



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-02-0036

June 4, 2009

ARRA

Inspector General David O. Thomas and State Examiner Bruce Hartman of the State Board of Accounts report as follows:

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act of 2009¹ (ARRA). This legislation intends to provide a stimulus to the United States economy by investing \$787 billion in federal tax relief, unemployment benefits and other social welfare provisions, and domestic spending in education, healthcare and infrastructure.

Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds.

It is the experience of the Office of the Inspector General (OIG) and the State Board of Accounts (SBOA) that the expenditure of government funds may invite fraud and waste.

The purpose of this report is to reflect the actions of the Office of the

¹ American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 2009.

Indiana Inspector General (OIG) and the Indiana State Board of Accounts (SBOA) in addressing the State of Indiana’s compliance with the federal and state requirements of ARRA regarding Indiana’s receipt of these funds by the state treasury.

Immediately upon the creation of the OIG in 2005, the SBOA provided assistance to the OIG. Many of the two agencies’ missions are similar. The OIG’s enabling statute states that the OIG, “is responsible for addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b). The OIG is also mandated to “recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government.” IC 4-2-7-3(2). Similarly, the SBOA is charged to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities², to perform audits³, and to make written findings regarding violations of its Manuals or “any law⁴”. In addition, both the SBOA and OIG review for compliance with the Financial Management Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h).

Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (OMB).

² IC 5-11-1-24(a).

³ IC 5-11-1-9.

⁴ IC 5-11-5-1(a).

Accordingly, this report addresses initial findings and recommendations regarding the administration of the ARRA by the State of Indiana.

A

Findings

1

ARRA⁵ requires that the Governor of a state certify compliance with ARRA guidelines before receiving the funds.

We find compliance. In a letter dated March 31, 2009, Governor Mitchell E. Daniels, Jr. notified United States Office of Management and Budget Director Peter Oszag that Indiana would accept ARRA funds and would adhere to the compliance requirements.

2

The Office of the Governor has launched the following website: <http://www.in.gov/gov/INvest.htm>. The stated purpose of the website is to be the “central point for state communication about the American Recovery and Reinvestment Act.” Posted on the website are various certification letters and other information addressing ARRA. The website also indicates that Indiana expects to receive from ARRA “\$4.3 billion in formula funding.” The website indicates that it will be constantly updated with new information.

⁵ American Recovery and Reinvestment Act of 2009 §1607.

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Recommendations

1

Website Maintenance

That the Indiana website at <http://www.in.gov/gov/INvest.htm> continue to be published and updated with new developments regarding ARRA.

2

Reports Issued

That education be provided to recipient state agencies of the ARRA requirement⁶ that reports must be made within 30 days after the end of each calendar quarter by agencies that made ARRA funds available, and that these agencies be apprised of interpretations of this statutory provision which may be issued.

3

Reports posted on website

That education be provided to recipient state agencies of the ARRA requirement⁷ that these reports must then be posted on a website to demonstrate compliance, and that these agencies be apprised of the interpretations of this statutory provision which may be issued.

⁶ American Recovery and Reinvestment Act of 2009 § 1512(d).

⁷*Id.*

Notice of penalties for noncompliance

That education be provided to recipient state agencies that protections and penalties exist for ARRA violations. These include: (a) whistleblower protections⁸, (b) the federal and state criminal offenses of theft and official misconduct, and (c) federal and state false claims actions⁹.

Contract language

That the additional ARRA and grant provision language developed by Indiana OMB and others for inclusion in ARRA contracts, grants, and requests for proposals designed to educate and prevent ARRA violations, continue to be disseminated to and utilized by state agencies.

Dated this 4th day of June, 2009.



David O. Thomas, Inspector General

⁸ *Id.* § 1553.

⁹ *See e.g.* 31 U.S.C. 3729-3733 and I.C. 5-11-5.5.