

TESTIMONY OF THE HONORABLE EARL E. DEVANEY
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BEFORE THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
UNITED STATES HOUSE OF REPRESENTATIVES
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Mr. Chairman and members of the Subcommittee, I want to thank you for the opportunity to appear before you today to discuss the efforts and progress of the Recovery Accountability and Transparency Board (the Board). As you know, the President recently appointed me Chairman of that Board, which was established by the American Recovery and Reinvestment Act of 2009 (the Recovery Act). My testimony today will address the current status and mission of the Board, and after I make my opening remarks, I will be glad to answer any questions you have for me.

The Members of the Board and I view the Board as having a dual mission. First, the Board is responsible for establishing and maintaining a website, the purpose of which is not only to foster historic levels of transparency of Recovery Act funds but to do so in a user-friendly manner. Second, the Board will coordinate and conduct oversight of Recovery Act funds to help minimize fraud, waste or mismanagement. I am pleased to tell you that the Board continues to effect its mission of accountability and has recently taken several important steps to achieve its goal of unprecedented transparency of Recovery Act funds.

With respect to our accountability mission, the Board has formed a Recovery Funds Working Group. Unlike the Board, which by the Recovery Act's terms is composed of 10 specific agency IGs and a Chairperson, the Working Group was created to foster participation and input from all 28 Offices of Inspectors General that oversee an agency receiving Recovery Act funds. The Working Group is co-chaired by the Department of Transportation Inspector General (IG) and a former IG who is now on the Board's staff. The Working Group has identified a number of initial projects, such as creating a Recovery Audit Work Plan, suggesting ways to improve the Single Audit process, and identifying high-risk programs at the agency level.

Beyond the federal IG community, the Board is interacting with others involved in federal and state oversight and management of Recovery Act funds. As part of its initial outreach, the Board's procurement compliance staff is meeting with senior procurement executives from each agency receiving funds. The Board's staff has also developed a procurement checklist to assist federal agencies charged with spending Recovery Act funds. It is our hope that this type of agency outreach can help to prevent fraud, waste, and mismanagement of Recovery Act funds before such funds leave the agencies.

The Board is also reaching out to assist states with their new Recovery Act responsibilities. This week, for example, I am hosting a visit by the new Recovery IG of California, a state that will be receiving more than \$45 billion in Recovery Act funds. I will be

introducing her to the IGs who will be overseeing monies headed for California, the Board's staff, and the Recovery Teams at the Office of Management and Budget (OMB) and the Government Accountability Office (GAO). I hope to host similar meetings with oversight officials from other states and municipalities in the near future. Last week I spoke, as I have several times before, at a meeting of governors and other high-level state officials who convened in Washington to discuss Recovery Act fund implementation issues. In addition, on May 20th, I will be speaking to a gathering of all state IGs in Orlando for the Spring Conference of the Association of Inspectors General. On each of these occasions, I deliver the message that the Board is here to assist with state oversight and that they should feel free to call on us for any help that they may need.

I can assure you that the Board considers this type of assistance to be one of its highest priorities. Clearly, for the Board to accomplish its mission of accountability, we will need to ensure open communications and frequent interactions with state and local officials engaged in oversight, as well as with the GAO.

In order to better focus and utilize its resources, the Board has formed two committees: one dedicated to the Board's accountability mandate and the other to the Board's information technology (IT) operations and the continuing development of Recovery.gov. Each committee is currently composed of three or four Board members. These committees meet in addition to the regular Board meetings and then report back to the entire Board on the status of these critical initiatives, as well as any recommendations they may have for moving forward.

The Board's accountability committee, for instance, will discuss strategies for not only receiving reports of fraud, waste, and mismanagement and referring them to the appropriate IG, but also analyzing and developing reports in light of available open-source data. These analyses will make the Board's referrals more value-added for the IGs and will also contribute greatly to risk-based predictions about any potential fraud. On the IT side, the Board's Recovery.gov committee is working to provide strategic direction on the entire range of IT efforts that are before the Board.

Mr. Chairman, a great deal of credit must be extended to OMB and GSA for their efforts to launch Recovery.gov. Because of their efforts, all Americans can visit the website today. However, it is important to remember that the creation of this website is an evolving process with multiple phases. It is not a single event.

Now that the first phase of getting Recovery.gov up and running has ended, we are moving quickly to implement the second phase of development: The Board is beginning to manage the website's design and content, OMB will still retain responsibility for the reporting guidance and the verification of data, and GSA will continue to host the website and will work with the Board to collect and store the data. I am confident that this division of labor will provide the best opportunity to maximize Recovery.gov's use as a transparency and

accountability tool, and I am equally confident that we will also have the opportunity to achieve an unparalleled level of citizen participation.

On the subject of citizen participation, we also hope to employ the creative and innovative ideas the public may have for the future of Recovery.gov. The Board just this past week held an online Recovery Dialogue on Information Technology Solutions, or, as it has sometimes been referred to, an “electronic town hall.” In partnership with the non-profit National Academy of Public Administration (NAPA) and OMB, we hosted a national online dialogue to engage the public, potential stimulus recipients, IT professionals, and state, local and tribal partners in answering the key question: What ideas, tools, and approaches can make Recovery.gov a place where the public can monitor the expenditure and use of Recovery Act funds? Through this online dialogue, which ran from April 27th through May 3rd, participants from across the nation were able to recommend, discuss and vote on the best ideas, tools, and approaches to website design, data collection, data warehousing, and data analysis, as well as fraud, waste, and abuse detection.

While my impression was that we would get a high level of participation, the overwhelming response to our electronic town hall surpassed my expectations. On the first day alone the Recovery Dialogue site received more than 593,000 hits. The feedback we received was also encouraging. As one participant said, "Traditionally, the US [government] has only really been a successful early IT adopter via NSA or NASA, and actions such as this National Dialogue give me hope that may change." NAPA is now in the process of assembling the great ideas that emerged from this exercise, which will then enable us to move quickly to a competitive process of vendor selections.

Perhaps even more importantly, we are excited about the public’s potential contribution to the Board’s mission of accountability. I am convinced that heightened citizen participation will act as a force multiplier for IGs and others charged with oversight of Recovery Act funds. The public – which in many cases is in the best position to see how money is actually being awarded and spent at the lowest levels – will likely be our “first responders” to potential fraud, waste, and mismanagement of Recovery Act funds.

I want to assure this Subcommittee that – just as I am aware of the potential power that citizen participation can bring to the Board’s efforts – I am acutely aware of the damage that can be done by only appearing to give weight to that participation and in reality letting it languish unheard. The Board’s committee on accountability, as I mentioned earlier, has already begun analyzing the best methods of collecting, managing, and analyzing the public’s comments and feedback. Currently, that committee is weighing options for a comprehensive referral management system, which would include a hotline service, through which the public would be able to share potentially crucial information with the Board.

This hotline (which will allow for input in all manner of communication) cannot simply be an off-the-shelf, “plain vanilla” hotline, with personnel who do not understand what questions to ask or what information to obtain. The Board faces a new challenge here in that, typically, hotlines are set up to address a single agency or a specific type of funding, and yet the Recovery Act has given the Board oversight responsibility for numerous and varied agency appropriations. For example, a hotline service might easily train its personnel to process information relating just to grants awarded by the Department of Education. However, in the Board’s case, any hotline personnel will need to be able to understand and digest information about education grants, as well as federal construction contracts, rural development loans, or broadband technology programs. The Board will strive to ensure that any hotline personnel and technology will be both expansive and thorough enough to meet this challenge.

Whenever citizens have the potential to assist oversight and enforcement entities, legitimate concerns are raised about whistleblower protection. The Recovery Act explicitly states that employees of non-Federal employers cannot be fired, demoted, or otherwise discriminated against as punishment for disclosing to the Board or several other entities any information that they believe is evidence of fraud, waste, or gross mismanagement of Recovery Act funds. If citizens believe they are being retaliated against for such disclosures, they may either contact the Board or submit a complaint directly to the appropriate IG.

Mr. Chairman, while I was the IG at the Department of the Interior, I believe I had a well-deserved reputation for aggressively investigating whistleblower complaints of federal employees. I intend to now extend that practice outside the federal arena. If citizens trust in their government, they will eagerly participate in the transparency and accountability of the Recovery Act funds. And, in a circular fashion, such transparency and accountability make the foundation upon which the public trust is built. Because I believe that public contributions to transparency and accountability are critical to the Board’s success, I plan to do everything I can to earn and keep safe that public trust.

Mr. Chairman and members of the Subcommittee, that concludes my prepared testimony. Thank you for this opportunity. I will now be glad to answer any questions you might have.