

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

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2024

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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 \$16 million in appropriated funds. SIGPR maintains \$25 million is necessary to achieve optimal staffing and operational levels if Congress grants SIGPR an extension beyond 2025 and increases its jurisdiction.

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 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.

The Budget proposes appropriations language to provide SIGPR \$16 million in appropriated funds, which will allow SIGPR to continue operating at its current FTE level.

1.1 Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2022		FY 2023		FY 2024		FY 2023 to FY 2024	
	Operating Plan		Operating Plan		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Audit & Investigations	24	\$8,000	39	\$12,000	47	\$16,000	20.5%	33.3%
Subtotal New Appropriated Resources	24	\$8,000	39	\$12,000	47	\$16,000	20.5%	33.3%
Other Resources								
Unobligated Balances from Prior Years	29	\$12,000	16	\$5,000	8	\$1,000	-50.0%	-60.0%
Reimbursable	0	\$10	0	\$100	0	\$100	NA	0.0%
Subtotal Other Resources	29	\$12,010	16	\$5,100	8	\$1,100	-50.0%	-58.8%
Total Budgetary Resources	53	20,010	55	\$17,100	55	\$17,100	0.0%	5.8%

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

1.2 Budget Adjustments

Dollars in Thousands

	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)		\$107
Pay Raise (2024 5.2% average pay raise)		\$368
Non-Pay		\$54
Subtotal Changes to Base	0	\$529
FY 2024 Current Services	39	\$12,529
Program Changes:		
Program Increases:		
Audit & Investigations	16	\$3,471
Subtotal Program Changes	16	\$3,471
FY 2024 President's Budget Request	55	\$16,000

D – Budget Increases and Decreases Description

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.

1.3 Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2022 Actual Obligations	FY 2023 Estimated Obligations	FY 2024 Estimated Obligations
11.1 - Full-time permanent	11,000	8,000	8,000
11.9 - Personnel Compensation (Total)	11,000	8,000	8,000
12.0 - Personnel benefits	4,000	3,000	3,000
Total Personnel and Compensation Benefits	\$15,000	\$11,000	\$11,000
23.1 - Rental payments to GSA	1,000	1,000	1,000
25.3 - Other goods and services from Federal sources	4,010	4,100	4,100
Total Non-Personnel	\$5,010	\$5,100	\$5,100
Total Obligations	\$20,100	\$17,100	\$17,100

Full-time Equivalents (FTE)	39	55	55
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Amounts reflect obligations of annually appropriated resources, carryover balances, and reimbursables.

E – 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>Sec. [126]125 In addition to amounts otherwise available, there is appropriated to the Special Inspector General for Pandemic Recovery, [\$12,000,000] \$16,000,000, to remain available until expended, for necessary expenses in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136). (<i>Department of the Treasury Appropriations Act, 2023.</i>)</p>	

F - 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.

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 future.

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.

B – Budget and Performance by Budget Activity

Audit Budget and Performance

\$8,000,000 - 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.

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

Audit Data Analytics Platform

The Office of Audits data analytics program plays a very important and integral role in SIGPR's mission and cumulative success. The data analytics platform uses specialized software and various tools that process and analyze large quantities of data to identify hidden patterns, find unseen trends, discover correlations, and derive valuable insights to detect potential red flags that provide valuable insight into conducting audits as well as investigations. Since inception, the program has collected, cleaned, validated, and analyzed a data library containing over 150 million rows of CARES Act funding information, drawn from both public and sensitive government sources. The program continues to provide valuable information for all initiatives throughout SIGPR.

The data analytics program enables the sharing of analytic methodologies and processes with various external government agencies, including the Department of Homeland Security, Department of Defense, U.S. Agency for International Development Office of Inspector General, PRAC, Department of Health and Human Services, Amtrak, National Aeronautics and Space Administration, Department of Education Office of Inspector General, Small Business Administration Office of Inspector General, General Services Administration Office of Inspector General, and others to promote their efforts at uncovering fraud.

Partnership with the Department of Defense Office of Inspector General

As part of SIGPR's ongoing review of Treasury's administration of the Direct Loan Program created under the CARES Act, SIGPR partnered with the Department of Defense (DoD) Office of Inspector General to determine whether DoD officials adequately supported decisions when verifying and certifying businesses as critical to maintaining national security for loans under

section 4003 of the CARES Act. Businesses could be considered for national security loans if they met certain criteria including, but not limited to, receiving a recommendation and certification from the Secretary of Defense or the Director of National Intelligence. Six of the 11 NSLP loans Treasury awarded went to businesses that received the certification from DoD.

DoD Office of Inspector General issued its report on September 20, 2022.² The report contained one finding with two accompanying recommendations. The finding stated that DoD officials did not adequately support their verifications that businesses held DX-priority contracts or top-secret facility clearances.³ Additionally, DoD officials did not adequately support their recommendations to the Secretary and Deputy Secretary of Defense to certify businesses as critical to maintaining national security for loans under Section 4003 of the CARES Act.

DoD management responded to both recommendations with corrective actions, which were accepted by DoD Office of Inspector General. The corrective actions were completed by DoD on or before August 12, 2022.

C - Audit Performance Measures

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. The target is for 66 percent in both FY 2023 and FY 2024.

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, if SIGPR experiences significant delays in access to data and personnel from Treasury, SIGPR will make necessary revisions to its estimated completion dates.

- 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 has a target of 50 percent for both FY 2023 and FY 2024.

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

² Audit of the DoD Certification Process for Coronavirus Aid, Relief, and Economic Security Act Section 4003 Loans Provided to Business Designated as Critical to Maintaining National Security (DODIG-2022-131, September 20, 2022)

³ DX-priority contracts provide support to certain national defense and energy programs.

reviews on 50 percent of all audit products listed as implemented in JAMES during the preceding fiscal year.

For FY 2023 and 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 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.

D - Investigations Budget and Performance

\$8,000,000 - 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 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 (special agents):

- In December 2021, 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.
- 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 SBA 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 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 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.

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>