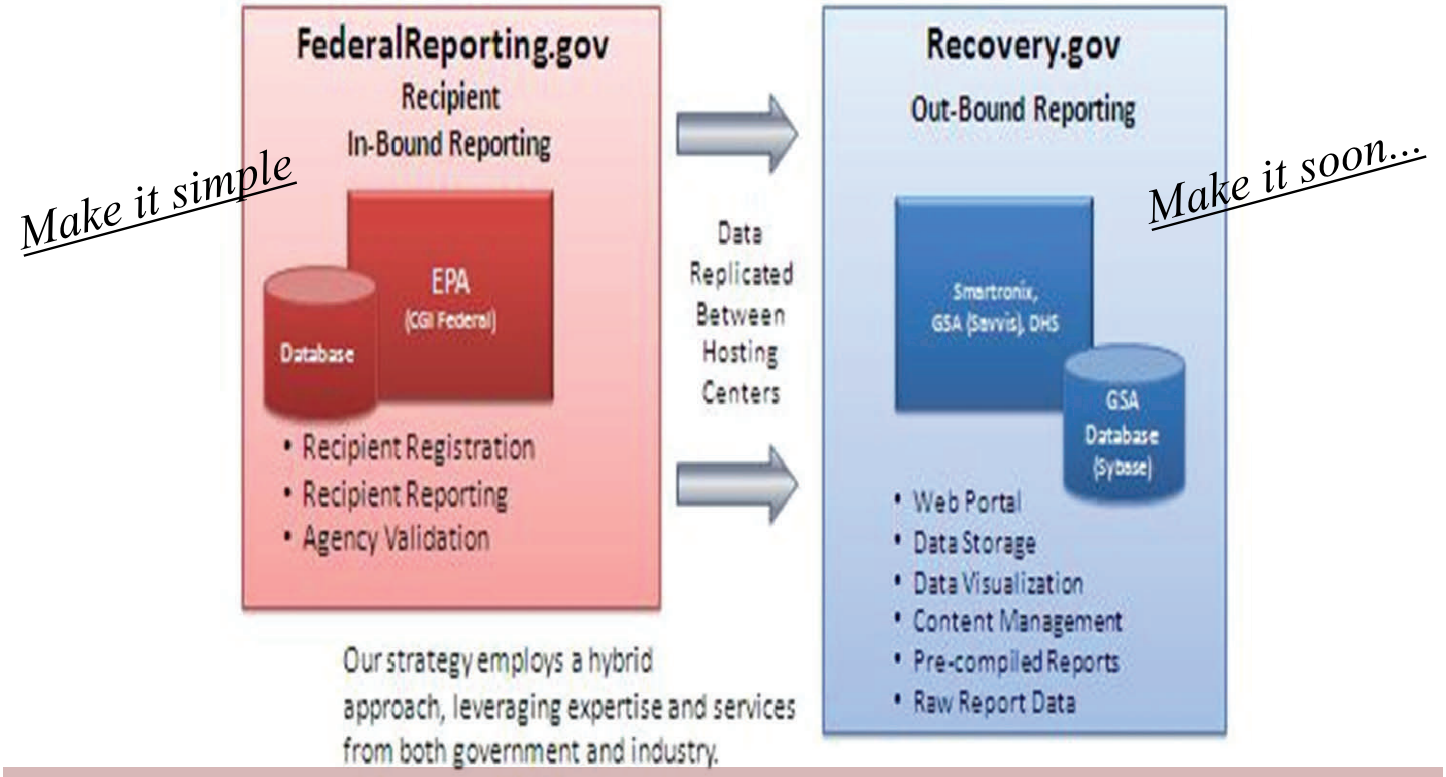
As part of its early planning, the Recovery Board hired Mitre Corp., a prominent national research organization, to do an independent review of Recovery.gov, essentially a "home inspection.'' Mitre pulled no punches. Its review made clear that a second generation version of Recovery.gov was needed to give taxpayers deeper insight into reporting data, along with tools for greater analysis of data and searching capabilities. In addition, Mitre's candid assessment determined that the Board needed to develop a technical solution for receiving recipient data reports. The reason: Many federal agencies collect data, but none had the technical capacity to handle the large amount of data that would be coming in. Finally, Mitre identified this whole project as high risk.

The job, then, became clear: Under enormous time pressures, two websites had to be developed—one to collect reporting data from recipients and a second, public site for displaying the data to the American public, Congress, the media, and interest groups. Simply put, FederalReporting.gov would collect data from recipients who logged in and filled out their reports and then transfer that data to the public website, Recovery.gov.

Working with the Office of Management and Budget (OMB), which developed the guidelines for recipient reporting, FederalReporting.gov was created. The Board's staff sought the help of the Environmental Protection Agency (EPA), which has been collecting environmental data from states for years. To develop the in-bound reporting site, the Board bought into an existing, competitively-bid contract that EPA uses for its web-based reporting system. The system, built by CGI Federal of Fairfax, Virginia, proved capable of being upgraded to meet the technical specifications for recipient reporting.

Thousands of recipients registered on FederalReporting.gov. The law directs recipients and sub-recipients of Recovery funds, including state and local government agencies as well as contractors and other private entities, to report on their spending within 10 days of the close of each calendar quarter. Recipients are required to report almost 100 pieces of data, including the type of award, the date and amount, the project description and the number of jobs created or saved.

OVERALL CONCEPTUAL ARCHITECTURE



BUILDING A NEW RECOVERY.GOV

In developing the 2.0 version of Recovery.gov, the Board early on took the public's temperature. What did the average American want in a website that would be both accountable and transparent? What did web experts and innovators want? Teaming with OMB and the National Academy of Public Administration (NAPA), a week-long electronic town hall meeting was held entitled, "Recovery Dialogue on Information Technology Solutions.''

The message received was loud and clear: Users wanted the next generation of Recovery.gov to display huge amounts of data as content on the site. The site had to look good, be easy to navigate and provide searching capabilities and sophisticated mapping technology. The forum yielded about 500 ideas, many of which have already been adopted, including a standardized reporting system for recipients, a greater use of maps and a feedback section for users.

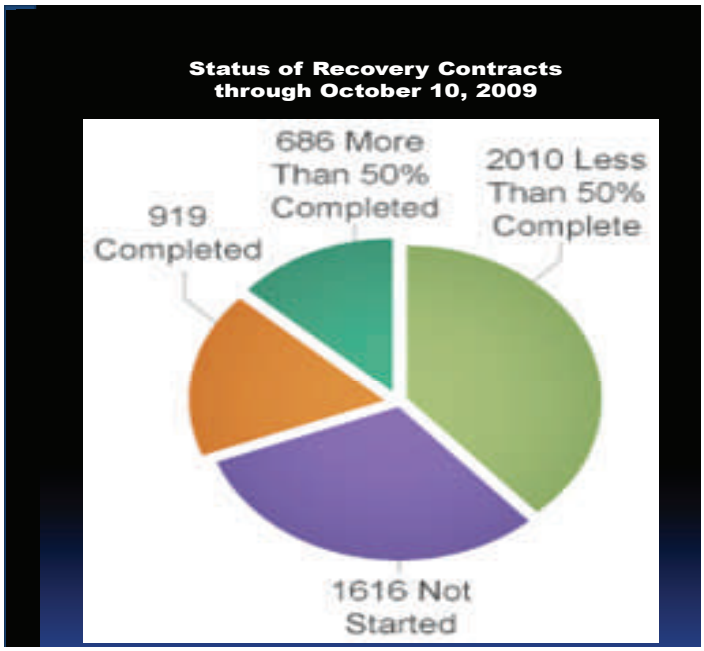
The extreme deadlines and high-risk nature of this project limited potential bidders. Of the 59 companies that were on the GSA's pre-approved list, only three actually bid on the contract. The Board and GSA used four factors to evaluate the bids: management approach, technical expertise, past performance, and price. Acting on the Board's behalf, GSA awarded the contract to Smartronix, a Maryland technology-solutions firm.

The initial $9.5 million price tag, among other things, covered a new design, installation of hardware and software infrastructure, security, and an enhanced content management system. The company also updated the site's look and capabilities so it is more user-friendly, visually pleasing and highly interactive. As a result, the new website demonstrates the commitment to transparency, one of the core missions under the Recovery Act.

Recipients of Recovery funds began reporting on Oct. 1, but the process was not without challenges. First, there was the sheer volume of information that had to be displayed on Recovery.gov: more than 130,000 recipient reports were submitted to FederalReporting.gov in October. As predicted by the Board, some recipients made errors in their reports, some did not understand the OMB guidelines for reporting, and others did not even submit reports.

The Board is not responsible for the quality of data but, in the interest of transparency, directed its staff to develop a plan to identify potential errors and pass them along to OMB. In turn, OMB can forward the information to federal agencies for possible correction by recipients. Separately, however, the Board monitors data integrity, making sure that data is not inappropriately manipulated after submission to FederalReporting.gov; that same data is displayed on Recovery.gov.

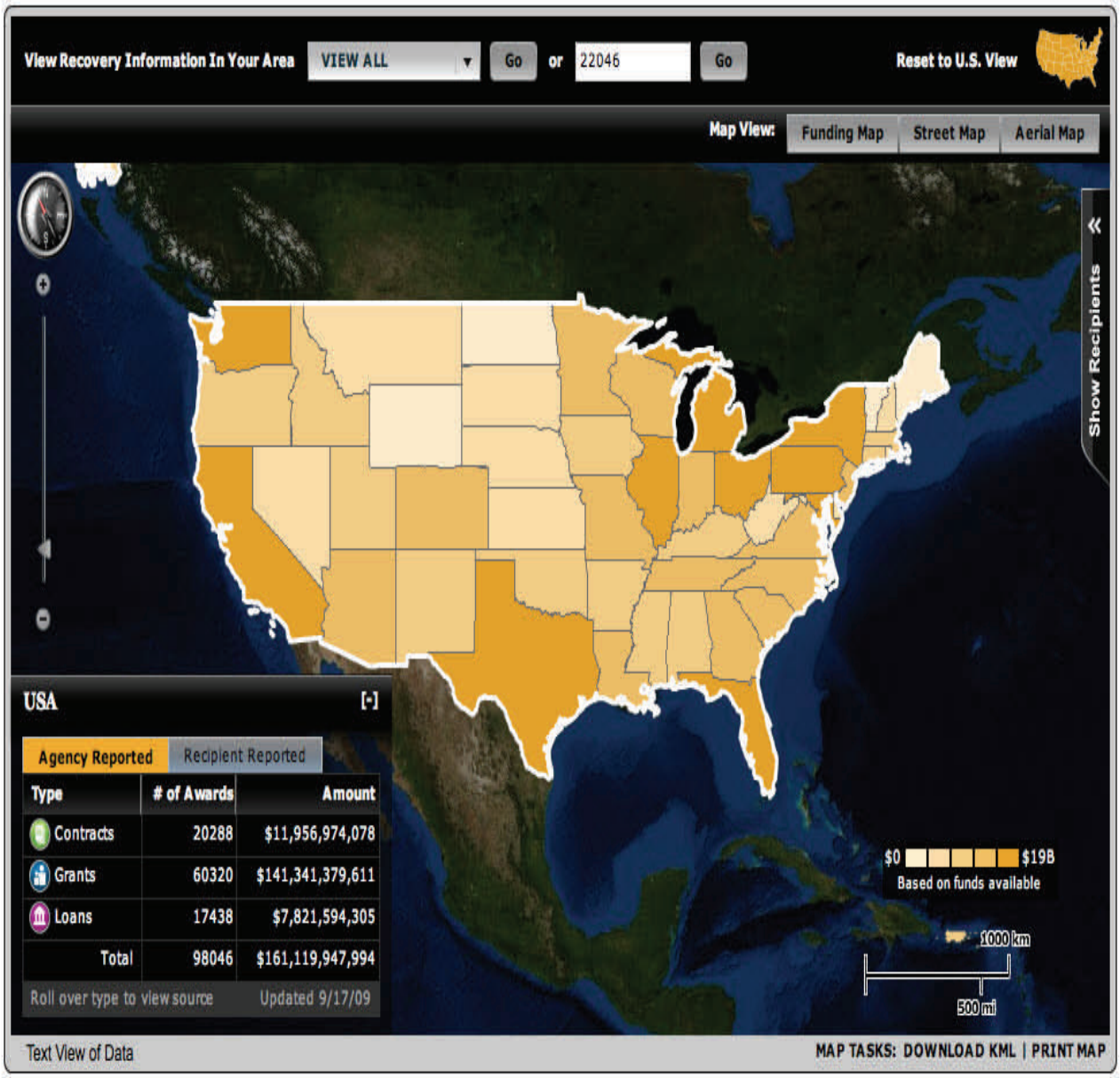
In the end, Recovery.gov will provide a detailed accounting of Recovery Act spending to the American people. The Board believes that the website also will serve as the blueprint for future accountability and transparency in the federal government.



An example of the user-friendly charts and graphs on Recovery.gov that help the American people better understand how Recovery funds are being spent.

"The intent is not to have people come once and never come back. We [the Board] want it to be good enough that the citizens who look at this site become the eyes and ears for the Inspectors General (IG) and see things that normally an IG would have to stumble across."

Earl E. Devaney,
Chairman



Screenshot of one of the many data maps on Recovery.gov.

The Road to Recovery.gov Version 2.0

Recovery.gov Committee

Established April 14, the Recovery.gov Committee was created to provide strategic oversight for the initial and the redesigned public website, Recovery.gov, as well as the design and building of the internal website, FederalReporting.gov, to collect recipient reporting data beginning in October 2009. The Recovery.gov committee consists of IGs J. Russell George, chair; Daniel Levinson, vice chair; Gordon Heddell; and Todd Zinser.

Members

J. Russell George

Current Position: Treasury Inspector General for Tax Administration

Previous Position: Inspector General, Corporation for National and Community Service

Educational Background: Bachelor of Arts, Howard University; Doctor of Jurisprudence, Harvard University School of Law

Daniel R. Levinson

Current Position: Inspector General, Department of Health and Human Services

Previous Position: Inspector General, General Services Administration

Educational Background: Bachelor of Arts, University of Southern California; Master of Laws, George Washington University; Doctor of Jurisprudence, Georgetown University

Gordon S. Heddell

Current Position: Inspector General, Department of Defense

Previous Position: Inspector General, Department of Labor

Educational Background: Bachelor of Arts, University of Missouri; Master of Arts, University of Illinois

Todd J. Zinser

Current Position: Inspector General, Department of Commerce

Previous Position: Deputy Inspector General, Department of Transportation

Educational Background: Bachelor of Science, Northern Kentucky University; Master of Science, Miami University

Preventing Fraud & Waste

Driving the Right Behavior

In writing the American Recovery and Reinvestment Act of 2009, Congress gave broad oversight powers to the Recovery Board, one of which is holding accountable those who receive Recovery money. This includes local and state public officials, contractors and other recipients.

Given the amount of money involved—$787 billion—and the thousands of Recovery projects that would be created, the Board realized that there was no way that it could police the spending program on its own. But there were investigative and audit resources that could be tapped, both in Washington, DC, and around the country.

The Board created a unique accountability program designed to focus on *preventing* fraud, not just detecting it. As structured, the Board will help coordinate audits and investigations of Recovery spending, not conduct the reviews itself. It will rely heavily on federal Inspectors General and its close relationships with state investigators and auditors. In addition, the Board's staff will use sophisticated technology to analyze and pinpoint possible fraud or waste in projects funded in the 50 states, the District of Columbia, and U.S. territories.

Many IG resources go to detecting fraud and waste after-the-fact. But given the new emphasis on prevention, the massive amount of money being awarded,

TDOT crews work to resurface a section of Interstate 24 in Coffee County, Tennessee, under cover of darkness. Photo courtesy of Tennessee Department of Transportation.

OIG SPOTLIGHT

Grants Management Process Document

Office of Inspector General, Department of Justice

The DOJ-OIG wrote a document, Improving the Grants Management Process, that provides recommendations and examples of best practices that granting agencies should consider adopting to minimize opportunities for fraud, waste and abuse in awarding and overseeing Recovery grant funds. The document provides concrete suggestions for improving all stages of the grant process, including the agency's processes solicitation, application, award and oversight after the award. The document is applicable in DOJ and across the federal government. The DOJ-OIG widely distributed this document, and it is posted on Recovery.gov, the DOJ-OIG website, Grants.gov, and the website for the National Procurement Fraud Task Force.

and the many players involved in the Recovery program around the country, the Board believes that greater scrutiny of spending in the early stages should help reduce fraud and waste down the line.

Training also is an important element of the accountability program, including heavy emphasis on fraud awareness. In this area, the Board has relied, in part, on the 29 federal Inspectors General who oversee Recovery Act spending. The Antitrust Division of the Department of Justice also has played a significant role, teaming with IG offices to focus on pre-award contract issues such as collusion and bid-rigging.

What red flags suggest procurement fraud? What contract-management practices need to be followed? What do recipients of funding need to know about their responsibilities under the Recovery Act? Through lectures, webinars and panel discussions, those questions, and others, have been answered by the IG staffs for more than 46,000 people; they included contract and grant officials at the state and federal government levels, as well as contractors and other recipients. As this report goes to press, the training programs continue.

The Board's accountability program, like the rest of its operations, had to be implemented swiftly. Soon after taking charge of the Recovery oversight program, the Board created two committees from within its ranks to focus on accountability issues. A four-member Recovery Funds Working Group Committee was established to encourage participation and input from all 29 Inspectors General directly involved in the Recovery program. The committee tackled several major projects: identifying high-risk Recovery spending programs; developing ways to collect data from Inspectors General on their Recovery efforts; assessing the staffing and training needs for procurement and grant personnel in federal agencies that disburse Recovery funds; and assessing the ability of these federal agencies to identify material errors and omissions in recipient spending reports.

Meanwhile, the Board's separate four-member Accountability Committee has been focused on developing strategies to prevent and detect fraud and waste in the Recovery program. Under its guidance, a Recovery Board Hotline was established to accept fraud and whistleblower complaints.

In addition, a sophisticated in-house software capability was added to explore Recovery spending and analyze the thousands of contracts, grants and loans issued throughout the 50 states and U.S. territories. The goal, though difficult to achieve, is to spot irregularities, connections and patterns that reveal or suggest improprieties in the program.

This plan, which includes several core elements, is based on software programs housed in a new Recovery Operations Center. The center is staffed by a data fusion team, which has three basic functions to carry out: predictive analysis; open-source research; and in-depth fraud analysis.

OIG SPOTLIGHT

Unique Audit Approach

Office of Inspector General, Department of Defense

The DOD-OIG is reviewing requirements for specific Recovery Act projects. By addressing the requirements for select projects prior to their award, the results of the audit can affect whether the contract is awarded, or whether the scope of the contract should be adjusted before considerable costs are incurred by the government. DOD-OIG has conducted preliminary assessments in three states covering 19 projects at two Army and Navy installations. This audit coverage included projects in five of the appropriations areas funded under the Recovery Act. By utilizing this approach, the goal of the DOD-IG is to identify, as early as possible, funds that can be better utilized to support the Recovery Act and the Department's mission and help ensure that the American taxpayers' money is being spent wisely.

What is predictive analysis? The financial community, especially the credit card industry, has isolated what are known as "predictive indicators'' that point to a high probability of fraud.

The new software solution is designed to give the Board and its federal and state oversight partners that same kind of potent crime-fighting tool—a way to focus limited resources on high-risk government programs where past activity suggests the likelihood of future risk. The program will have the capacity to pinpoint other risk-related information, including regional crime rates and unemployment and high cost projects.

Separately, the data fusion team will analyze public records and other "open-source'' information to identify personal and business connections that might suggest fraud or irregularities. Investigators and analysts call these connections "non-obvious'' relationships. Finally, the team will initiate daily in-depth analysis to generate investigative and audit leads for federal oversight agencies, including Inspectors General.

At this time, it is uncertain how much fraud and waste will infect the Recovery program. But because so many eyes will be trained on the spending, the Board believes that fraud and waste can be deterred. By putting a strong accountability program in place, the plan is to ensure that result.

Monthly meeting of the Recovery Funds Working Group.

The new software solution will have the capacity to pinpoint risk-related information.

OIG SPOTLIGHT

NTIA Broadband Programs

Office of the Inspector General, Department of Commerce

Working with the National Telecommunications Information Administration (NTIA), Commerce OIG has provided more than 30 training sessions to 1,200 potential recipients of Recovery Act grants through the Broadband Technology Opportunities Program (BTOP). The OIG has traveled coast to coast to emphasize transparent and accountable spending by educating grant applicants about audits and audit findings. Commerce OIG has initiated other proactive BTOP oversight programs, including a March report detailing three lessons learned from NTIA's Public Safety Interoperable Communication Program on office operations, review projects, and pre-award spending plans; and a BTOP pre-award operations review, launched in September, designed to assess the effectiveness of NTIA implementation, evaluate NTIA pre-award review measures, and examine the integrity and reliability of the online application system.

Preventing Fraud & Waste

Accountability Committee

Established April 14, the Accountability Committee works with Recovery Board staff to establish procedures and strategies that will help prevent and detect fraud, waste and mismanagement of covered funds. The committee consists of IGs Richard L. Skinner, chair; Glenn A. Fine, vice chair; Gregory Friedman; and Mary Mitchelson.

Members

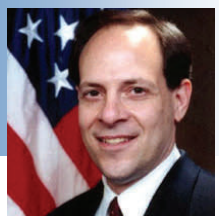
Richard L. Skinner

Current Position: Vice Chair of the Recovery Board and Inspector General, Department of Homeland Security

Previous Position: Deputy Inspector General, Department of Homeland Security

Educational Background: Bachelor of Science, Fairmont State College; Master of Public Administration, George Washington University

Glenn A. Fine



Current Position: Inspector General, Department of Justice

Previous Position: Director, Special Investigations and Review Unit, Office of the Inspector General, Department of Justice

Educational Background: Bachelor of Arts, Harvard College; Bachelor of Arts, Oxford University; Master of Arts, Oxford University; Doctor of Jurisprudence, Harvard University School of Law

Gregory H. Friedman

Current Position: Inspector General, Department of Energy

Previous Position: Deputy Inspector General for Audit Services, Department of Energy

Educational Background: Bachelor of Business Administration, Temple University; Master of Business Administration, Fairleigh Dickinson University

Mary Mitchelson

Current Position: Acting Inspector General, Department of Education

Previous Position: Deputy Inspector General, Department of Education

Educational Background: Bachelor of Arts, University of Kansas; Doctor of Jurisprudence, Georgetown University

Recovery Funds Working Group Committee

Established May 29, the Recovery Funds Working Group Committee assists the Recovery Board in conducting and coordinating oversight of stimulus spending. The group works with federal agencies and OIGs on guidelines and policies governing oversight and transparency. The committee consists of Calvin L. Scovel III, chair; Eric M. Thorson, vice chair; Phyllis K. Fong; and Mary Kendall.

Members

Calvin L. Scovel III

Current Position: Inspector General, Department of Transportation

Previous Position: Senior Judge, U.S. Navy—Marine Corps Court of Criminal Appeals

Educational Background: Bachelor of Arts, University of North Carolina at Chapel Hill; Master of Arts, Naval War College; Juris Doctor, Duke University School of Law

Eric Thorson

Current Position: Inspector General, Department of Treasury

Previous Position: Inspector General, Small Business Administration

Educational Background: Bachelor of Science, U.S. Air Force Academy

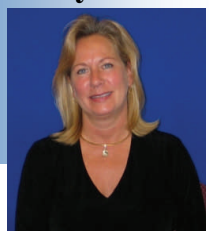
Phyllis K. Fong

Current Position: Inspector General, Department of Agriculture

Previous Position: Inspector General, Small Business Administration

Educational Background: Bachelor of Arts, Pomona College; Doctor of Jurisprudence, Vanderbilt University School of Law

Mary Kendall



Current Position: Acting Inspector General, Department of the Interior

Previous Position: Deputy Inspector General, Department of the Interior

Educational Background: Bachelor of Arts, St. Olaf College; Doctor of Jurisprudence, William Mitchell College of Law

APPENDICES

IN THIS SECTION

Appendix A

Recovery Board Committee Information

Accountability

Recovery.gov

Recovery Funds Working Group

Appendix B

Recovery Act Fund Distribution & Usage

Appendix C

Oversight Key Statistics

Appendix D

Congressional & Other Public Appearances

Recovery Board Committee Information

The Accountability Committee

Purpose

The purpose of the Committee is to assist the Board in its mission of coordinating and conducting oversight of covered funds by providing advice and recommendations to the Board regarding strategies for a referral management system and preventing and detecting fraud, waste, abuse, and mismanagement.

The Recovery.gov Committee

Purpose

The purpose of the Committee is to assist the Board in its mission of coordinating and conducting oversight of covered funds by providing advice and recommendations to the Board regarding strategies for the operation and maintenance of Recovery.gov and FederalReporting.gov.

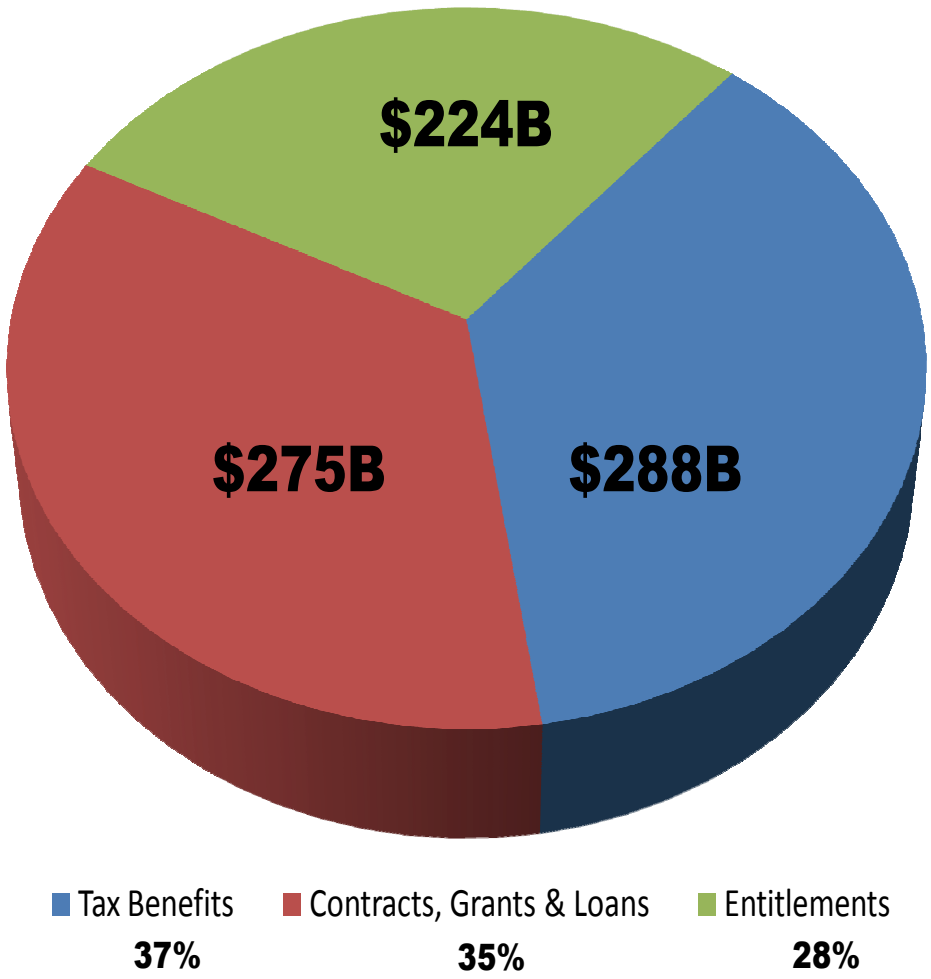
The Recovery Funds Working Group Committee

Purpose

The purpose of the Committee is to assist the Board in its mission of coordinating and conducting oversight of covered funds by providing advice and recommendations to the Board regarding strategies for coordinating oversight efforts across the federal government and with state and local governments.

RECOVERY ACT FUND DISTRIBUTION

The American Recovery and Reinvestment Act of 2009
Distributes the $787 Billion as follows:



USE OF RECOVERY FUNDS BY AGENCY - THROUGH SEPTEMBER 30, 2009

Dollars in Millions

Note: Includes Contracts, Grants, Loans and some Entitlement Funds

Agency	Funds Available	Funds Paid Out
Agency for International Development	$20.1	$3.6
Corporation for National and Community Service	$154.2	$16.5
Department of Agriculture	$6,721.8	$5,153.8
Department of Commerce	$1,391.6	$572.2
Department of Defense--Military	$3,258.5	$241.1
Department of Education	$67,596.9	$20,637.7
Department of Energy	$18,110.7	$779.1
Department of Health and Human Services	$46,512.4	$33,047.5
Department of Homeland Security	$1,720.2	$107.4
Department of Housing and Urban Development	$11,299.5	$1,529.3
Department of Justice	$3,969.1	$1,159.5
Department of Labor	$32,311.9	$27,501.9
Department of State	$144.0	$24.9
Department of the Interior	$875.1	$135.6
Department of the Treasury	$3,794.4	$1,221.0
Department of Transportation	$29,547.7	$3,652.3
Department of Veterans Affairs	$951.6	$514.9
Environmental Protection Agency	$7,121.5	$192.9
Federal Communications Commission	$71.7	$53.4
General Services Administration	$1,806.3	$297.5
National Aeronautics and Space Administration	$441.6	$37.0
National Endowment for the Arts	$49.8	$8.4
National Science Foundation	$2,401.6	$26.8
Railroad Retirement Board	$140.4	$140.3
Small Business Administration	$337.7	$116.9
Smithsonian Institution	$20.8	$1.9
Social Security Administration	$13,257.5	$13,244.8
US Army Corps of Engineers	$2,285.4	$330.8
TOTAL ALL AGENCIES	**$256,314.0**	**$110,749.0**

KEY STATISTICS -THROUGH SEPTEMBER 30, 2009

Cumulative Statistics—Recovery Board and All Inspectors General

Complaints	*382 Received*
Investigations	*16 Closed Without Action* *11 Accepted for Prosecution* *1 Prosecution Denied* *1 Referred for Alternative Resolution*
Audits, Inspections, Evaluations & Reviews	*163 Completed**
Whistleblower Reprisal Allegations	*1 Received*
Congressional Testimonies	*16 Provided*

* All reports are not available on Recovery.gov due to sensitive content.

KEY STATISTICS - THROUGH SEPTEMBER 30, 2009

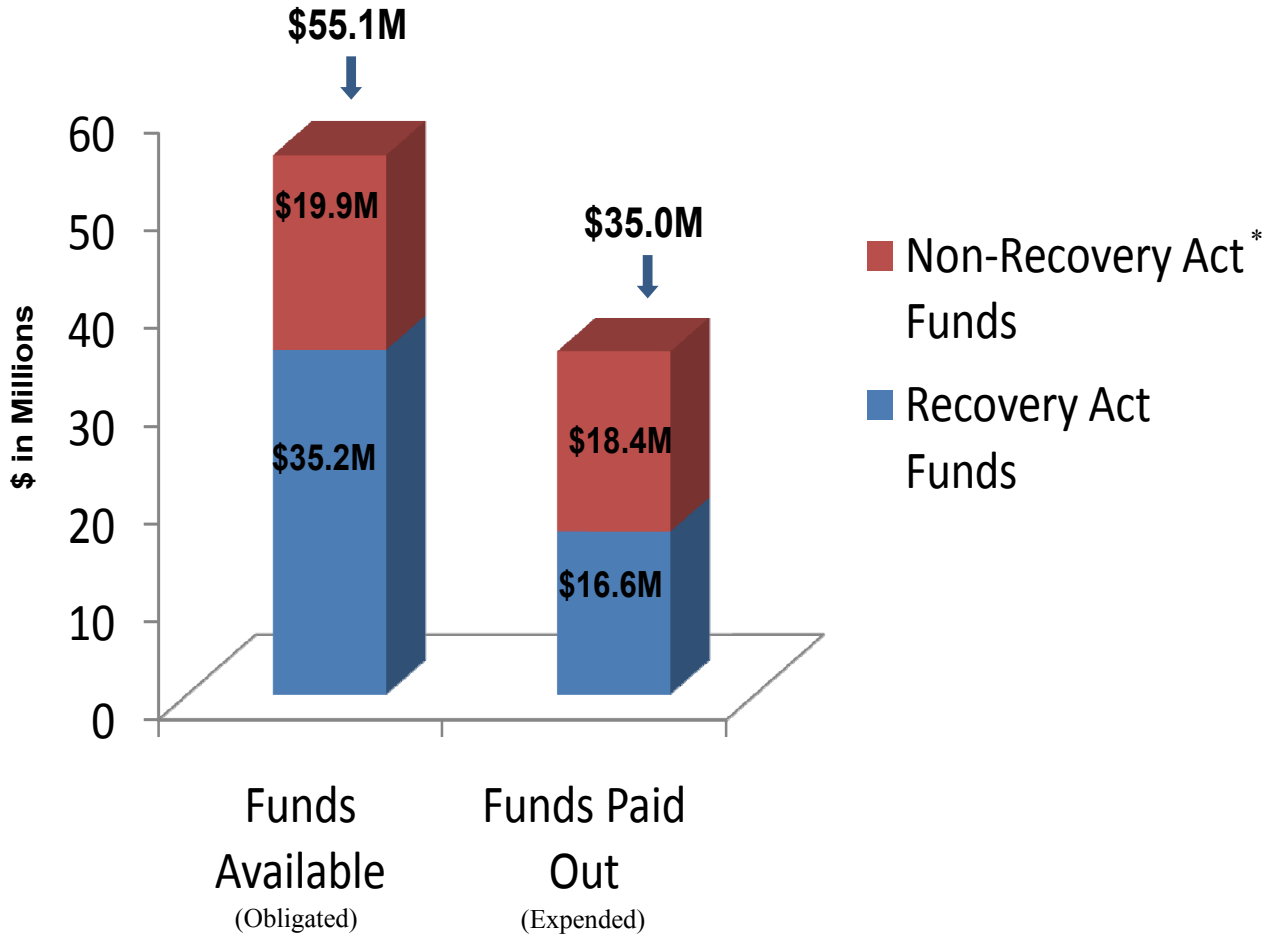
Cumulative Statistics—Recovery Board and All Inspectors General

Training Sessions Provided	*710*
Number of Persons Trained	*46,094*
Hours of Training Provided	*75,520*
Outreach Sessions Conducted	*418*

RECOVERY ACT OVERSIGHT ACTIVITY
THROUGH SEPTEMBER 30, 2009

Funds Obligated and Expended for All Recovery Act Oversight Activities

(29 Inspectors General and the Recovery Board)



*Note: Some Inspectors General also use Non-Recovery Act funds for Recovery Oversight

CONGRESSIONAL & OTHER PUBLIC APPEARANCES

Recovery Board Chairman Earl E. Devaney has testified four times in 2009 before House and Senate oversight committees. He met individually as well with congressmen and senators to discuss the evolution of the Recovery Board's operations, answer questions and provide updates.

As part of the overall outreach effort, Devaney also spoke before a variety of state and local IG and enforcement groups — and also appeared on YouTube — in an effort to get the word out about how the Recovery Board was approaching its dual mission of transparency and accountability in Recovery spending.

Other Inspectors General whose agencies are handling Recovery funds also appeared before Congress to keep members apprised of progress in distributing the Recovery monies and monitoring the expenditure of those funds.

Here is a list of House and Senate committees where Devaney testified:

September 10, 2009 *Senate Committee on Homeland Security and Governmental Affairs*	Devaney provided an update on the development of the new Recovery.gov website and discussed the Board's position on data quality and data integrity.
May 5, 2009 *House Science and Technology Committee's Subcommittee on Investigations and Oversight*	Devaney updated subcommittee members on the Board's outreach efforts to the IG community, agencies and states to help prevent fraud, waste and mismanagement of Recovery Act Funds.
April 2, 2009 *Senate Committee on Homeland Security and Governmental Affairs*	Devaney discussed plans to enhance the capabilities of the Recovery.gov website to enable it to carry out the mission envisioned in the Recovery Act.
March 19, 2009 *House Committee on Oversight and Government Reform*	Barely a month after the Recovery Board came into being, Devaney outlined plans to establish and maintain a website to foster historic levels of transparency and to coordinate and conduct oversight of Recovery funds to prevent fraud, waste or mismanagement.

Here is a list of Chairman Devaney's other appearances and speeches:

September 16, 2009 *Washington, DC*	Devaney was a speaker at the Association of Government Accountants' 4th Annual Internal Control & Fraud Conference.
August 19, 2009 *Dearborn, MI*	Devaney spoke at the ARRA Implementation Roundtable at the annual conference of the National Association of State Auditors, Comptrollers and Treasurers.
June 24, 2009 *New Orleans, LA*	Devaney spoke before the Association of Government Accountants.
May 20, 2009 *Orlando, FL*	Devaney was the keynote speaker at the Association of Inspectors General Spring Conference.
May 18, 2009 *Melbourne, FL*	Devaney appeared at the spring conference of the Activity– Based Total Accountability Group of the College of Business at the Florida Institute of Technology.
May 13, 2009 *Richmond, VA*	Devaney spoke at the Council of Inspectors General on Integrity and Efficiency (CIGIE) dinner.
April 29, 2009 *Washington, DC*	Devaney was a speaker at the White House's American Recovery and Reinvestment Act Meeting.
April 27 - May 3, 2009 *Nationwide*	In a YouTube video, Devaney urged citizens to participate in a May online forum sponsored by the National Academy of Public Administration and the Recovery Board. This "electronic town hall" held from April 27 - May 3, 2009, resulted in a number of innovative ideas from the public, some of which were incorporated into the redesign of Recovery.gov and others of which will be considered in future website upgrades.

Several Inspectors General whose agencies are involved in the expenditure of Recovery funds have testified before Congress on the Recovery Act implementation.

The following is a list of those appearances:

Phyllis K. Fong * *Inspector General, Department of Agriculture* June 10, 2009	Testified before the House Agriculture Committee's Subcommittee on Rural Development, Biotechnology, Specialty Crops and Foreign Agriculture, on "Rural Development Programs Operated by the U.S. Department of Agriculture and Status of the American Recovery and Reinvestment Act Funds for These Programs."
Brian D. Miller *Inspector General, General Services Administration* May 5, 2009	Testified before the House Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management on "Tracking Hearing No. 2: GSA Stimulus Funds– Up, Out and Creating Jobs."
Calvin L. Scovel III * *Inspector General, Department of Transportation* April 30, 2009	Testified before the Senate Appropriations Committee's Subcommittee on Transportation, Housing and Urban Development and Related Agencies, on "The Department of Transportation's Implementation of the American Recovery and Reinvestment Act."
Calvin L. Scovel III * *Inspector General, Department of Transportation* April 29, 2009	Testified with Melissa Heist, Assistant Inspector General for Audit, Environmental Protection Agency, before the House Transportation and Infrastructure Committee on "Recovery Act: 10-Week Progress Report for Transportation and Infrastructure Programs.
Patrick P. O'Carroll Jr. *Inspector General, Social Security Administration* April 28, 2009	Testified before the House Ways and Means Committee's Subcommittee on Social Security on "Social Security Administration's Provisions in the American Recovery and Reinvestment Act of 2009."
Patrick P. O'Carroll Jr. *Inspector General, Social Security Administration* March 24, 2009	Testified before a joint hearing of the House Ways and Means Committee's Subcommittees on Income and Family Support and Social Security on "Eliminating the Social Security Disability Backlog."

* Inspectors General who are members of the Recovery Accountability and Transparency Board.

Thomas C. Cross *Interim Inspector General, National Science Foundation* **Gregory H. Friedman** * *Inspector General, Department of Energy* **Todd J. Zinser** * *Inspector General, Department of Commerce* March 19, 2009	Testified before the House Committee on Science and Technology's Subcommittee on Investigations and Oversight on "Follow the Money: Accountability and Transparency in Recovery Act Science Funding."
Calvin L. Scovel III * *Inspector General, Department of Transportation* March 10, 2009	Testified before the House Appropriations Committee's Subcommittee on Transportation, Housing and Urban Development and Related Agencies on "Department of Transportation: Inspector General and Government Accountability Office, Top Management Challenges and High Risk Series."
Phyllis K. Fong * *Inspector General, Department of Agriculture* March 5, 2009	Testified before the Senate Homeland Security and Governmental Affairs Committee, on "Follow the Money: Transparency and Accountability for Recovery and Reinvestment Spending."

* Inspectors General who are members of the Recovery Accountability and Transparency Board.

In addition to the appearances identified in this section, Board members, Inspectors General, and Board staff have also appeared and made presentations at numerous Recovery meetings, conferences, training and informational sessions.

American Recovery and Reinvestment Act construction project on Route 46 in Lodi, N.J. Photo courtesy of T. Larsen, NJ Governor's Office (Note: DOT TIGER—Department of Transportation -Transportation Investment Generating Economic Recovery)

For more information on the Recovery Board

or

to comment about this report visit:

http://www.recovery.gov/Contact/Pages/Feedback.aspx

or

Connect with us at:

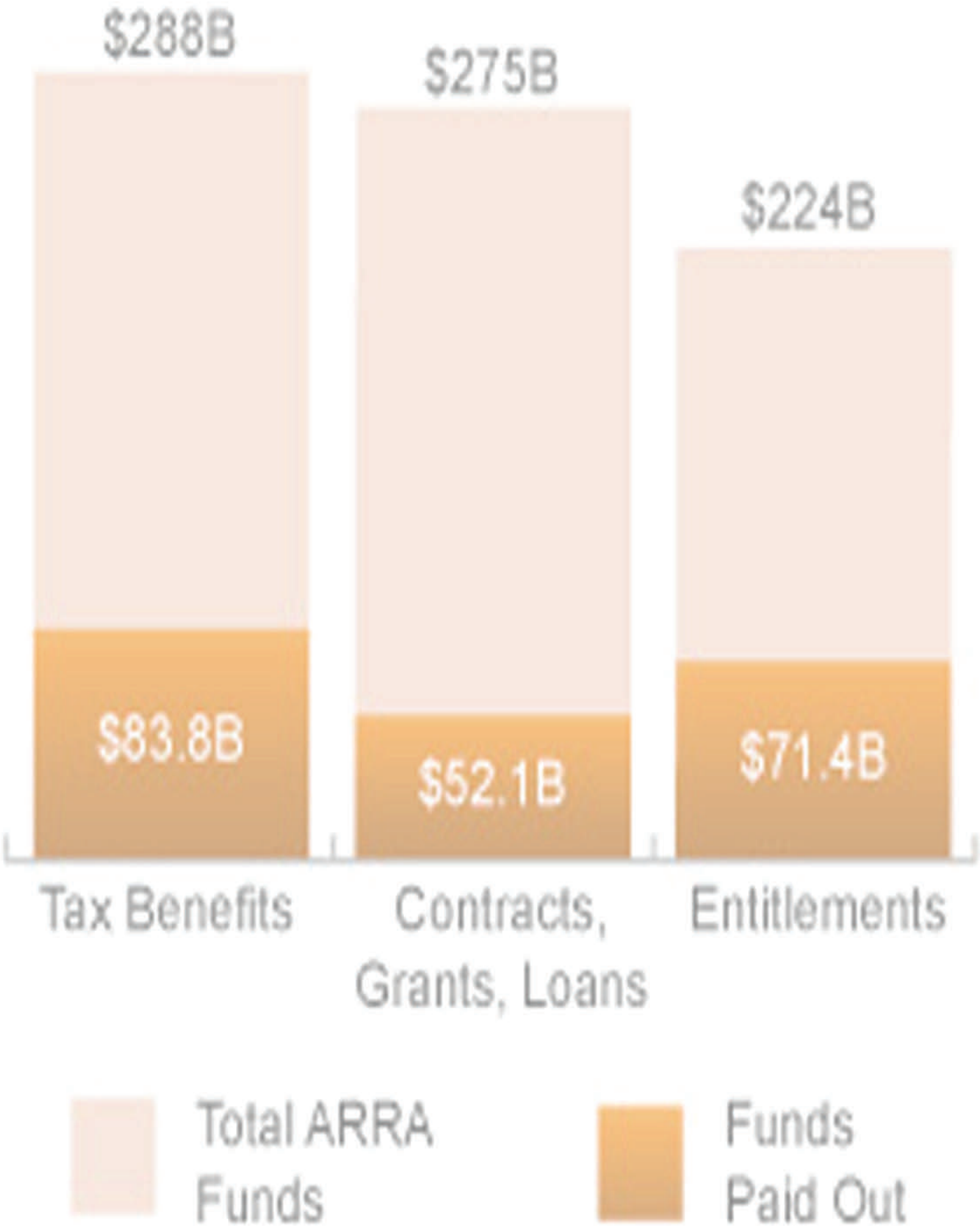
www.twitter.com/recoverydotgov

www.facebook.com/recoverydotgov

www.myspace.com/recoverydotgov

www.youtube.com/recoveryboard

Recovery Board Operations Center (ROC) Washington, DC. Photo By: Thomas R. Moyle



Report printed using 10% total recovered fiber/all post-consumer fiber coated paper

RECOVERY
ACCOUNTABILITY
AND TRANSPARENCY
BOARD

1717 Pennsylvania Avenue, NW
Suite 700
Washington, DC 20006-4614

Recovery.gov