



Five key steps to oversight, accountability, and transparency

Coronavirus Aid, Relief, and Economic Security (CARES) Act

(Public Law 116-136;
enacted March 27, 2020)

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The CARES Act

In the wake of COVID-19, the US Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 to provide emergency assistance, health care and economic relief to individuals, families and businesses. Federal agencies are now preparing to meet the reporting requirements of the CARES Act. However, the rapid rollout of the \$2 trillion stimulus package presents significant risks to program integrity and transparency.

The oversight role will play a critical role to prevent waste, fraud, and abuse in the use of these taxpayer funds. Thus, agency leaders and the Inspector General (IG) community should approach reporting with the proper objectives — increased accountability, automation of key audit functions, and more efficient and effective distribution and recovery of CARES Act spending.

KPMG LLP (KPMG) suggests the following five actions for IGs to consider. The common theme among them is the need for reliable data and process efficiency as a means to expand the oversight lens and enhance effectiveness and accuracy of the audit process.



KPMG audits
9 of 15
Cabinet-level
Federal agencies



Engage stakeholders

It is critical to engage key stakeholders as early as possible. Engagement efforts should certainly include executive leadership of the agencies responsible for ensuring relief funds are properly distributed, but also:



Technical and systems specialists



Business process and operations management



Policy staff



Accounting, contracts and budget teams

Such an inclusive approach will allow for key parties to determine roles and responsibilities for managing and overseeing the CARES Act spending.

Key questions to ask

- ❓ Is there a CARES Act project management office?
- ❓ What questions do stakeholders have?
- ❓ Which leading practices can be applied to implementation?
- ❓ Who is responsible for implementation?
- ❓ Is there a need for designated functional area leads?



In engaging stakeholders, it's important to speak the same language and gain consensus on objectives and priorities. By communicating early and often with agency leadership and the CARES Act program managers, IGs can minimize the risk of confusion and establish a common platform to discuss and manage cross-functional agency business processes.



Fully assess risks

The CARES Act presents a wide range of risks across government, many of them directly related to the urgent need to distribute the funds. Agencies that service small business, provide medical benefits and services, and those that oversee the transportation industry, education, and labor sectors are all under pressure to move quickly in providing relief.

A comprehensive understanding of the current "as-is" state of the agencies' IT systems, business processes, operations and data is essential to a full risk assessment. That means a detailed assessment across all functional lines of business (e.g., finance, budget, acquisitions, and programs).



Leverage lessons learned

IGs should lean on past experience to chart the best course forward relative to the CARES Act. Specifically, they can turn to the effective strategies and tactics they used to navigate challenges related to the adoption and oversight of the CFO Act, the DATA Act and IPERA, and the Foundations for Evidence-Based Policymaking Act. The rollout of the CARES Act presents similar challenges. The goal is to increase the quality, integrity and transparency of the information. Thus, the top priority must be recommendations to address potential gaps and inconsistencies across the agency’s lines of business and operational silos in terms of:



Business processes



Technology platforms



Data taxonomies



Governance models

IGs can also look to valuable insights and techniques from financial statement audits. Similar to the efficiency benefits expected from the DATA Act work, IG offices should consider leveraging the related benefits from the financial statement audit process. These existing efforts can provide a jump start to the CARES Act oversight process through an already documented agency business and information technology understanding and agency risk assessment, as well as, the unique data format often seen at different agencies.



Embrace automated and tech-driven audits

Given the scope of the CARES Act and the prospect of fraud, waste and abuse, it will be difficult to manually perform oversight efficiently without leveraging some level of audit automation, advanced analytical technology, all while engaging a remote workforce to perform key oversight responsibilities. When technology-based audit platforms and data analytics tools are in the hands of experienced audit teams, IGs stand to gain a “bionic” arm that enhances their reach, effectiveness and efficiency relative to audit objectives.

Automation and advanced technology are particularly valuable in navigating data challenges. Extracting, transforming and loading structured and unstructured data for use in CARES Act audit procedures can be difficult. Divergent data sets and data taxonomies may satisfy unique reporting needs of each agency, but they make auditors’ jobs more difficult. Fortunately, automated data cleansing and standardization tools can now accelerate this process and presents a great opportunity to increase the oversight aperture. IGs should look to deploy these modern approaches wherever possible.



Design an intelligent, but flexible process

There will be pressure to produce accurate reports quickly and efficiently. That means having a well designed process is imperative. Because the risk of fraud, waste, and abuse is broad, IGs must think broadly, too. There are several key areas where they can begin planning for CARES Act oversight.

Priority projects for CARES Act oversight



Assurance or Agreed Upon Procedures reporting over the reliability of CARES Act spending



CARES Act data acquisition, cleansing, and visualization



Spending data quality and risk assessment reviews



Grant and loan expenditure and incurred cost audits



Forensic and recovery audits



Advanced analytics and visualization enablement

Given the ongoing prevalence of remote working, IGs must be prepared to work flexibly and even in new ways.



How can KPMG help

As the auditor of more than half of the cabinet-level agencies, KPMG has the knowledge, experience and technology to help IGs efficiently and effectively achieve the reporting and oversight requirements associated with the CARES Act. Given the pervasive depth of the recovery efforts to individuals, business and governments, there is little precedent on the cross-functional demands that are currently being placed on our existing system of governance. IGs should embrace this challenge by;



Taking advantage of experienced technology professionals

to deliver modernized audit technology functions, including advanced analytics, and fraud detection techniques; and




Leveraging existing audit efforts to speed up adoption

of the expanded scope around promoting transparency, and conduct and support oversight of covered funds and the COVID-19 response to prevent and detect fraud, waste, abuse, and mismanagement, and mitigate major risks that cut across program and agency boundaries.


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