Agenda

Topics
11:00 AM – 11:15 AM **Opening Remarks – Deidre Harrison (OMB)**
11:15 AM – 11:45 AM Delivering Payment Integrity to Prevent Fraud and Improper Payments – Kevin McDaniels, Henry Marshall, Sarah Stricevic (Treasury)
11:45AM – 11:50 AM Transition to Next Speaker – Deidre Harrison (OMB)
11:50 AM – 12:20 PM Fraud Risk Framework and Playbook – Johana Ayers (GAO)
12:20 PM – 12:25 PM Transition to Next Speaker – Deidre Harrison (OMB)
12:25 PM – 12:55 PM PRAC: A Whole Government Oversight Response – Lisa Reijula, Jenniffer Wilson (PRAC)
12:55 PM – 1:00 PM Wrap-Up – Deidre Harrison (OMB)

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Fiscal Service's Office of Payment Integrity
Payment Integrity Mini Symposium

April 2023

Today's Agenda

- Federal Government Payments and Improper Payments Overview

- Office of Payment Integrity (OPI)

  - OPI Data Sources and Services

  - OPI Cross-Government and Agency-Specific Solutions

- Making a Difference in FY22

- Contact Information

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The Payments Business
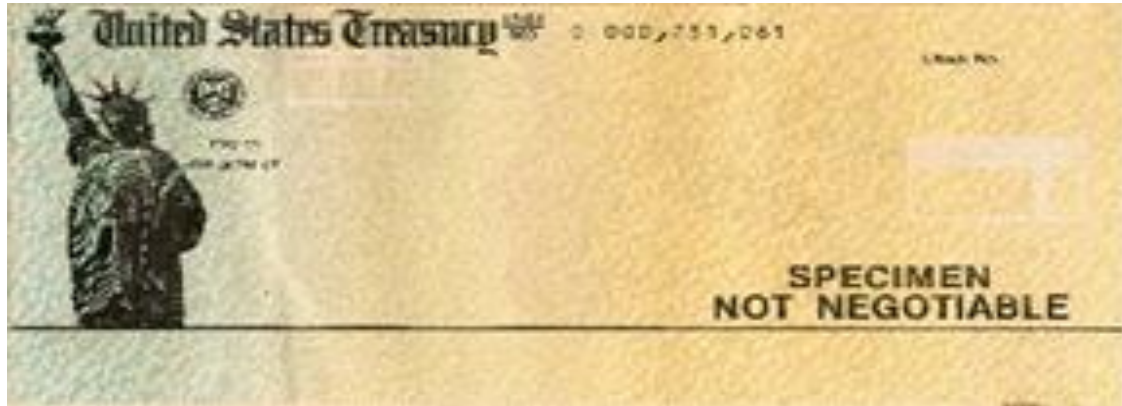
Fiscal Service issues 90% percent of all federal payments as the US government's central disbursing agency. Examples Include:

- Internal Revenue Service (IRS) tax refunds
- Benefits from Social Security Administration (SSA), Veterans Administration (VA), and other benefit agencies
- Direct or federally-guaranteed loans, e.g., Education, Small Business Administration (SBA)
- Payments to a vendor for goods or services
- Grants
- Funds for state and local government agencies
- Non-benefit federal payments

Payment integrity characterizes the various systems, processes and controls that exist in the flow of funds throughout the Government, to ensure payments are made to the right recipient, accurate amount, for the correct reason and at the right time.

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Payments Background

- **Fiscal Service securely disbursed 1.4 billion payments totaling more than $5.3 trillion in FY 2022:**

  - These payments went to 100+ million people and entities, with **92%** disbursed electronically for agencies such as SSA, SSI, VA, Office of Personnel Management (OPM) and IRS.

  - Provided mission critical support to the IRS through disbursing 108 million Advanced Child Tax Credit (ACTC) payments totaling $47.2 billion dollars and 1.8 million Economic Impact Payments (EIP) totaling $3.8 billion dollars.

- **Of the 1.4 billion payments, approximately <u>0.8%</u> resulted in a "post-payment exception," including IRS EIPs and ACTC Payments:**

  - **10.6 million claims and cancellations** including:

    - ✓ **6.4** million returned payments

    - ✓ **3.3** million stale dated checks that were not cashed within one year

    - ✓ **274** thousand payee claims of non-receipt

    - ✓ **351** thousand agency claims of non-entitlement (e.g., deceased payees)

    - ✓ ***Resulting in $35.5 billion returned to Agencies in FY 2022.***

* Fiscal Service represents ~89% of funds disbursed by volume for the Federal Government in FY 2022.

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IMPROPER PAYMENTS

- Funds go to the wrong recipient

- The right recipient receives the wrong amount of funds

- Documentation is not available to support a payment

- The recipient uses the funds in a manner that is inconsistent with why it was awarded

From Payment Integrity Information Act of 2019 (PIIA):

IMPROPER PAYMENT.—The term 'improper payment'—

''(A) means any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement; and

''(B) includes—

''(i) any payment to an ineligible recipient;

''(ii) any payment for an ineligible good or service;

''(iii) any duplicate payment;

''(iv) any payment for a good or service not received, except for those payments where authorized by law; and

''(v) any payment that does not account for credit for applicable discounts.

While not all improper payments are fraud and not all improper payments represent a monetary loss to the government, *all improper payments* degrade the integrity of government programs and compromise citizens' trust in government.

Where Can Fiscal Service Support?

Fiscal Year 2021
Improper Payments: $245.6B
Monetary Loss: $231.0B

Failure to Access Data/Information Needed

IP: $187.8B
Monetary Loss: $176.3B ✓

- Matching to eligibility sources in the Portal
- Deceased Payee Solution
- Eligibility and Risk Verification Services
- Account Verification
- Bank Account Validation

Insufficient Documentation to Determine by:
- Applicants
- States
- Vendors/Providers
- Other

IP: $4.4B
Monetary Loss: $0.0B 🚫

Failure to Follow Statute or Regulation

IP: $14.0B
Monetary Loss: $0.0B 🚫

Inability to Access Data/Information

IP: $57.8B
Monetary Loss: $54.7B ✓

Detecting duplicate and overlapping payments across government programs such as disability pay provided by several agencies

Data/Information Does Not Exist

IP: $25.2B
Monetary Loss: $24.5B 🚫

And here's how Fiscal Service is supporting …

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Office of Payment Integrity Mission, Vision & Goals

One Mission

Provide Governmentwide partnership, guidance, and solutions through well-messaged, integrated, and cost-efficient payment integrity services that are easily adapted to existing or newly authorized programs to assist federal and state agencies in making informed decisions to support the identification, prevention, and recovery of improper payments and fraud.

One Vision

Be a trusted partner of federal and federally funded state administered programs issuing federal funds by providing actionable business insights and solutions that transform how agencies approach identification, prevention, and recovery of improper payments and fraud.

The ***Office of Payment Integrity (OPI)*** represents integration of the Do Not Pay (DNP) and Payment Integrity Center of Excellence (PICOE) programs that provides a comprehensive governmentwide payment integrity offering to deliver on behalf of its stakeholders.

One Set of Goals

1. Maximize the use of quality, complete data available to federal agencies and FFSA programs to prevent improper payments.
2. Promote partnerships across federal agencies and FFSA programs to establish OPI as a trusted source for payment integrity solutions.
3. Address improper payment challenges by offering solutions driven by data and expertise that allow our customers to maintain their mission and strategic focus.
4. Identify opportunities to strengthen Governmentwide policy, guidance, and legislation to increase the public's trust in Government payments.
5. Develop expertise and insight to advance governmentwide improper payments and fraud prevention efforts.

OPI Focus Areas

Data Sharing

Legal agreements that allow data to be cross-referenced across Government while maintaining appropriate privacy protections.

Cross-Government Solutions

Solutions implemented to meet improper payments challenges faced by federal and state agencies.

Agency-Specific Solutions

Solutions implemented to meet specific agency challenges related to improper payments.

Data Analytics

Garnering data insights to identify opportunities that meet improper payment challenges faced across Government.

Access to Data

Providing agencies with centralized access to identified data sources that provide insight to eligibility decisions, including Do Not Pay data sources.

Fiscal Service offers modern, seamless, and secure technology to address our customers' payment integrity challenges

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OPI Data Sources and Services

Death Data

- Social Security Administration (SSA) Death Master File (DMF) *(Full DMF expected late 2023)*
- American InfoSource (AIS) Obituary and Probate Records
- Department of Defense (DOD) Death
- Department of State (DOS) Death
- Electronic Verification of Vital Events Facts of Death (EVVE FOD)

Debarment Data

- Department of Health and Human Services (HHS) List of Excluded Individuals and Entities (LEIE)
- General Services Administration (GSA) System for Award Management (SAM) Exclusion Records

Barred Foreign Entities

- Department of Treasury (TREAS) Office of Foreign Asset Controls (OFAC)

Delinquent Debtors

- Credit Alert System (CAIVRS) with input from HUD, SBA, and USDA: *Restricted Data Source*

Additional Data Services/Sources

- Account Verification Service
- Cross Government Payment Information
- Identity Verification

Registered Entities/Non-Profit

- General Services Administration (GSA) System for Award Management (SAM) Entity Registration Records
- Internal Revenue Service (IRS)Tax Exemption Lists
  - *990-N (e-postcard), Publication 78 (Pub78), Automatic Revocation of Exemption List*

Data can be made available via a combination of API, portal, batch match, continuous monitoring and analytics projects.

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OPI Cross-Government and Agency-Specific Solutions

COMMON CROSS-GOVERNMENT CHALLENGES

Payee Eligibility
(Are they entitled to the payment?)

- Payments to the Deceased
- Inter-Agency Benefit Eligibility

Identity Validation
(Is the payment going to the right payee?)

- Payee Account Validation
- Risk-Based Evaluations
- Central Source of Compromised Payees & Accounts

1.4 Billion annual payments

200 Million annual individuals

11 Million annual payment exceptions

External Data Sources

Payment Integrity Cross Government Data Analytics

Use comprehensive data sources to answer practical business questions

Payee View
Questions Fiscal Service can answer about a payee:

- What Agencies make payments to them?
- Do they have a bank account? With which banks?
- How are they paid (ACH, Check, Wire, Debit Card)?
- What is their mailing address?
- What types of payments do they receive?
- Are they deceased?
- Have they been victims of identity theft or fraud?
- When is the last time they were paid?
- Payee history and sequence of events
- Reinforced with external identity and decedent validation services

Account/Address View
Questions Fiscal Service can answer about an account and/or address:

- What payees receive payments to the account?
- Have payments been returned from the account?
- Why were payments returned?
- *Administrative, Death, Fraud, Other reasons*
- When was the last payment received?
- Account payment history and sequence of events
- Has the account been compromised?
- Who is the account owner?
- Who was the last withdrawer?
- Reinforced with external account and address validation services

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IRS Pandemic Relief Solutions

- Economic Impact Payments (EIP) and Advanced Child Tax Credit Payments (ACTC) shattered historic volumes and were delivered at record speed
  - EIP 1: 169 million payments, $277 billion
  - EIP 2: 152 million payments, $142 billion
  - EIP 3: 174 million payments, $407 billion
  - ACTC: 182 million payments, $79 billion

- Overarching Challenges:
  - Requirement to deliver **as quickly as possible**
  - Fraud risk associated with taking in bank accounts from public-facing portals
  - Inherent risks associated with U.S. Treasury checks:
    - ***Historically payees receiving U.S. Treasury checks are 16 times more likely to encounter an issue (e.g., returned to USPS for bad address, theft, etc.).***
  - Reduced capacity to print, enclose, and mail checks complicated by supply chain challenges

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Solution #1: Account Verification Service (AVS)

- <u>Challenge</u>: Strengthen integrity of bank accounts shared via IRS' public facing portals

- <u>Solution</u>: Commercial account verification service (AVS) pilot through partnership with Early Warning Service and GIACT (via PNC)
  - Launched to reduce improper payment risk associated with Economic Impact Payments (implemented for EIP3)
  - Assessed long term, government wide potential to mitigate fraud and improper payment risk

- AVS Bank Account Coverage
  - Confirms existence and status for 80% of domestic bank accounts
  - Confirms account ownership for 65% of bank accounts

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AVS Use Cases FY21 - FY22

IRS EIP3 & ACTC Portals
- Taxpayers updating banking information
- 2.7 million accounts screened
- **$130 million improper payments prevented**

IRS Taxpayer Protection Program (Tax Refund)
- IRS identifies suspected ID theft returns
- Uses AVS to identify and expedite resolution of false ID theft selections
  - 9 million tax returns, $42 billion screened
  - 2 million tax returns, **$13 billion validated eligible for expedited release**

FEMA Individuals and Households Program
- Screening Critical Needs Assistance applications
- 2.5 million accounts screened
- **$92 million prevented**

AVS prevented $222 million in potentially fraudulent and/or improper payments between Fiscal Years 2021 and 2022

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Solution #2: Bank Account Matching

- **Challenge**: Maximize use of direct deposit to deliver EIP and ACTC payments by matching potential pandemic relief payments to bank accounts in Fiscal Service systems (e.g., SSA, VA, etc.)

- **Solution**: Expand relationship with IRS' Return Integrity Compliance Service (RICS) to provide cross-government analysis and banking information contained within FS records.

- In FY21 and FY22, Fiscal Service helped IRS convert **70.2 million** Economic Impact Payments (EIPs) and Advance Child Tax Credit (ACTC) payments from check to direct deposit

  - **99.6%** successful delivery rate

  - Enabled faster and more accurate delivery of critical pandemic relief payments

    - Using historical exception rates, an estimated 3 million exceptions were avoided as a result of bank matching

  - Reduced pressure on U.S. Treasury check infrastructure

- This effort also avoided **$33 million** in check production costs (check stock, envelope, and postage costs).

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Solution #3: DNP Portal & Analytics

SBA OIG and DNP partnered to evaluate concerns regarding Paycheck Protection Program (PPP) Loans and Economic Injury Disaster Loans (EIDL):

SBA PPP and EIDL Evaluation Partnership

- DNP assessed 5.2M loans totaling $525B issued as of August 2020 for the following:
  - Federal debarments or suspensions
  - Delinquent federal loans
  - Defaults on federal loans
- DNP identified 57k loans valued at $3.6B, with $280M undisbursed as of August 2020, and 10 high risk loan servicing locations.

Outcome of Evaluation

- Identified impact of DNP portal review prior to award and/or release of funds.
- Helped identify areas of focus to loans associated with:
  - Potentially ineligible lenders that had undisbursed funds
  - Potentially ineligible recipients during loan forgiveness review or further disbursements
- Identified opportunity to strengthen controls in loan forgiveness process.

"Treasury's analysis of potentially ineligible recipients demonstrates the importance of front-end controls and careful review by SBA of the loans identified." (p.5 of the "Paycheck Protection Program Loan Recipients on the Department of Treasury's Do Not Pay List" Report 21-06)

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Making a Difference in Fiscal Year 2022

Results of our collective prevention efforts in FY 2022...

**$162.2M
Total Prevented***
Improper Payments

Through the following services ....

$24.2M**
Fraud Prevented
Using Cross-
Government Data

$79.1M
Prevented in Admin Errors & Possible
Fraud using an Account Verification Service
& Electronic Verification of Vital Events

$58.9M
Stopped or
Confirmed
Improper in
DNP

*In addition to the $35.5 billion returned to Agencies in FY 2022 as a result of the various post payment processes including returned U.S. Treasury checks approximately ($13.8 billion), ACH payments (approximately $13.8 billion), recovery related to deceased payees (approximately $645 million), etc., which is used as a source to identify potential fraud and improper payments.

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How to Reach OPI

Office of Payment Integrity (OPI) Contact Information:

OPI.outreach@fiscal.treasury.gov

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GAO's Fraud Risk Framework and Antifraud Resource

Overview by Johana Ayers

**Managing Director
Forensic Audits and Investigative Service**

Fraud and Fraud Risk are Distinct

Fraud

Fraud involves obtaining something of value through willful misrepresentation; determined through the judicial or other adjudicative system

Fraud Risk

Fraud risk is a broader concept that includes potential events and vulnerabilities

VS

Fraud is something that *has happened*

Fraud risk is something that *could happen*

![GAO logo]

Requirements for Managing Fraud Risk

2014

GAO issued the revised *Standards for Internal Control in the Federal Government*

Requirement for federal managers to "**consider the potential for fraud** when identifying, analyzing, and responding to risks" (**Principle 8**)

2015

GAO issued *A Framework for Managing Fraud Risks in Federal Programs* ([GAO-15-593SP](#))

Detailed guide of **leading practices to** help agencies **strategically manage** their **fraud risks**

2016
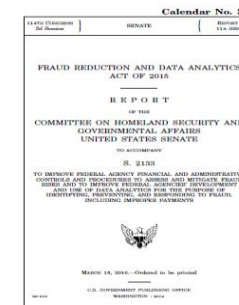
Fraud Reduction and Data Analytics Act (FRDAA) enacted

2020

Payment Integrity Information Act (PIIA) enacted

GAO's Fraud Risk Framework

Effective fraud risk management helps to ensure that federal programs **fulfill their intended purpose, funds are spent effectively,** and **assets are safeguarded**.

The Framework provides guidance to program managers for strategically managing their fraud risks. Provides auditors with criteria for assessing agency actions.

- ✓ Principles

- ✓ Components

- ✓ Environmental factors

- ✓ Monitoring and feedback
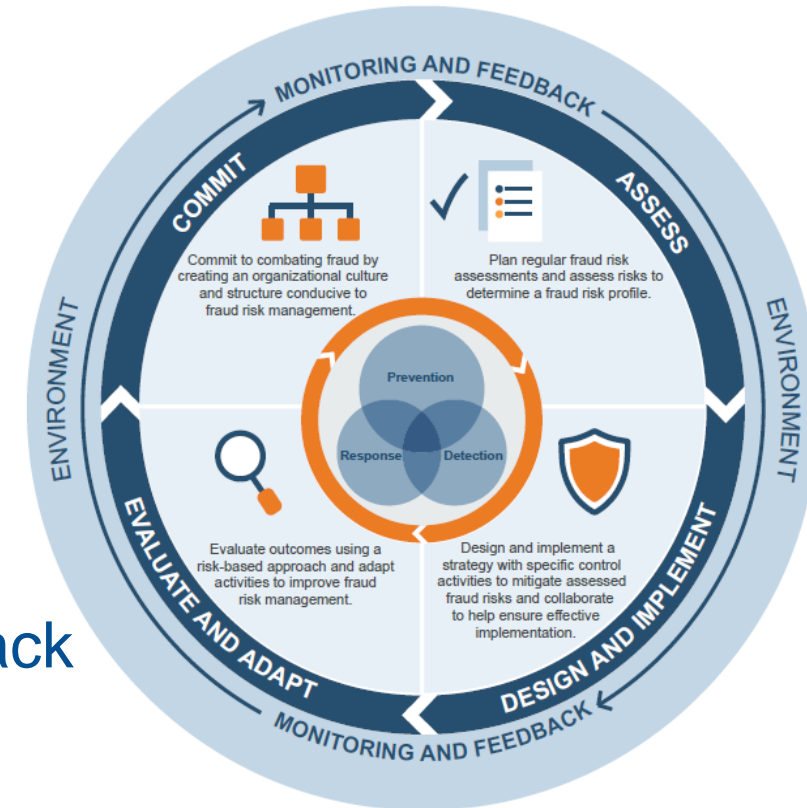
Source: GAO. | GAO-15-593SP

Three Principles

- **Prevention**
  - ➢ emphasis on prevention because it is **more cost-effective than the "pay-and-chase"** model

- **Detection**
  - ➢ **prospect of likely detection**, coupled with a **consequence** acts as a strong deterrent

- **Response**
  - ➢ ensuring **consequences, but also strengthening** or reorienting existing **controls** or **adding** new ones
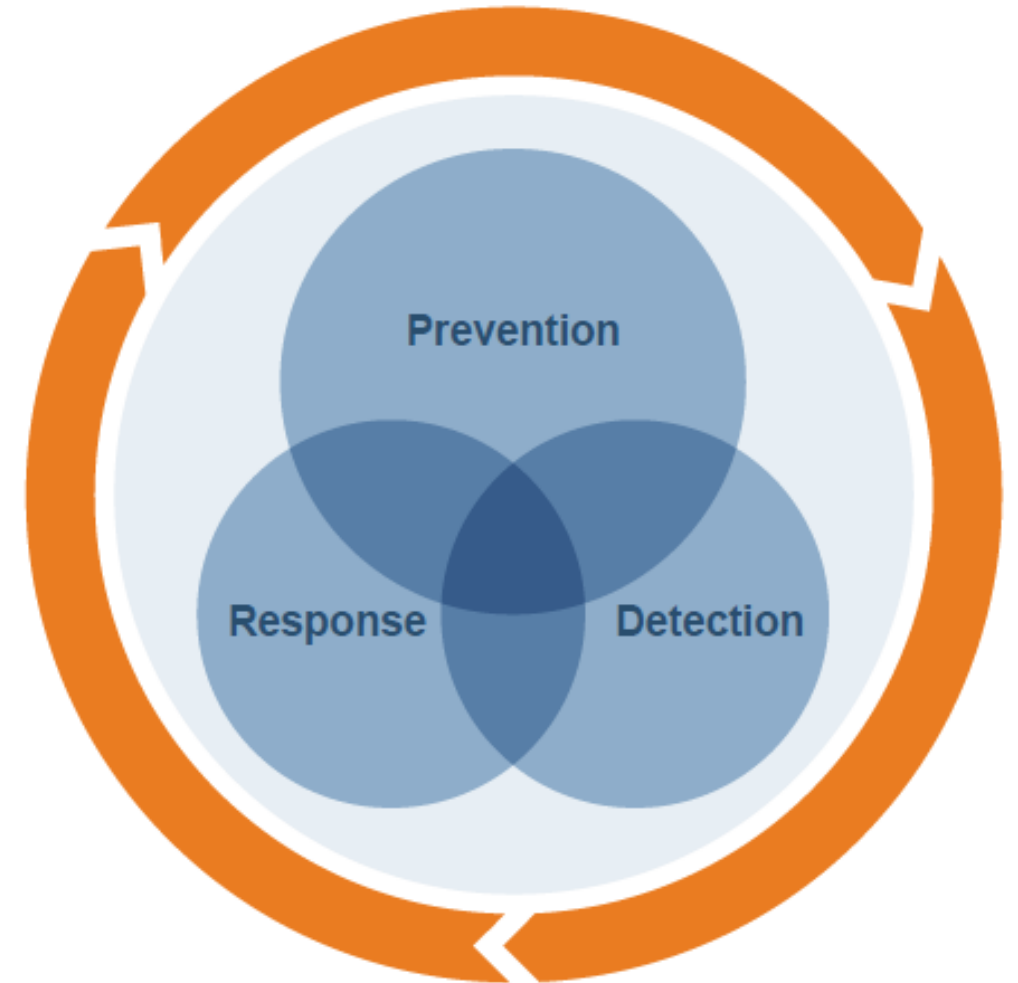
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Four Components

- **Commit**: create an organizational culture and structure conducive to fraud risk management

- **Evaluate & Adapt**: evaluate outcomes using a risk-based approach and adapt activities to improve fraud risk management
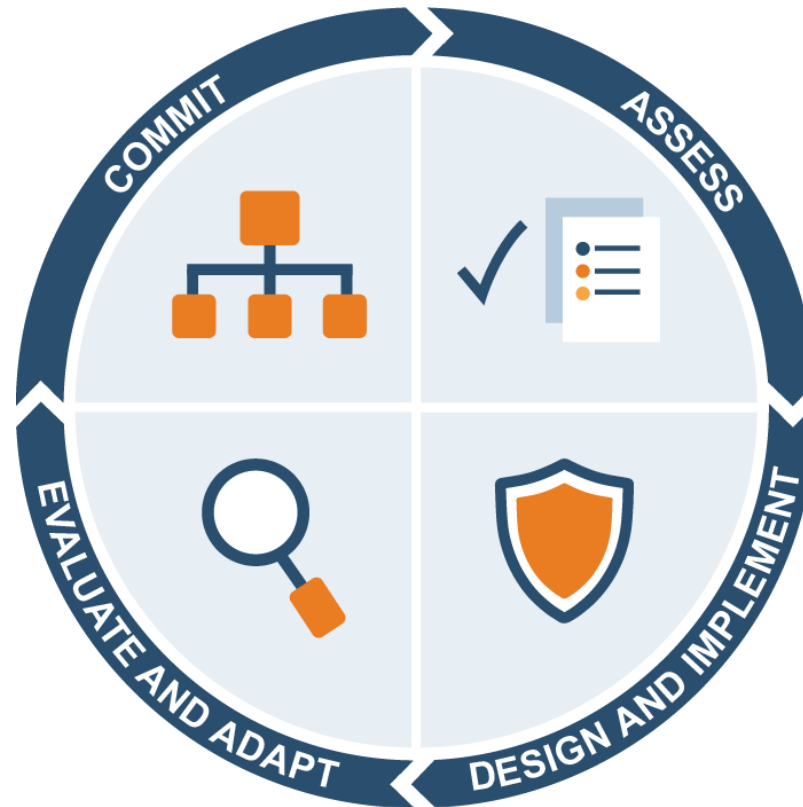
- **Assess**: assess risks, plan regular assessments, and determine a fraud risk profile

- **Design & Implement**: design and implement an anti-fraud strategy with specific control activities to mitigate assessed fraud risks and collaborate with stakeholders to ensure effective implementation

Commit: Commit to combating fraud by creating an <u>organizational culture</u> and <u>structure</u> conducive to fraud risk management

Tips for putting into practice:
- Set expectations for ethical behavior and discuss your program's code of conduct (or create your own) in team meetings or training
- Talk with employees about fraud; share relevant Inspector General (IG) reports or news stories
- Reinforce the importance of integrity, especially when setting targets or team quotas
- Designate an entity to lead fraud risk management efforts

Example: GAO-18-492

What this really means: Demonstrate commitment to integrity, make it apparent to your employees and co-workers

Assess: Plan regular fraud risk assessments and assess risks to determine a fraud risk profile

Tips for putting into practice:
- Brainstorm with employees and make a list of where *could* occur in your area
- Provide a way for employees to anonymously submit ideas about fraud risks
- Talk with employees and stakeholders (including IGs) about which fraud risks are the most likely and which would have the biggest impact—both financial and non-financial; use this to prioritize your list of fraud risks

Example: GAO-19-297

What this really means: Examine and document the fraud risks in your area

Design & Implement: Design and implement a <u>strategy</u> with <u>specific control activities</u> to <u>mitigate</u> assessed fraud risks and <u>collaborate</u> to help ensure effective implementation

Tips for putting into practice:
- Document a mitigation approach for the top risks
- Develop changes in your work process to add controls that could prevent/detect fraud
- Collaborate outside your department if the mitigation requires external involvement
- To augment preventive controls, create a process for monitoring to detect potential fraud
- Give employees adequate time and support to perform these activities

Example: GAO-19-167

What this really means: Look at the risks you decided were top priorities and make a plan to mitigate them

Evaluate & Adapt: <u>Evaluate outcomes</u> using a <u>risk-based</u> approach and <u>adapt</u> activities to improve fraud risk management

Tips for putting into practice:

- After a period of time, review the activities performed to address fraud and decide if they were beneficial
- Look back at the list of risks and assess whether risks need to be reprioritized
- Continue to share IG findings and news stories to keep employees thinking about fraud and to help identify additional fraud risks that need to be addressed

Example: GAO-18-88

What this really means:
Track the new processes, controls, and monitoring activities for effectiveness and make needed changes

GAO's Antifraud Resource

Some agencies have had challenges effectively assessing and managing their fraud risks. Some federal managers may not fully understand how fraud affects their programs.

GAO developed this on-line, interactive resource to help federal officials and the public better understand and help combat federal fraud.

GAO's Antifraud Resource

https://gaoinnovations.gov/antifraud_resource/

- What is fraud (that affects the federal government)?
- How fraud works
- Antifraud resources
- Fraud glossary
- About – why and how we did this work

QUESTIONS??
THANK YOU!

Johana Ayers, ayersj@gao.gov

www.gao.gov

- https://www.gao.gov/products/gao-15-593sp
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Pandemic Response Accountability Committee:
A Whole of Government Oversight Response

April 25, 2023

What is the PRAC?

- March 2020 — the CARES Act created the Pandemic Response Accountability Committee to conduct independent oversight of the more than $5 trillion in pandemic relief.

- Comprised of 20 federal Inspectors General

- Supports a community of 10,000 auditors and 3,400 investigators.

- Mitigates fraud risks that cut across program and agency boundaries.

The PRAC Oversees $5T in Pandemic Relief

$7.8B

The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020

Signed into law on March 6, 2020, the Act provided emergency funding to Health and Human Services, the State Department, and the Small Business Administration.

$1.9T

American Rescue Plan Act of 2021

Signed into law on March 11, 2021, this legislation includes direct payments, unemployment benefits, and tax provisions as well as support for small businesses and schools.

$900B

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021

Signed into law on December 27, 2020, this legislation extended federal unemployment benefits, provided direct payments to individuals, and started a second round of PPP loans.

$5+ Trillion

$15.4B

The Families First Coronavirus Response Act

Signed into law on March 18, 2020, the FFCR Act provided paid sick leave, tax credits, and free COVID-19 testing, while also expanding food assistance and unemployment benefits.

$2.1T

The Coronavirus Aid, Relief, and Economic Security Act

Signed into law on March 27, 2020, the CARES Act created the Paycheck Protection Program, provided tax rebates to individuals, and provided relief to federal agencies.

$483B

Paycheck Protection Program and Health Care Enhancement Act

Signed into law on April 24, 2020, the Act added funds to the Paycheck Protection Program (PPP) and other SBA programs.

U.S. Pandemic Relief Spending in Context

2009 Recovery Act — 0.861

FY19 Total Spending — 4.45

2020-2021 Pandemic Spending — PPP — 5
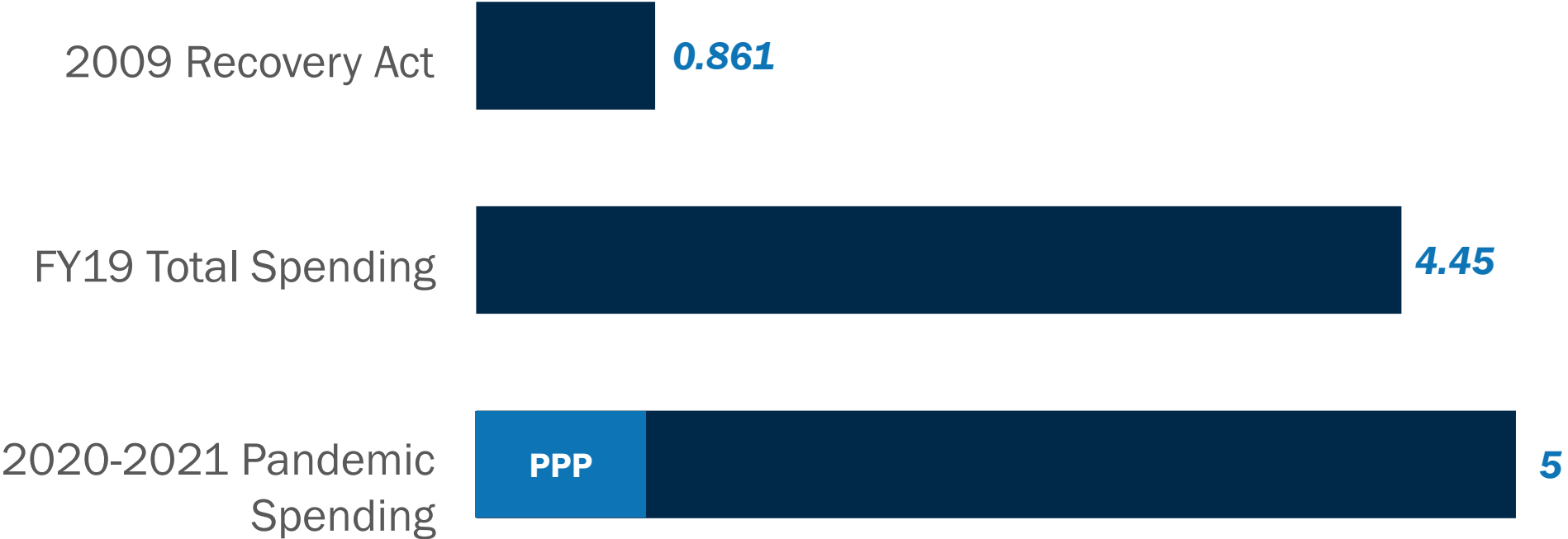
$ in Trillions

The Speed of Pandemic Relief Spending

...in just its first 14 days, about 1.7 million PPP loans were issued with disbursements of upwards of $343 billion.
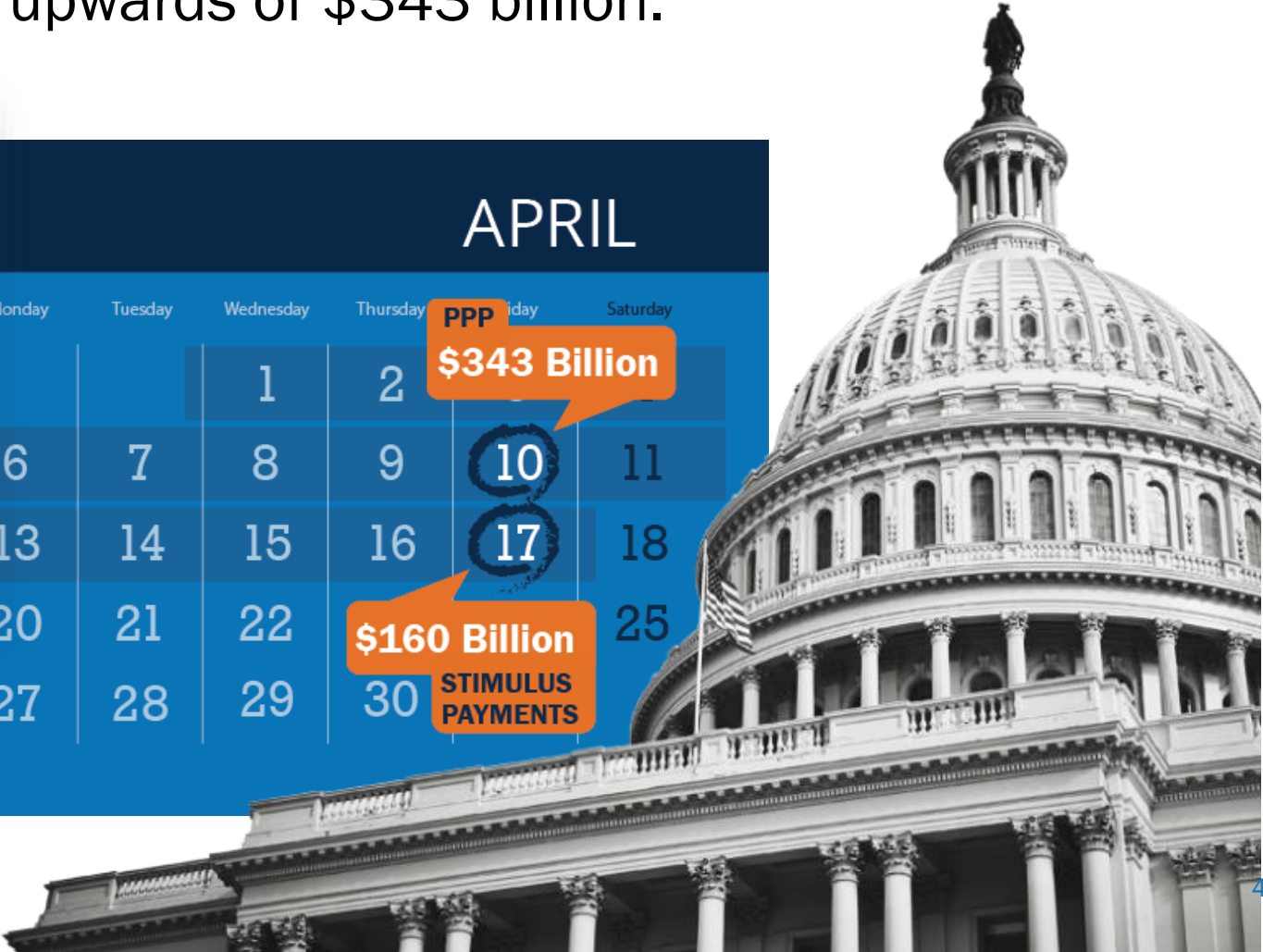
PRAC's Transparency Efforts

How Were Pandemic Relief Funds Spent?

Total Pandemic Response $5+ trillion as of September 2021

- **$92.1B** Federal Program Administration and Oversight
- **$86.0B** Private Sector Pensions
- **$161.7B** Tax Credits
- **$778.0B** Paycheck Protection Program
- **$1.0T** Unemployment
- **$184.0B** Small Businesses
- **$91.2B** Public Services
- **$34.4B** Veterans
- **$16.1B** Global Assistance
- **$32.2B** Farming Industry
- **$159.2B** Transportation
- **$283.5B** Education
- **$351.4B** Health Care
- **$674.3B** State, Local, and Tribal Governments
- **$81.2B** Financial Institutions & Federal Reserve Emergency Lending Facilities
- **$19.1B** Broadband and Technology
- **$1.1T** Individuals

Tracking the Money on PandemicOversight.gov

Our website enables the public to track pandemic spending multiple ways.

- Explore nearly 22 million awards, like grants and contracts, that went to **individuals**.

- See all the relief programs that **federal agencies**, like the Dept. of Health & Human Services, are responsible for administering.

- Dig into dashboards for **specific programs**, like the Restaurant Revitalization Fund.
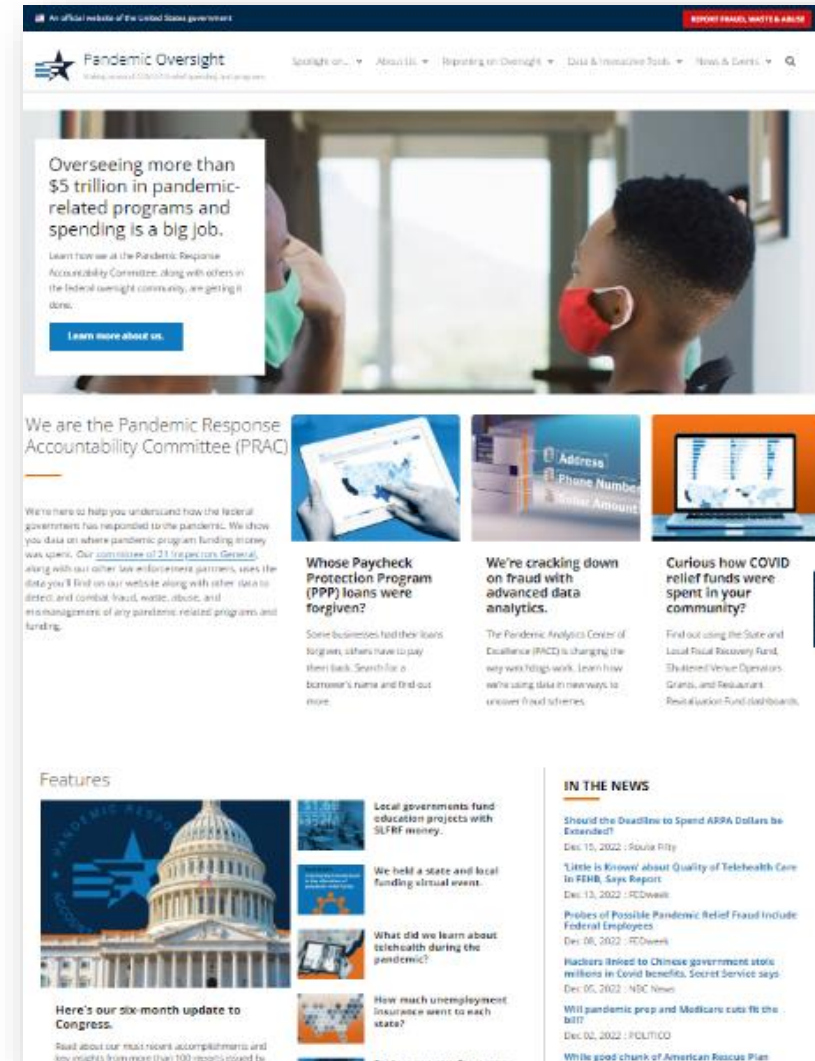
Federal, state, and local oversight reports

560+
Federal IG Reports

280+
State & Local Reports

Tracking Fraud on PandemicOversight.gov

Pandemic Response **Fraud**, Flags and Notable Findings

More Money, More Problems: Increased Fraud Potential

The SBA OIG and DOL OIG issued agile oversight products alerting management and Congress:

Within:

1 week

Within a week of the CARES Act passage, SBA OIG issued a white paper on lessons learned from prior emergency economic stimulus programs.

1 month
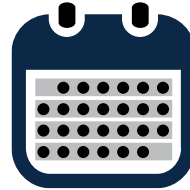
Within a month, Labor OIG issued an advisory report warning about the reliance on self-certification.

2 years
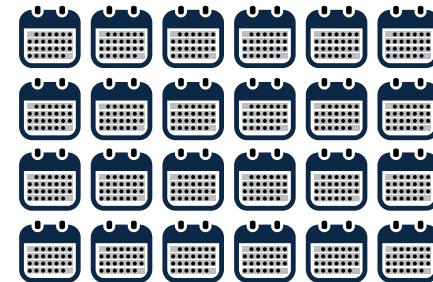
Over the past 2 years—SBA OIG, Labor OIG, and other offices have issued numerous reports in drawing attention to increased fraud risks.

Where is the Fraud?

40% **Paycheck Protection Program**

22% Unemployment Insurance
(Pandemic Unemployment Assistance Program)

20% **Economic Injury Disaster Loan Program**

5% Testing

3% Personal Protective Equipment

2% Economic Impact Payments

Fraud has occurred across COVID-19 relief programs

- Corrupt public officials defrauding the **Coronavirus Relief Fund** through false invoices and funneling funds to their associates.

- Crooked landlords defrauding the **Emergency Rental Assistance program** by claiming rental payments on abandoned properties.

- Dishonest health providers defrauding the **Provider Relief Fund** by ordering medically unnecessary tests and equipment.

- Tax cheats filing fraudulent claims for **IRS stimulus checks**.

Identity Theft and Identity Fraud

- More than 394,000 people reported their personal information was misused to apply for a government benefit—a 3000% increase from 2019.

- Pandemic created a unique situation of being victimized twice. Fraudsters stole personal information and financial benefits.
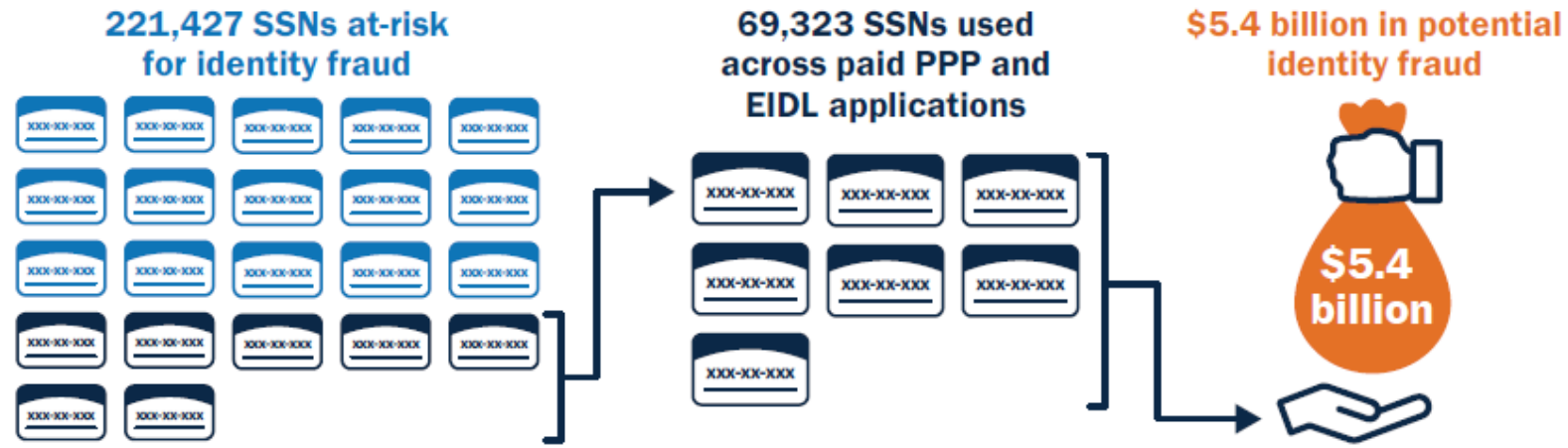
Fighting pandemic-related fraud

**Pandemic Analytics
Center of Excellence**
(PACE)

Fraud Task Force
50+ Agents
15 OIGs
18 Cities

Findings—PRAC Identified $5.4 Billion in Potential Fraud

221,427 SSNs at-risk for identity fraud

69,323 SSNs used across paid PPP and EIDL applications

$5.4 billion in potential identity fraud

$5.4 billion

- PRAC identified 69,323 questionable SSNs used to obtain $5.4 billion from the SBA's COVID-19 EIDL program and PPP.

- The PRAC further determined that 175,768 of the SSNs were used in COVID-19 EIDL and/or PPP applications that were not disbursed by SBA. These SSNs could be used in a future attempt to obtain benefits from other government programs, and therefore warrant further scrutiny.

Findings—Continued

- The ability to perform the type of SSN check the PRAC conducted was not readily available to SBA when it faced a deluge of applications in 2020.

- The results of this Fraud Alert demonstrate the benefit of a consent-based verification process to authenticate basic applicant information (e.g., name, SSN, date of birth) to verify eligibility before disbursing funds.

- The results of this Fraud Alert also demonstrates the need to prepare for future emergencies to help improve program integrity and prevent identity fraud.

PRAC Coordination with Oversight Partners and Executive Branch Leadership

Connecting Federal, State, and Local Auditors

- Regular listening posts meet monthly

- Participants include:
  - PRAC
  - State Auditors
  - Local Auditors
  - NASACT
  - GAO
  - Federal OIG Staffs
  - AICPA
  - OMB
  - Auditors for Tribes

- Discuss key issues or areas of priority
  - Single Audit Requirements
  - OMB Guidance
  - Fraud Alerts and "Early Warnings"

PRAC Engagement with Executive Branch Leadership

- Since early 2021, the White House implementation team (headed by Gene Sperling) has held weekly meetings with PRAC and OMB leadership to address oversight issues that have arisen.

- Also created "gold standard meetings" -- before implementing new program or spending pandemic funds on existing program, agency officials must present planned implementation controls to PRAC, WH implementation team, OMB, and agency IG.

  - Almost 30 meetings since early 2021
  - OMB issued guidance institutionalizing meetings (OMB Memorandum 22-12).

- PRAC and IG leaders met with President Biden on April 29, 2022, where he expressed his support for independent oversight and Inspectors General

Identifying & Sharing Lessons Learned

- Capping report that aggregates common findings and lessons across multiple relief programs.

- Initial report released in September 2021, with an update issued in June 2022.

- A quick, high-level read that shares opportunities to prevent fraud and improve how programs are designed.

What we've learned overseeing $5 trillion in pandemic relief funds

Lesson #1:

Self-certified information needs to be validated before payments are sent.

- Use tax return data (EIDL loans)

- Cross-match data with the Social Security Administration, Department of Motor Vehicles, or other identity verification databases (unemployment insurance benefits)

Lessons Learned

Lesson #4:

Recipients and administrators need timely and clear guidance to get benefits out efficiently and accurately.

- Guidance for determining eligibility (unemployment insurance)

- Guidance for allowable uses and expenses (state and local relief)

Lesson #7:

New program need more outreach to increase public awareness and participation.

- Enable multiple ways to apply and partner with trusted community organizations (broadband benefits)

- Simplify the application (funeral assistance)

Connect with the PRAC

[Sign up for our emails](#) and follow us on social

Thank you!

Lisa Reijula, Outreach and Engagement
Lisa.Reijula@cigie.gov

Jenniffer Wilson, Oversight and Accountability
Jenniffer.Wilson@cigie.gov

Agenda

Topics	
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