American Recovery and Reinvestment Act (ARRA)
Transparency & Accountability

NJ Inspector General Mary Jane Cooper
January 15, 2010

Summary of ARRA

Authorizes expenditure of approximately $787 Billion dollars in the form of:

-tax cuts,

-direct spending and

-appropriations.

NJ to receive nearly $17 Billion.

Purposes of ARRA

- Preserve/create jobs and promote economic recovery

- Assist those most impacted by the recession

- Increase economic efficiency by spurring technological advances in science and health

- Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits

- Stabilize State and local government budgets in order to minimize and avoid reductions in essential services and state and local tax increases

Governor Corzine's New Jersey Recovery Accountability Task Force

- The New Jersey Recovery Accountability Task Force was created in March 2009 by Governor Corzine to review every step of the process and ensure that recovery funds are awarded based on clear and appropriate criteria and then distributed in a prompt, fair and reasonable manner.

- The Task Force is comprised of professionals with extensive backgrounds in government and government oversight. Its efforts are directed at creating a framework under which ARRA funds in New Jersey are spent transparently and effectively.

- The Task Force is Co-Chaired by the Governor's Chief of Staff Ed McBride and the State Comptroller Matt Boxer and includes:

NJ Medicaid Inspector General Mark Anderson
NJ Inspector General Mary Jane Cooper
NJ Chief Technology Officer Adel Ebeid
Former NJ State Auditor Richard Fair
NJ Director of Office of Management & Budget Charlene Holzbauer
Former NJ OMB Director Richard Keevey
Governor's Deputy Chief of Staff Diane Legreide
Former U.S. OMB Official David Sandahl

Transparency and Accountability

Extraordinary amount of money brings extraordinary responsibility

Everyone is responsible to ensure that ARRA funds are used efficiently and economically in accordance with the law

Transparency and Accountability

Fund Recipients are responsible for:

- Essential Record Keeping Requirements:
  - Current, Accurate, Complete
  - Adequate supporting documentation

- Quarterly Reporting of program goals and financial performance

Protect the Funds

Task Force Goal: Our goal is your goal, to protect the funds while meeting the goals and objectives of ARRA

- Internal Control Training Initiative
- Task Force/OIG Training Library
- Task Force issued initial guidance memorandums:
  - April 21, 2009 Memorandum to State Department and Agencies
  - August 10, 2009 Memorandum to NJ Local Governmental Units

GAO Reviews (www.gao.gov)

- GAO will be auditing New Jersey for at least the next two years.
  - Bi-monthly reports
  - Fourth report issued December 10, 2009
    - NJ Appendix
- Scope of Reports:
  - Project based
  - NJ's use of and planning for ARRA funds, and
  - NJ's efforts to ensure accountability for ARRA funds.

GAO Emphasis on Internal Controls

Effective internal controls over the use of ARRA funds are **critical** to help allow effective and efficient use of resources, compliance with laws and regulations, and in achieving accountability over ARRA programs

September 23, 2009 GAO report, page 116

Treatment of ARRA Funds

Internal control processes and procedures for ARRA funds follow the same guidelines, rules and regulations that apply to other federally and state funded grants

Greater emphasis on transparency and accountability
> One way this will be accomplished is the Single Audit

Federal Single Audit
OMB Circular A - 133: Single Audit Act

- **Not a new requirement but will be of greater importance for ARRA funds**

  - All units of local government that **expend $500,000** or more in Federal funds during the fiscal year are required to have a Single Audit

  - Single Audit is organization-wide and includes the entity's financial statements as well as Federal awards

  - ARRA funds mean additional Federal funds could cause need for Single Audit

GAO Recommendations

- Early written communication of internal control deficiencies to achieve the objective of more timely accountability over ARRA funds

- Pilot Project for Single Audits

State & Federal Oversight and Monitoring

- You can count on enhanced oversight, monitoring and scrutiny from the following:
  - **NJ Attorney General – Division of Criminal Justice**
  - **State Auditor**
  - **State Comptroller**
  - **State Office of the Inspector General**
  - **State Commission of Investigation**
  - **State Ethics Commission**
  - **Federal OMB – Circular A-133: Single Audit**
  - **GAO**
  - **Federal Agencies**
  - **Federal Inspectors General**
  - **Public (Recovery.gov & NJRecovery.gov Websites)**
  - **Media**
  - **Local Independent Public Accountants**

Current Oversight Actions

As of November 30, 2009, the Federal Recovery Board and the federal Inspectors General community have received 1,006 complaints of wrong-doing associated with Recovery funds

106 have triggered active investigations
25 cases have been accepted for prosecution.

What does the enhanced monitoring and oversight mean?

- You will be audited
- Each oversight agency has its recourses for lapses in compliance with the requirements under their cognizance
  - Reported audit findings (negative public perception)
  - Continued monitoring and oversight
  - Fines, penalties, return of funds
  - Criminal investigations

Being Prepared for the Audit

- Maintain robust, effective internal controls
- Understand program goals
- Understand funding requirements
- Know applicable rules and regulations
- Ensure timely, accurate reporting
- Attend and provide ongoing training
- Continually monitor internal controls
- Maintain adequate supporting documentation
- Have your ARRA documents segregated and ready

If they find a problem – they will be back

How to ensure appropriate use of ARRA funds

1. Internal Controls
2. Internal Controls
3. Internal Controls

Either address the issue now or later in a public forum

What is Internal Control?

Definition:

Internal control is a process, effected by an entity's management and other personnel, designed to provide reasonable assurance that the entity's objectives are being met without wasting resources.

Simply, internal controls are the plans, methods and procedures used to meet an entity's mission, goals, and objectives

Internal Control: Management Objectives

- Effectiveness and efficiency of operations (good use of tax dollars; meet program goals or legislative intent)

- Reliability of financial reporting

- Compliance with applicable laws and regulations.*

*GAO Standards for Internal Control in Federal Government November 1999

Why do we need Internal Controls?

Internal controls are the first line of defense in safeguarding assets and detecting and preventing errors and irregularities.

Help achieve desired results through effective stewardship of public resources.

Why are Internal Controls Important?

- Promote efficiency, reduce risks of asset loss, help ensure reliability of financial statements, and compliance with laws and regulations

- Put in place to keep the organization on course toward achievement of its mission

- Protect the entity by catching small mistakes before they become big problems

- Protect the entity by mitigating opportunities for innocent mistakes or intentional fraud to cause harm

- Impact every aspect of an organization – all of its people, processes, and physical structures

Internal Controls - Basics

- Internal Control is Management 's Responsibility
- Incorporate the qualities of good management
- All staff have a role and controls will be effective when all of the people and the surrounding environment work together
- Are dependent upon the people and will succeed or fail depending on the attention people give to it
- Provide a level of comfort to an organization – controls do not guarantee success
- Help an organization achieve its mission
- Minimize fraud

Common sense should prevail – cost to implement controls should not exceed benefit

Who has Responsibility for Internal Controls?

- Everyone in the organization has responsibility for ensuring the internal control system is effective

- The greatest amount of responsibility rests with the managers
  - Management should ensure that all personnel in the organization know their respective roles and responsibilities

Top executive has the ultimate responsibility

When do you utilize internal control?

CONTINUALLY

➢ Internal controls are built into each system and process

➢ They help to regulate and guide every aspect of the operations

➢ As the organization evolves, the internal controls will change

Internal Control: Fundamental Concepts

- A continuous built-in component of operations

- Effected by people

- Provides reasonable assurance, not absolute assurance*

- Geared to achievement of objectives

Internal Control Framework

- Internal control is composed of a number of interrelated components that work together to achieve an entity's goals

- Derived from the way management runs an organization and are integrated with the management process

- Components apply to all entities but smaller organizations may implement them differently than larger ones (i.e. less formal and less structured)

Considerations for the Design of Internal Controls

- Entity size
- Entity's organization structure
- Nature of the business
- Diversity and complexity of operations
- Entity's method of transmitting, processing, maintaining and accessing information
- Applicable legal and regulatory requirements

Components of Internal Control

5 Interrelated Components:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

1. Control Environment

- Core of any system of internal control – serves as the foundation
- It sets the tone for the entire organization
- Effective internal controls need positive, strong tone from the top
- Management communicated acceptable business practices, conduct and policies to staff
- Management demonstrates concern for conduct by performing important control procedures such as authorization of transactions, review of reconciliations
- Responsive to prior audit recommendations and makes timely corrective action

Control Environment Includes:

- Ethics and integrity of the administration and employees
- Commitment to competence at all levels (knowledge and skills, defined tasks)
- Entity operating system and attitude towards controls (management philosophy)
- Human Resource polices and practices
- Organization structure (centralized or decentralized)
- Delegation of Authority and Responsibility
- Relationship with Oversight Agencies

  › If management thinks controls are important, employees are more likely to follow suit

Integrity and Ethical Values

- Tone set at the top
- Code of Conduct and policies
- Remedial actions for violations
- Management overriding controls
- Unrealistic performance goals

Commitment to Competence

- Knowledge and Skills

- Defined Tasks

  - Do employees know their job responsibilities – what they are supposed to do and why?
  - Are there appropriate supervisory review and oversight of employee performance?

Management Philosophy and Operating Style

- Interaction of management and employees

- Communication of acceptable operating practices (types of risk accepted)

- Staff Turnover for key functions
  - New employees could mean a lack of experience which could indicate higher risk of mistakes and errors

Human Resource Policies

- Policies for ethical standards
- Code of Conduct
- Background checks performed on employees who perform duties considered high risk
- Ongoing training
- Remedial actions

Personnel is the most important aspect because competent, trustworthy people can operate with limited controls

2. Risk Assessment

Risk is the probability of an event or action having an adverse effect on the organization

- Management must identify, analyze, and manage risks that affect its objectives

Examples of Risk:

> Assets are not adequately safeguarded against loss

> Financial and operating reports are unreliable

> Operations are not operating effectively / efficiently

> Operations are not in compliance with laws, rules, and regulations

Types of Risks

- Internal and External
- Changes in operating style
- New personnel
- New or enhanced information technology systems
- New programs
- New laws and regulations

3. Control Activities

- Consist of the specific policies and procedures that are put in place to mitigate the risk of error, noncompliance, and fraud

- Policies and procedures designed to help ensure management directives are carried out

- Occur throughout the organization at all levels and in all functions

Types of Control Activities

- Security of assets
- Segregation of duties
- Authorization of activities
- Appropriate approval of transactions
- Verification and Reconciliation
- Adequate documentation
- Information Processing
- Independent performance review

Security of Assets

Designed to minimize the danger of loss or misuse

Includes:

- Controlled Access
- Unique user IDs and passwords
- Physical Security
- Backup for computer records
- Disaster Recovery

Physical Control of Assets

Control Assets – Limit or restrict access through the use of management authorizations, locks, passwords, data encryption

- Accounting Records, Blank checks
- Cash
- Entity Owned Vehicles and Equipment
- Supplies
- Building
- Computer Programs

Perform periodic unannounced inventory verification

Segregation of Duties

- Reduces the risk of both erroneous and inappropriate actions
- Designed to prevent any one person from performing incompatible duties:
  - Responsibility for operations should be separate from the related record-keeping
- Three functions are considered mutually incompatible:
  1. authorize a transaction
  2. record the transaction in the accounting records
  3. maintain custody of the assets resulting from the transaction
- Therefore, responsibility for the custody of assets should be kept separate from the authorization and accounting for those assets
  - When resource constraints compromise the ability to segregate duties many small companies use certain compensating controls (i.e. independent verification and reconciliations)

Authorization of Activities

- Authorization is the delegation of authority that management grants to a department or employee
  - General – permission given to department to expend funds from an approved budget
  - Specific – relates to individual transactions and generally requires signature or electronic approval of the transaction by the person designated with approval authority (i.e. purchasing official, timekeeping)

Management should authorize employees to perform certain activities and execute transactions within defined parameters
  - Appropriate monetary thresholds, documentation requirements

Approval, Verification and Reconciliation

- Management specifies those activities or transactions that require supervisory approval before they are performed

- Supervisory approval implies that the transaction has been verified and validated and conforms with established policies and procedures. Approval implies that the approver has reviewed the supporting documentation and is satisfied that the transaction is appropriate, accurate, and complies with applicable laws, regulations, policies, and procedures

- Approvers should review supporting documentation, question unusual items, and ensure that the information is present to justify the transaction before they sign off on the transaction

Documentation

- Transactions should be supported by adequate documentation
- Clearly specify the facts (dates, nature and scope of transaction, authorizations, approvals, verifications)
- Documents should be as simple as possible so they are clearly understood by all users
- Documents should be pre-numbered and properly stored
- Use of documents should be periodically verified to ensure accountability

Document Storage and Retention

- Appropriate documentation storage and retention policies should be implemented

  - Secure physical storage
  - Back-up electronic files

- Consider all pertinent laws and regulations:
  - Contract and Grant Requirements
  - Federal and State Requirements
  - IRS, State Tax and Department of Labor

Information Processing

- Appropriate policies and procedures regarding information technology are critical

- Restrict computer access, both hardware and programs, to authorized personnel

- Require passwords for access

- Require periodic password changes

Independent Performance Review

- Designed to ensure that the other controls are properly designed and working as intended
- Changes in operations may make some controls unnecessary and may cause the need for new controls
- Examples of performance reviews:
  - Periodic reconciliations
  - Analytical Procedures

Periodic Reconciliations

- Comparison of different sets of data, identifying and investigating differences and taking corrective action, when necessary

- Helps ensure accuracy and completeness of transactions

- Example:

  Performing a checking account bank reconciliation

  - Maintain segregation of duties - reconciliations should not be performed by person who authorized or performed the transaction or by the person who maintains custody of the asset

Analytical Review

- Management should review reports, statements, reconciliations and other information to ensure consistency and reasonableness

- Compare information about current performance with budgets, forecasts, prior period, and other benchmarks to measure the extent to which goals and objectives are being achieved and to identify unexpected results or unusual conditions that require follow-up

4. Information and Communication

- Information systems identify, capture, process, and distribute information supporting the achievement of financial and performance reporting objectives

- Adequate information and communication systems help the entity obtain and process information that is needed to carry on and control the operations

- Quality of system generated information affects management's ability to make appropriate and timely decisions.

  Is the information relevant? Bad information results in bad decisions.

Communication

- Involves providing an understanding of individual roles and responsibilities

- Effective internal communications between top management and employees may be facilitated in smaller companies (fewer levels, smaller staff, greater visibility to executive management)

- Internal communications can occur through frequent meetings and day-to-day activities

What information should be communicated?

Performance data
> Determine the entity's progress towards meeting its mission

Operational data
> Determine organization's compliance with laws and regulations

Financial data
> Determine the success of the organization

Forms of Communication

- Performance and management systems
- Information systems
- Policy and procedure manuals
- Management directives
- Memos and e-mails
- Internet and Intranet
- Speeches and briefings
- "Grapevine"

Effective Communication

- Internal and external information on operational performance provided to management

- Information shared with the right staff

- Effective internal communications
  - Receptive to employee suggestions

- Channels to report improprieties
  - Internal and Eternal

5. Monitoring

- Process that assesses the quality of internal control performance over time
- Ongoing process
  - As operations of entity change, the related controls must be revised to ensure that the entity's objectives are met
    - Are controls achieving the desired results?
    - Are the controls operating as intended?
    - Have there been changes (process or organizational) that require revisions?

Monitoring

- Information to monitor comes from various sources:

  - Audit reports (internal or external)
  - Feedback to management about operations from personnel, customers, vendors
  - Are timely corrective action taken to audit findings and complaints?

Examples of Monitoring

- Monitoring of grantees by reviewing and using the Single Audit to help assess grantee performance

- Monitor contractor performance against terms and conditions of contract

- Monitoring usage of entity owned equipment (cell phone, vehicles, credit cards)

Compliance with Rules and Regulations

Internal Controls should include appropriate measures to ensure compliance with rules and regulations

Need effective process to know **new** rules and regulations

Existing Federal Rules and Regulations

- Davis Bacon

- Buy American

- Excluded Parties
  https://www.epls.gov/

ARRA Federal Rules and Regulations

Ongoing, continual need to monitor new guidance

- New ARRA specific regulations

- Obtain clarification from state granting agency or federal agency

  Federal OMB guidance (www.omb.gov)

  - December 18, 2009 guidance on Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates

Whistleblower Protection

New wider reaching federal protection

- Government and Contractor Whistleblower protection afforded to State and Local employees for disclosing waste or fraud relating to stimulus funds

  - Any employer receiving covered funds shall post notice of whistleblower rights and remedies provided for under ARRA.

  - The following is a poster outlining ARRA whistleblower rights that can be downloaded from www. Recovery.gov website:

Know Your Rights
Under the Recovery Act!

Did you know?

The American Recovery and Reinvestment Act of 2009 [1] provides protections for certain employees of non-federal employers who make specified disclosures relating to possible fraud, waste and/or abuse or Recovery Act funds.

Who is protected?

Employees of non-federal employers receiving recovery funds. This includes State and local governments, contractors, subcontractors, grantees or professional membership organizations acting in the interest of recovery fund recipients.

How are Whistleblowers Protected?

You cannot be discharged, demoted or otherwise discriminated against as a reprisal for making a protected disclosure.

What types of disclosures are protected?

The disclosure must be made by the employee to the Recovery Accountability and Transparency Board, an Inspector General, the Comptroller General, a member of Congress, a state or federal regulatory or law enforcement agency, a person with supervisory authority over the employee, a court or grand jury, or the head of a federal agency or his/her representatives.

The disclosure must involve information that the employee believes is evidence of:

- gross mismanagement of an agency contract or grant relating to recovery funds;
- a gross waste of recovery funds;
- a substantial and specific danger to public health or safety related to the implementation or use of recovery funds;
- an abuse of authority related to the implementation or use of recovery funds; or
- a violation of law, rule, or regulation related to an agency contract or grant awarded or issued relating to recovery funds.

Take Action!

Log on to Recovery.gov for more information about your rights and details on how to report at www.recovery.gov.

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[1] Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5

Mandatory IG Reporting

Agencies must include in all grants "the requirement that each grantee or sub-grantee awarded funds made available under the Recovery Act shall promptly refer to an appropriate inspector general any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds."

Section 1512 Reporting - Quarterly Reporting

- For those familiar with federal grant regulations - ARRA includes significant enhanced reporting:

  - Extensive and numerous reporting elements
  - Direct recipients responsible for sub-recipients
  - Quarterly reports due 10th day after close of quarter
  - First reports submitted October 10
  - Transparency and accountability for data
    - Data is live and available to the public
  - Need for data integrity and accuracy

Other Federal OMB Resources – Video Tutorials

Currently 3 videos:

- › Recovery.gov overview
- › Fraud, Waste, and abuse
- › Recipient Reporting Timeline

Video Tutorials:

- › www.recovery.gov
  - • Home > FAQs & Resources > Video Center

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Video Tutorials

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related to Recovery Act spending and allows for the reporting of potential fraud, waste, and abuse.

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- FAQs for Citizens
- Benefits and Tax Credits
- Recipient Reporting
- Tribal Resources
- Glossary
- Video Center
- Download Center

See Where the Money Is Going

- Go to the Recipient Reported Data Map

RECOVERY.GOV OVERVIEW
Text Transcript (TXT 3 KB)

- Find out about the American Recovery and

FRAUD WASTE AN
Text Transcript (TXT 3 K

- What is fraud?

Other Federal OMB Resources – Accountability (IG, Oversight, Training)

- Accountability :
  - > www.recovery.gov
    - Home > Accountability
      - Offices of the Inspectors General
      - Oversight Actions
      - Audits
      - Oversight Trainings
      - GAO Findings

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ACCOUNTABILITY

When cases of potential fraud, waste, and abuse are reported, the Inspector General of each
agency decides whether to investigate the allegations. The Inspectors General also work with
managers of federal programs and recipients of Recovery funds to help prevent fraud, waste, and
abuse.

Offices of Inspectors General:

- Findings – Inspectors General continually review their agencies' management of Recovery
  funds to verify that the projects meet legal and administrative requirements. When the
  review is completed, the Inspector General will issue Findings that outline any
  weaknesses or challenges and make recommendations for corrective action. If the agency
  has made progress in the administration of a particular project or program, the Inspector
  General will note that as well.

- Status Reports – Monthly Reports on costs incurred.

- Recovery Plans – Outlines the oversight and outreach goals, risk assessment process,
  and specific oversight actions.

- Testimony – Transcripts of appearances by Inspectors General or their staff members

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To a
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Home > Accountability > Oversight Actions

» Offices of Inspectors General

» Oversight Actions

» Audits

» Oversight Training

» GAO Findings

See Where the Money Is Going

» Go to the Recipient Reported Data Map

OVERSIGHT ACTIONS

The American Recovery and Reinvestment Act of 2009 requires that taxpayer dollars spent under the Act be subject to unprecedented accountability. The Recovery Board encourages citizens to report suspected fraud, waste, or abuse. All reports are closely reviewed, and if any warrant investigation, they are referred to the appropriate Inspector General.

As of November 30, 2009, the Recovery Board and the federal Inspectors General community have received 1,006 complaints of wrong-doing associated with Recovery funds

- 106 have triggered active investigations

- 25 cases have been accepted for prosecution.

In addition, as of November 30, 2009, the federal Inspectors General have completed 250 reviews of activity involving Recovery funds – many of these reviews resulted in recommendations on how to improve the use of these funds. The federal Inspectors General are currently conducting an additional 470 reviews of Recovery funds, which will most likely result in similar recommendations.

To ensure that federal, state, and local employees, as well as contractors, private entities, and

Oversight Training

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REPORT FRAUD, WASTE & ABUSE

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- ›› Oversight Training
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›› Go to the Recipient Reported Data Map

OVERSIGHT TRAINING

One of the major responsibilities of the Inspectors General is to prevent fraud, waste, abuse, and mismanagement of Recovery-related funds. To ensure that federal, state, and local employees, as well as contractors, private entities, and award recipients are aware of the legal and administrative requirements in certain Recovery programs, the Offices of Inspectors General offer training that addresses a broad range of Recovery-related issues, including:

Oversight Training

803
IG-based Training Sessions

55,213
Individuals Trained

178,060
Hours of Training

as of November 30, 2009

- Recovery Act requirements in relation to fraud, waste, and abuse

- Requirements for specific Recovery programs

- What is fraud and how to prevent it

- When and how to report fraud

- How to manage grant and contract programs to meet legal and administrative requirements

Upcoming training sessions and information on past training provided by specific Inspectors

🌐 Internet   100%

State Rules and Regulations

- Governor Executive Orders
- Department Rules, Regulations and Policies
- Treasury/OMB Circular Letters
  - Purchasing
  - Grant Agreements
  - Suspended and Debarred Vendors
  - Records Retention
  - Travel

New State Rules and Regulations

- Governor Corzine Executive Order 151

    - Signed August 28, 2009
    - Effective Immediately

    www.state.nj.us/infobank/circular/eojsc151/htm

EO 151

Posting of Job Openings:

Section 7 – Each Executive Branch agency that is a recipient of federal economic recovery funds pursuant to ARRA shall include in any contract, grant, or agreement funded in whole or in part with ARRA funds a clause requiring sub recipients, contractors, subcontractors, local education agencies, and vendors to post all job openings created pursuant to the contract, grant, or agreement on the State's Job Bank at least 14 days before hiring is to commence.

See EO for specific contract language

State Job Bank internet site: http:NJ.gov/JobCentralNJ

Limitations of Internal Control

Provide reasonable assurance – not absolute assurance – there are no guarantees

- Inherent limitations of controls:
  - Human errors can cause mistakes
  - Controls can be circumvented by collusion of two or more people
  - Management can intentionally override controls (justified or fraud)

Limitations of Internal Control

- Effectiveness of any system of internal control depends on the competence of the people who use it

- Internal controls can be weakened by management's failure to enforce full adherence

- Not a simple one size fits all – internal control systems must be customized for the specific entity and consider its operations, staffing, and organizational structure

Internal Control - RECAP

Who – Everyone

What – Procedures to help meet goals

When – All the time

Where – Everywhere

Why – Avoid mistakes – Achieve Results

Recommendations

- Assess Internal controls
- Review current policies and procedures
  - Are they written and do they accurately reflect the current operations?
- Consider prior audit findings
  - Has corrective action been taken?
- Continue dialogue with the Department
- Obtain and follow the guidance of the Department
- If you have questions or concerns

Don't Wait

Ask Someone, Anyone!

What to Expect in the Future

- GAO – continued assessment of state and federal agencies use of reviewing recipient's internal controls

- Recipient corrective actions taken to reported internal control weaknesses and deficiencies

- Reviews of Section 1512 reporting

Fraud

Intentional or deliberate act to deprive another of property or money by deception or other unfair means

Elements of fraud:

Motive

Opportunity

Rationalization

Examples of Fraud Indicators

- Unsupported or unauthorized transactions
- Missing or altered documents
- Inconsistent, vague, or implausible response from management or employees arising from inquiries or analytical procedures
- Denial of access to records, facilities, employees or others whom audit evidence might be sought
- Unusual delays in providing requested information
- Complaints about management or staff
- Significant related party transactions
- Inadequate or absent internal controls

Reporting Fraud, Waste, and Abuse – Everyone is Responsible

- Adhere to grant reporting requirements
- It's never too late
  - Federal reporting mechanisms
    - www.Recovery.gov
    - www.gao.gov/recovery/reporting-fraud/
    - Federal department and IG websites
  - State reporting mechanisms:
    - www.Recovery.nj.gov
    - www.State.nj.us/oig
    - www.State.nj.us/comptroller

Training

Take advantage of training opportunities and request guidance and assistance from the NJ Task Force and OIG

NJ OIG - www.state.nj.gov/oig

Task Force/OIG Training Library (access from www.recoverynj.gov

- http://www.nj.gov/taskforceresources/

Q & A

There are no dumb questions – ASK!

A copy of the presentation is available on the training website or contact us through www.state.nj.gov/oig

or call OIG at 609-292-8183

Copies of Task Force initial guidance memorandums are available upon request