

Department of the Treasury
Special Inspector General for
Pandemic Recovery (SIGPR)

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement

To ensure that the American taxpayer gets the best return on investment by promoting the economy, efficiency, effectiveness, and integrity of Coronavirus Aid, Relief, and Economic Security (CARES) Act¹ funds and programs.

B – Summary of the Request

The Special Inspector General for Pandemic Recovery (SIGPR) received an initial appropriation of \$25 million derived from amounts made available under Section 4027 of the CARES Act in March 2020. The Budget proposes appropriations language to provide SIGPR an additional \$25 million in FY 2023 available until 2025. This funding is critical in ensuring that SIGPR's audit and investigative professionals perform at optimal levels with the necessary resources to protect the integrity of CARES Act funds.

SIGPR, an independent office within the Department of the Treasury (Treasury), was established by section 4018 of the CARES Act in March 2020. Mr. Brian Miller was confirmed by the U.S. Senate in June 2020 as the Special Inspector General for Pandemic Recovery. SIGPR continues to lead the way by providing oversight of Treasury activities under the CARES Act by conducting independent audits and investigations necessary to prevent and detect waste, fraud, and abuse in programs and operations. SIGPR's reduced CARES programs jurisdiction currently includes two significant programs, the Direct Loan Program (loans to air carriers and national security businesses consisting of 35 loans, 35 borrowers for \$2.7B), and the Main Street Lending Program (loans to small and medium-sized for-profit businesses and nonprofit organizations consisting of 319 lenders, 1,830 loans for \$17.5B). SIGPR conducts audits of these Treasury programs, investigates fraud by recipients of CARES Act funds, and makes recommendations designed to improve the administration of pandemic recovery programs. SIGPR also conducts criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that SIGPR protects and secures taxpayer data.

SIGPR's Fiscal Year (FY) 2023 Budget request of \$25,000,000 will enable SIGPR to conduct critical audit, legal, investigative, and inspection and evaluation services to protect the integrity of the covered funds under the CARES Act. SIGPR's FY 2021 Full-time equivalent (FTE) actuals equated to 35 (annualized FTE), reflecting the aggressive staffing build-up from 12 (September 30, 2020) to 56 FTEs onboard by September 30, 2021.

In accordance with the requirements of section 6(g)(1) of the Inspector General Act of 1978 (as amended),² SIGPR submits the following information in support of its appropriations request for FY 2023 operations:

- The aggregate appropriated funds request for the operations of SIGPR is \$25,000,000.
- The portion of this amount needed for SIGPR training is \$750,000, which satisfies all SIGPR training needs for FY 2023; and

¹ Pub. L. 116-136, 134 Stat. 281 (2020).

² 5 U.S.C. app. 3 § 6(g)(1); cf. 15 U.S.C. § 9053(c)(1) (directing SIGPR to perform enumerated duties "in accordance with" the Inspector General Act of 1978).

- The portion of this amount estimated in support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is estimated to be \$75,000.

Appropriations Detail

Dollars in Thousands

Appropriated Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	Operating Plan		Annualized CR		Request		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources								
Special Inspector General for Pandemic Recovery	0	\$0	0	\$0	66	\$25,000	NA	NA
Subtotal New Appropriated Resources	0	\$0	0	\$0	66	\$25,000	NA	NA
Other Resources								
Unobligated Balances from Prior Years	35	\$11,100	38	\$13,000	0	\$0	-100%	NA
Reimbursables	0	0	0	25	0	100	0	N/A
Subtotal Other Resources	35	\$11,100	38	\$13,000	0	\$0	-100.0%	NA
Total Budgetary Resources	35	\$11,100	38	\$13,025	66	\$25,100	73.7%	92.7%

In FY 2020, an initial appropriation of \$25M in no-year funds were provided to establish SIGPR under the CARES Act to expeditiously provide resources required for administrative, IT, general counsel, and external affairs to support the mission of SIGPR.

FY 2021 and FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals (55 positions in September 2021 and 51 positions as of March 2022) in spending of carryover funds from the initial FY 2020 \$25M appropriation.

The FY 2022 Budget included appropriations language to provide SIGPR an additional \$25 million in unobligated mandatory funding from the CARES Act.

1.1 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2022 Operating Level	38	\$13,000
Changes to Base:		
2023 Maintaining Current Levels (MCLs):	0	\$445
Pay Annualization (2.7% average pay raise)		\$58
Pay Raise (4.6% average pay raise)		\$299
Non-Pay		\$88
Other Adjustments:		
Adjustments to Meet Current Operating Levels	14	\$7,000
Subtotal Changes to Base	14	\$7,445
FY 2023 Current Services	52	\$20,445
Program Changes:		
Program Increases:		
Audits and Investigations	14	\$4,555
FY 2023 President's Budget Request	66	\$25,000

Note: The FY 2022 Operating Level reflects annualized FTE level based on available carryover resources. SIGPR did not receive funding through the 2022 Continuing Resolution (CR).

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$445,000 / +0 FTE

Pay Annualization (2.7%) +\$58,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +\$299,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +\$88,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies and equipment.

Other Adjustments.....+7,000,000 / +14 FTE

Adjustments to Meet Current Operating Levels +\$7,000,000 / +14 FTE

As of March 2022, SIGPR employed 52 FTE that are critical to SIGPR’s audits and investigations work. Funding is requested to maintain current operating levels and to avoid cuts to mission-critical FTEs.

Program Increases+\$4,555,000 / +14 FTE

Audits and Investigations +\$4,555,000 / +14 FTE

Funding is requested for increased audits and investigations staffing to administer the expected significant increase in active case load and the expected DOJ prosecutorial team support requirements in FY 2023. Additionally, funds are requested for the acquisition of cutting-edge technology for predictive data analytics for adequate analysis of complex data to enhance detection of CARES Act funds waste, fraud, and abuse, while bringing lawbreakers to justice, seizing ill-gotten gains, and collecting court-ordered restitution.

1.2 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	5,873	8,000	12,000
11.9 - Personnel Compensation (Total)	5,873	8,000	12,000
12.0 - Personnel benefits	1,578	2,000	3,000
Total Personnel and Compensation Benefits	\$7,451	\$10,000	\$15,000
23.1 - Rental payments to GSA	457	1,000	1,000
25.3 - Other goods and services from Federal sources	3,215	2,000	6,000
Total Non-Personnel	\$3,672	\$3,000	\$7,000
Total Obligations	\$11,123	\$13,000	\$22,000

Full-time Equivalents (FTE)	35	38	66
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In FY 2020, an initial appropriation of \$25M in no-year funds were provided to establish SIGPR under the CARES Act to expeditiously provide resources required for administrative, IT, general counsel, and external affairs to support the mission of SIGPR. FY 2021 and FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals (55 positions in September 2021 and 51 positions as of March 2022) in spending of carryover funds from the initial FY 2020 \$25M appropriation.

The FY 2022 Budget included appropriations language to provide SIGPR an additional \$25 million in unobligated mandatory funding from the CARES Act.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY SPECIAL INSPECTOR GENERAL FOR PANDEMIC RECOVERY <i>Federal Funds</i></p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p><i>For necessary expenses of the Office of the Special Inspector General for Pandemic Recovery in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (Public Law 116-136), in addition to amounts otherwise available for that purpose, \$25,000,000 shall remain available until September 30, 2025.</i></p> <p>Note. —A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.</p>	

E – Legislative Proposals

SIGPR has no legislative proposals

Section II – Annual Performance Plan and Report

A – Strategic Alignment

SIGPR, an independent office within the Department of the Treasury (Treasury), was established by section 4018 of the CARES Act in 2020. It provides oversight of Treasury activities under the CARES Act by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, abuse and mismanagement in programs and operations. SIGPR conducts audits of these Treasury programs, investigates fraud by recipients of CARES Act funds, and makes recommendations designed to improve the administration of section 4018 of the CARES Act. SIGPR also conducts criminal investigations into allegations of waste, fraud, abuse, and mismanagement while helping to ensure that SIGPR protects and secures taxpayer data.

SIGPR's budget activities and performance measures align to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

Priority 1: Highly Impactful Work

SIGPR offices of audit and investigations deliver timely, relevant, and highly impactful results.

SIGPR's objectives are to identify risk and weaknesses in program areas within SIGPR's jurisdiction and recommend solutions that help mitigate fraud, waste, abuse, and mismanagement. In doing so, SIGPR employs risk-based approaches to prioritize and target audits and investigations in areas that provide the greatest impact and address the highest risks.

SIGPR achieves these objectives through several strategies. SIGPR provides timely information, conclusions, and recommendations to SIGPR stakeholders for appropriate action and resolution. The offices of audit and investigations design and implement a comprehensive process that identifies, prioritizes, and assesses risks. Both offices develop and implement a process for proactive efforts that focus on high dollar loans or high impact projects. SIGPR leverages data analytics to identify meaningful indicators of fraud or misuse of CARES Act funds. Finally, SIGPR allocates resources to projects that address the highest risk and most vulnerable areas.

Priority 2: Integrity in Oversight Work

SIGPR offices of audits and investigations delivers accurate, professional, independent, and actionable work products.

SIGPR's objective is to employ work processes that drive the timely completion of accurate, relevant, and impactful projects that adhere to professional standards.

To do so, SIGPR develops policies, processes, and procedures to ensure that SIGPR work complies with the quality standards used in the federal inspector general community. The offices of audit and investigations ensure that projects and work products comply with professional standards, including, but not limited to the Government Auditing Standards and Quality Standards for Investigations. Finally, SIGPR participates in the CIGIE audit and investigation external peer review process.

Priority 3: Inclusiveness and Innovation

SIGPR promotes a diverse and inclusive culture that is innovative, high performing, and engaged.

SIGPR's objectives are to recruit and retain diverse, high-performing talent; to use innovative techniques and approaches that improve efficiency and effectiveness; and to promote transparent and timely communications and inclusiveness.

SIGPR employs several strategies to do so. SIGPR develops a recruitment strategy that targets the knowledge and skills necessary to meet the mission critical needs of the organization and provides opportunities for continuous development and professional growth to meet current and future needs of the organization. SIGPR provides a work environment that promotes a positive work-life balance. SIGPR provides data analytic capabilities to support projects. SIGPR also collaborates with other agencies to leverage best practices, tools, data, and technologies.

Priority 4: Effective Collaboration and Outreach

SIGPR will work with oversight partners and others to ensure efficiency, effectiveness, and transparency in SIGPR's work.

SIGPR's objective is to leverage strategic communications to expand outreach to and collaboration with SIGPR's stakeholders and partners, as well as to communicate SIGPR's findings to Executive Branch leaders, Congress, and the public.

To do so, SIGPR builds strong relationships with internal and external partners and stakeholders to identify emerging trends of fraud, waste, and abuse and share best practices. SIGPR develops a communications plan for outreach and collaboration and reports on SIGPR findings and activities. Finally, SIGPR tracks, analyzes, and reports on Department of the Treasury CARES Act relief.

B – Budget and Performance by Budget Activity

Audit Budget and Performance

SIGPR's Office of Audit (OA) conducts audits, reviews, and evaluations of loans, loan guarantees, and other investments made by Treasury under programs established under the CARES Act as well as Treasury's management of programs established under the CARES Act. The Office of Audits takes an analytic approach to auditing CARES Act programs and has populated databases with CARES Act funding recipient information. The office is calculating individual risk scores to pinpoint where auditing resources can be best applied. The office also refers instances of suspected abuse to other SIGPR offices and outside entities.

The most recent highlights include:

- On September 23, 2021, SIGPR published its survey results for both approved and non-approved Direct Loan Program applicants. The survey results are a compilation and summary of feedback that SIGPR requested from air passenger carriers and related businesses, air cargo carriers, and businesses critical to maintaining national security. SIGPR is using the survey responses to identify trends, both positive and negative, associated with the Direct Loan Program and identify program areas requiring additional oversight.
- On September 29, 2021, SIGPR published its Fiscal Year 2022 audit plan (<https://www.sigpr.gov/sites/sigpr/files/2021-10/SIGPR-A-21-004.pdf>). To identify areas for audit SIGPR met with the Department of the Treasury's Chief Recovery Officer and the

White House's team responsible for overseeing the implementation of the American Rescue Plan Act of 2021. As described above, we expanded the Audit of the Direct Loan Program to include separate attestation reviews of applicable submissions. SIGPR anticipates issuing the first of these attestation reviews by March 2022 and a final report on the overall Direct Loan Program by September 2023. SIGPR will deconflict and coordinate with the Office of Inspector General for the Board of Governors of the Federal Reserve System and other interested parties, as it refines the focus of its audits.

- SIGPR is engaged in a joint effort with Department of Defense (DoD) Inspector General in an audit of national security designations for businesses to evaluate how the DoD determined that CARES Act business loans are critical to maintaining national security.
- As part of SIGPR's ongoing audit of the Direct Loan Program, SIGPR initiated a new set of attestation reviews of a select number of the 35 recipients' application submissions to determine whether Treasury acquired all required documents from each applicant prior to approving the applicant for funding from the Direct Loan Program.
- SIGPR began an audit of Treasury's monitoring of borrowers' compliance with the Direct Loan Program and held an entrance conference with Treasury on December 1, 2021.
- On January 27, 2022, SIGPR published the results of its survey of the Main Street Lending Program's lender banks and small and mid-sized businesses and nonprofit organization borrowers. Fifty-eight banks and 627 borrowers responded to the survey. Treasury invested more than \$37.5 billion to support eligible loans. Both lenders and borrowers responded that the program enabled businesses to continue operating during the pandemic and that the program met their expectations. In addition, nearly all surveyed lenders and borrowers responded that they would be willing to participate in a similar program in the future. However, some borrowers and lenders indicated that they thought the process was complex and that loan eligibility requirements made it difficult to qualify for a loan. In addition, some borrowers commented that it was difficult to find banks that were willing to participate in the program.
- In February 2022, SIGPR initiated an audit of direct loan recipients' use of lobbying. Eleven businesses qualified for loans under this program based on their designations as businesses critical to national security. These loans totaled approximately \$736 million. The purpose of the audit will be to determine how direct loan recipients obtained their designations as businesses critical to maintaining national security and determine what, if any role lobbying played in the loan process.

The OI Data Analytics Division plays an integral role in SIGPR's mission and success. In support of SIGPR's mission, the data analytic platform uses sophisticated software and tools that process large quantities of data and analyze them to detect potential program fraud and misuse. The Data Analytics Division has developed a data library containing over 72 million rows of CARES Act funding information, drawn from both public and sensitive sources, and updates the library at least quarterly to maintain accurate and relevant information. This division also provides valuable forensic auditing services, including financial records analysis, in support of investigations conducted by the Office of Investigations (OI). OA is examining numerous requests for investigative support by OI. Additionally, the Data Analytics Division meets with the Pandemic Response Accountability Committee where several agencies discuss analytic methods and share databases. SIGPR uses two performance measures to gauge the success of its audit program:

Description of Performance

- Percentage of Audit Products Delivered to Stakeholders by the Due Date – SIGPR’s products will have a more significant impact if they are delivered when needed to support congressional and Treasury decision making. SIGPR baselined this measure in FY 2020 and met its target of 100 percent in FY 2021. The target is for 66 percent in both FY 2022 and FY 2023.

To determine whether products are timely, SIGPR will track the percentage of audit products that are delivered on or before the established completion date. SIGPR has established a yearly completion target of 66.6 percent for the timely issuance of its audit products. However, as a newly established IG, SIGPR had only one issued audit product in FY 2020 to measure against this goal; this product was issued timely.

- Percentage of Audit Products Subjected to Implementation Reviews - The SIGPR Office of Audits has established a process to review and verify the implementation actions taken by Treasury on SIGPR recommendations. This measure assesses SIGPR’s effect on improving Treasury’s accountability, operations, and services. SIGPR baselined this measure in FY 2021 and has a target of 50 percent for both FY 2022 and FY 2023.

As part of the audit process, Treasury provides a written response and action plan to address SIGPR audit recommendations. Audit resolution is achieved when SIGPR accepts Treasury’s time phased plan of action to implement each recommendation. To determine when a recommendation is implemented, SIGPR uses the Department of the Treasury’s Joint Audit Management Enterprise System (JAMES) to track the implementation status of audit recommendations. In addition, the Office of Audits will perform selective reviews of prior audit reports to verify whether appropriate corrective action as stated in the proposed action plan has been taken by management. SIGPR has established a target of conducting implementation reviews on 50 percent of all audit products listed as implemented in JAMES during the preceding fiscal year.

In FY 2021, SIGPR conducted an implementation review on the audit product issued in the prior fiscal year and found that Treasury management had fully implemented the report’s recommendation.

For FY 2022, the target for Percentage of Audit Products Delivered When Promised to Stakeholders will remain at 66.6 percent. The target for conducting Implementation Reviews will also remain at 50 percent. SIGPR believes that these targets are best attained through effective monitoring of ongoing audit work and essential communication with the Treasury regarding findings and the most appropriate recommendations for corrective action. Consequently, SIGPR’s Office of Audits will continue to accentuate the importance of these processes with Treasury leadership.

Investigations Budget and Performance

SIGPR’s Office of Investigations (OI) conducts criminal and civil investigations related to allegations of fraud, abuse, or misconduct involving CARES Act funds and programs within SIGPR’s jurisdiction. In addition, OI manages SIGPR’s hotline, which serves as a primary avenue

for reporting fraud, waste, abuse, or misconduct. The office reviews and assesses complaints, develops proactive efforts in concert with SIGPR's other components, and pursues investigations potentially involving millions of dollars in CARES Act-related funding.

OI also continues coalition building and leveraging professional relationships with its colleagues across the Inspector General community, as well as working collaboratively with other Offices of Inspectors General, the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, the Department of Justice (DOJ) COVID-19 Fraud Enforcement Task Force, Financial Crimes Enforcement Network, and other federal Offices of Inspectors General and law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds. The office also supports the DOJ COVID-19 fraud enforcement task force, including involvement on subcommittees.

The most recent highlights include:

- Notable case trendline growth by steadily increasing quantity of investigative case load to a total of 28 open cases, in addition to 9 closed cases, and 23 preliminary inquiries converted to full investigations. This growth represented more than a 400 percent increase over a nine-month period in FY 2021.
- SIGPR's proactive initiatives accounted for initiating more than 80 percent of its casework to date.
- The Pandemic Response Accountability Committee (PRAC) extended its authority to investigate pandemic-related fraud to SIGPR through a Memorandum of Understanding, resulting in four SIGPR special agents assigned to the PRAC Fraud Task Force on a part-time basis.

In less than one year after staffing OI with criminal investigators (special agents):

- SIGPR obtained its first indictment, involving false statements to fraudulently obtain more than \$1.6M in federal funds for business loans intended to relieve financial distress caused by the COVID-19 pandemic.
- In early January 2022, a SIGPR-initiated investigation resulted in a guilty plea related to a loan obtained through the Main Street Lending Program, a lending facility established by the Federal Reserve Board and supported with Treasury's investment in CARES Act funds. As part of the plea, it was agreed to include court-ordered restitution in the amount of \$252,143.
- SIGPR conducted various outreach efforts to include participating in the Federal Bureau of Investigation's Bank Fraud Conference, training Civil and Criminal Assistant U.S. Attorneys on CARES Act programs, and coordinating with the Department of Justice Fraud Sections (Civil and Criminal), as well as U.S. Attorney's Offices throughout the country to deconflict and develop leads.

Description of Performance

SIGPR is continuing to develop/refine performance measures for the Investigations programs. Below is an Investigative Fact Sheet with potential key metrics:

<i>Behind the SIGPR Badge - Investigative Fact Sheet</i>	
Hotline Complaints	
Hotline Complaints Received	1,503
Referrals to Other Agencies	376
Investigations	
Ongoing*	28
Closed	9
Preliminary Inquiries Converted to Full Investigations	23
Criminal Actions+	
Referrals to the Department of Justice	14
Indictments/Criminal Information	2
Arrests/Summons	2
Convictions/Pleas	1
Civil Actions	
Referrals to the Department of Justice**	2
Other Enforcement Actions	
IG Subpoenas Issued	11
Investigative Monetary Results	
Funds Seized	\$507,477

* Includes all SIGPR program-related cases, including PRAC Fraud Task Force investigations and joint investigations with other agencies.

+ Actions reported include those resulting from PRAC Fraud Task Force investigations and joint investigations with other agencies.

** Note: Same case may have been referred to DOJ both criminally and civilly.

SIGPR Attorneys

SIGPR's Office of General Counsel, which includes many former federal prosecutors and staff with experience in the financial sector, assist with proactive initiatives, investigations, and prosecutions, including lead-development, charging, restitution, filter team, and forfeiture support.

Section III – Additional Information

A – Summary of Capital Investments

SIGPR has no capital investments. Capital investments that support SIGPR are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be found at: <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>