

# **American Recovery and Reinvestment Act: California's Approach to Oversight**

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## **OVERVIEW**

- Recovery Act Oversight—the Landscape
- Early Challenges
- Oversight Approach
- Results and Action Taken
- What's on the Horizon

## California's Recovery Act Oversight—the Landscape

- Federal Oversight
- State Oversight
  - California State Auditor's Office
  - California Recovery Task Force
  - Inspector General
  - Department of Finance
  - State Controller's Office

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## Early Challenges

- Funding for State/Local Oversight—Resource Constraints
- Federal Guidance—Timing, Clarity, Consistency
- Legislative Interest
- Public Scrutiny

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## Overcoming Challenges

- Communication and Education
- California's Method For Funding State Oversight
- Collaboration with GAO, NASACT, Other States, and Recovery Board
- Relief From Monitoring All Recovery Act Programs

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## California State Auditor's Approach to Oversight

- Prioritize Single Audit Work
- Designated System for Administering Recovery Act Funds as High-Risk
- JLAC—Audit of Certain Programs Deemed High-Risk
- Issue Early Reports for Certain Programs

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## **Risk Assessment/Preparedness**

- Identify Vulnerabilities
- Test Internal Control Structure
- Scorecard of Agencies' Preparedness
- Reader Friendly Reports

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## **Scorecard of Agencies' Preparedness**

- Human Capital
- Financial and Operational Systems
- Fraud, Waste, Abuse
- Policies and Procedures
- Acquisitions/Contracts
- Transparency and Accountability

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## State Energy Program

- Commission Moving Slowly to Complete Tasks Needed to Award Funds
- Contracted for Only \$40 Million of \$226 Million Awarded
- Current Control Structure is Weak
- Commission Still Developing Monitoring and Reporting Processes
- Outcome of Follow-up and JLAC Hearing

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## Weatherization Program

- Program Stalled Due to Delays by Federal & State Agencies
- Few Service Providers Under Contract with the State
- Unlikely to Attain Performance Milestones
- Improvements Needed for Cash Management
- Outcome of Follow-up and JLAC Hearing

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## **Emergency Management Agency Justice Assistance Grant**

- Only Recently Began to Award Subgrants
- Significant Disbursement of Funds Will Not Begin Until Late in 2010-11
- No Staffing Plans for Monitoring the Use of the Funds
- Failed to Accurately Report Administrative Costs Charged to Federal Agencies
- Outcome of Follow-up and JLAC Hearing

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## **Actions Resulting From Our Work**

- Collaborating with GAO and IG's
  - Reviewing Findings
- Administration is Taking Action
- Legislature is Listening
  - JLAC Hearings
  - Informational/Budget Hearings
- Congressional Committee on Oversight and Governmental Reform
- Press Coverage

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## What's on the Horizon

- Continue to Work with GAO and IG's
- Follow-up Reviews
- More Updates to Legislature
  - JLAC Hearings
  - Informational Hearings
- Continue Interim Reporting
- Updates/Revisions to Web site

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## Questions and Answers

[www.auditor.ca.gov/stimulus](http://www.auditor.ca.gov/stimulus)

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