

Special Inspector General for Pandemic Recovery

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
	Operating Plan	Operating Plan	Request	\$ Change	% Change
Audit & Investigations	\$8,000	\$12,000	\$16,000	\$4,000	33.33%
Subtotal SIGPR	\$8,000	\$12,000	\$16,000	\$4,000	100.00%
Offsetting Collections - Reimbursable	\$10	\$100	\$100	\$0	0.00%
Unobligated Balances Brought Forward	\$12,000	\$5,000	\$1,000	(\$4,000)	-63.63%
Total Program Operating Level	\$20,010	\$17,100	\$17,100	00	0.00%
Direct FTE	53	55	55	0	0.00%
Total Full-time Equivalents (FTE)	53	55	55	0	0.00%

Summary

The Budget proposes appropriations language to provide SIGPR \$16 million in appropriated funds, though SIGPR maintains \$25 million is necessary to achieve optimal staffing and operational levels if Congress grants SIGPR an extension beyond 2025 and increases our jurisdiction. The proposed level of \$16 million will allow SIGPR to continue operating at its current FTE level.

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 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 \$2.7 billion), 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 \$17.5 billion). 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.

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 - 2026 Departmental Strategic Plan. SIGPR published a Strategic Plan for FY 2021 - 2023 and will publish a new component plan that aligns bureau activities and priorities to the Department's in 2023.

By the end of FY 2021, during the worst pandemic in over a century resulting in socio-economic challenges, SIGPR succeeded in expeditiously establishing a workable near-term initial minimally operational baseline by onboarding 56 staff of highly capable, experienced investigators, auditors, legal, and administrative experts. SIGPR developed and executed a recruitment and hiring strategy, a procurement and acquisition plan, and an information

technology capital plan; executed an occupancy agreement with the General Services Administration (GSA); developed a myriad of policies, procedures, and manuals to govern SIGPR’s work in the key areas of audits, investigations, and critical mission support services.

In FY 2023, SIGPR has continued to diligently follow the facts through the Office of Audits (OA) and Investigations (OI), 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 Inspector General and law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds.

Budget Highlights

Dollars in Thousands

Special Inspector General for Pandemic Recovery	FTE	Amount
FY 2023 Operating Plan	39	\$12,000
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$529
Pay Annualization (2023 4.6% average pay raise)	0	\$107
Pay Raise (2024 5.2% average pay raise)	0	\$368
Non-Pay	0	\$54
Subtotal Changes to Base	0	\$529
FY 2024 Current Services	39	\$12,529
Program Changes:		
Program Increases:		
Audits & Investigations	16	\$3,471
Subtotal Program Changes	16	\$3,471
FY 2024 President's Budget Request	55	\$16,000

Budget Adjustments

Maintaining Current Levels (MCLs) +\$529,000 / +0 FTE

Pay Annualization (4.6%) +\$107,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2%) +\$368,000 / +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay +\$54,000 / +0 FTE

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

Program Increases+\$3,471,000 / +16 FTE

Audits and Investigations +\$3,471,000 / +16 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 2024.

Legislative Proposals

SIGPR has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
		Actual	Actual	Actual	Target	Target
Audit and Investigations	Percentage of Audit Products Delivered to Stakeholders by the Due Date	B	100	100	67	67
Audit and Investigations	Percentage of Audit Products Subjected to Implementation Reviews	NA	B	NA	50	50

Key: B - Baseline

Description of Performance

For FY 2024, 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.

- 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.
- 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.

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.

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. *Implementation Reviews are only performed on Generally Accepted Government Auditing Standards (GAGAS) Audits that contain recommendations that were fully implemented in accordance with the Auditees Written Response and Action Plan that was accepted by Audits during the audit resolution process – during FY 2022, there were no GAGAS Audits that met these criteria.*

Audit Operations

The most recent highlights from 2022 4th Quarter (October – December 2022) include:

- The Office of Audits issued its FY 2023 audit plan on October 17, 2022.
- Completed independent reviews of three Direct Loan Validation Memoranda:
 - Ovation Travel Group - Identified several material deficiencies in the Validation Memorandum.
 - Caribbean Sun Airlines & Timco Engine Center - Identified minor discrepancies in the Validation Memoranda.

The results of these attestation reviews (Ovation Travel Group, Caribbean Sun Airlines and Timco Engine Center) will be summarized in a separate document covering all the attestation reviews and will also be included with the overall audit of the Direct Loan Program.

The Office of Audits also has efforts underway to review loan loss information related to the Main Street Lending Program (MSLP). As of February 10, 2023, the MSLP has recognized approximately \$95 million in actual loan losses, net of subsequent recoveries. After efforts to obtain MSLP loan loss information through Treasury and from the Federal Reserve were unsuccessful, SIGPR issued subpoenas to the top 11 MSLP participating lender banks. The top 11 lenders represent 707 of the 1,830 MSLP loans, valued at just over \$5 billion of the \$17.5 billion in loans issued. The subpoenas request information from the banks on MSLP loans with defaults, impairments, late interest payments, delinquent financial reporting, and borrowers who made material misrepresentations in their MSLP applications. The Office of Audits will review information received from the banks and determine how to incorporate the information into potential audits. SIGPR plans to send subpoenas to additional banks in the near future.

Significant progress has been made on the following four ongoing audits:

- Audit of Treasury's Process for Approving its \$700 million Direct Loan to YRC Worldwide, Inc.
- Audit of Treasury's Monitoring of the Direct Loan Program
- Audit of \$195 million Direct Loan Program Borrower
- Audit of Treasury's Use of Outside Entities

Investigation Operations

Office of Investigations (OI) 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 law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds.

The most recent highlights include:

- Notable case trendline growth by steadily increasing quantity of investigative case load to a total of 37 open cases, in addition to 16 closed cases, and 31 preliminary inquiries converted to full investigations.
- SIGPR investigations involve 86 percent of other CARES Act program funds.
- SIGPR's proactive initiatives accounted for initiating more than 93 percent of its active Main Street Lending Program/Direct Loan investigative 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 five SIGPR special agents assigned to the PRAC Fraud Task Force on a part-time basis.

After staffing OI with criminal investigators:

- In December 2021, SIGPR obtained its first indictment, involving false statements to fraudulently obtain more than \$1.6 million 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 MSLP, 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.
- In late March 2022, another SIGPR-initiated investigation resulted in the arrest of an individual related to fraudulently obtaining a loan through the Main Street Lending Program and Small Business Administration Payroll Protection Program (PPP) funds. In April 2022, the individual was indicted. In August 2022, the individual plead guilty.

In February 2023, the individual was sentenced to 78 months incarceration, three years supervised release, and ordered to pay over \$2.6 million in restitution.

- 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 DOJ 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 SIGPR's 'Behind the Badge' Investigative Fact Sheet with potential key metrics:

Hotline Complaints	
Hotline Complaints Received	2,144
Referrals to Other Agencies	729
Investigations	
Ongoing*	34
Closed**	12
Preliminary Inquiries Converted to Full Investigations	30
Criminal Actions †	
Referrals to the Department of Justice	19
Indictments/Informations	3
Criminal Complaints	1
Arrests/Summons	3
Convictions/Pleas	2
Civil Actions	
Referrals to the Department of Justice***	3
Other Enforcement Actions	
IG Subpoenas Issued	35
Investigative Monetary Results	
Funds Seized	\$808,813

* 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.

** Includes cases initially closed and subsequently re-opened.

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