

GAO Highlights

Highlights of [GAO-22-105715](#), a testimony before the Committee on Homeland Security and Governmental Affairs, United States Senate

Why GAO Did This Study

During emergencies, federal agencies must get relief funds out quickly while ensuring appropriate financial safeguards are in place. GAO noted early in the COVID-19 pandemic that agencies gave priority to swiftly distributing funds and implementing new programs; however, tradeoffs were made that limited progress in achieving transparency and accountability goals.

As of January 31, 2022 (the most recent data available), the federal government had obligated \$4.2 trillion and expended \$3.6 trillion, 90 percent and 79 percent, respectively, of the \$4.6 trillion in funds from six COVID-19 relief laws.

This testimony focuses on GAO's assessment of (1) federal agencies' application of fundamental internal controls and financial and fraud risk management practices for COVID-19 spending, and (2) opportunities for Congress to improve these practices during emergencies and national crises.

GAO reviewed its COVID-19 findings on internal controls and financial and fraud risk management practices. GAO compared those findings to fundamental practices for internal control, financial management, and fraud risk management.

What GAO Recommends

GAO has made 271 recommendations and five matters for congressional consideration across its COVID-19 work. In today's testimony, GAO is making 10 matters for congressional consideration intended to enhance the transparency and accountability of federal spending.

View [GAO-22-105715](#). For more information, contact Jessica Farb at (202) 512-7114 or farbj@gao.gov.

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EMERGENCY RELIEF FUNDS

Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond

What GAO Found

When reviewing the federal government's response to the COVID-19 pandemic, GAO found that agencies had significant shortcomings in their application of fundamental internal controls and financial and fraud risk management practices. Such shortcomings—stemming in part from the need to distribute funds quickly—were exacerbated by existing financial management weaknesses. As a result, billions of dollars were at risk for improper payments, including those from fraud, providing limited assurance that programs effectively met their objectives.

To help address these shortcomings, GAO suggests Congress take legislative action to address the following:

- **New program improper payment reporting.** (1) Designate all new federal programs distributing more than \$100 million in any one fiscal year as “susceptible to improper payments,” and, thus, subject to more timely improper payment reporting requirements; and (2) require agencies to report improper payment information in their annual financial reports.
- **Fraud risk management reporting.** Reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports. Such reporting will increase congressional oversight to better ensure fraud prevention during normal operations and emergencies.
- **Fraud analytics.** Establish a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.
- **Chief Financial Officer (CFO) authorities.** Clarify that agency CFOs have oversight responsibility for internal controls over financial reporting and key financial information; and require agency CFOs to (1) certify the reliability and validity of improper payment risk assessments and estimates and monitor associated corrective action plans, and (2) approve improper payment estimate methodology in certain circumstances.
- **Internal control plans.** Require the Office of Management and Budget (OMB) to provide guidance for agencies to develop internal control plans that can then be put to immediate use for future emergency funding and require agencies to report such plans to OMB and Congress.
- **USAspending.gov.** (1) Clarify the responsibilities and authorities of OMB and Treasury for ensuring the quality of federal spending data available on USAspending.gov, and (2) extend the previous requirement for agency inspectors general to review agency data submissions on a periodic basis.
- **Data sharing.** Amend the Social Security Act to accelerate and make permanent the requirement for the Social Security Administration to share its full death data with Treasury's Do Not Pay working system.

Collectively, these actions can help agencies ensure that they can distribute funds rapidly while having appropriate financial safeguards in place. In addition, these actions will help increase transparency and accountability and strengthen agency efforts to provide proper stewardship of federal funds.