



The Commonwealth of Massachusetts

Office of the Inspector General

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Inspector General Glenn Cunha's Testimony Regarding Pandemic Relief Oversight

On October 5, 2021, Inspector General Glenn Cunha testified at the final virtual hearing regarding the American Rescue Plan Act (ARPA) State Fiscal Recovery Fund on the need for oversight and integrity in the use of federal pandemic funds.

Senator Keenan, Representative Hunt, members of the committee, thank you for giving me this opportunity to testify before you about the need for oversight and integrity in the use of federal pandemic funds, such as ARPA.

As many of you know, the Office of the Inspector General is an independent state agency charged with investigating, preventing and detecting fraud, waste and abuse in the use of public funds and public property. At the beginning of the pandemic, my Office recognized that the public health emergency created new fraud risks. We responded to these risks, opening investigations related to COVID-19 fraud, reviewing state vendors' COVID-19-related spending and providing advice on the oversight of CARES Act funds. We also issued guidance to help state agencies safeguard public funds during the pandemic, created specialized COVID-19 trainings for municipal employees and created a webpage for [COVID-19 Information and Resources](#) on the Office's website. The work that my Office and other oversight agencies have accomplished in the past 18 months highlights the need for ongoing diligence concerning the expenditure of federal pandemic funds by state and local agencies, as well as by state vendors and other businesses.

That brings me to ARPA. The fiscal recovery funds established by ARPA represent an unprecedented influx of funding from the federal government to the state, counties, cities and towns. Aside from the fiscal recovery funds that this committee has been discussing, state agencies, counties, municipalities and other public entities will receive hundreds of millions of dollars in direct grants from the federal government. Much of this money will go to state and local vendors. In addition, businesses and individuals across the Commonwealth will receive ARPA funds, either directly from the federal government or from the state and local governments.

This unprecedented level of aid will go far to help Massachusetts recover from the incredible challenges of the coronavirus pandemic. For that reason, it is essential that these funds go directly to where they are needed and no place else. Therefore, I am asking this committee to create a Special Reserve Fund for the oversight of ARPA money and other federal pandemic funds.

Under this proposal, the Executive Office for Administration and Finance (A&F) would administer the Special Reserve Fund. Working through A&F, oversight agencies such as mine, the Attorney General's Office and the State Auditor's Office would access this fund for oversight activities related to federal pandemic funds. My Office based this proposal on the Hinton Lab Response Reserve Fund, which

required agencies using that funding to submit written budgets to A&F to demonstrate the costs they would incur, including expenses for personnel, outside consultants and other resources. The Hinton Reserve was an effective mechanism to provide funds to the many state and local agencies that incurred temporary, but substantial, costs related to the Hinton Lab scandal. The proposed special reserve fund would provide a similar mechanism for oversight agencies to safeguard federal pandemic funds.

Speaking specifically about my Office, the Special Reserve Fund would allow us to temporarily hire additional staff to conduct investigations and audits, as well as to provide training and guidance to state and local agencies.

Last year, calls to our general fraud hotline more than doubled, largely because of complaints related to the pandemic, including complaints regarding CARES Act fraud, lack of oversight of vendors and abuse of the federal Paycheck Protection Program. In 2020, moreover, our Civil Recovery Unit recouped roughly \$1.6 million from businesses and individuals on behalf of the Commonwealth. With the oversight reserve fund, we would be able to deploy specialized teams focused on recovering federal pandemic funds lost to fraud, theft and other misconduct.

The reserve fund would also allow my Office to increase its oversight of public agencies in proportion to the increased funding at their disposal as a result of federal pandemic aid. After one review last year, for example, my Office provided a roadmap for the Executive Office of Health and Human Services (EHS) to hold vendors accountable for the \$139 million dollars in COVID-related funding they received for congregate care programs. We also made recommendations for program integrity regarding the use of COVID-related funds by EHS agencies, including the Division of Transitional Assistance.

This reserve fund would also allow my Office to scale its training program to ensure that state and municipal officials understand the specific requirements for using federal pandemic funds and have needed skills in contract administration, fraud awareness and the Uniform Procurement Act. In the past 18 months, for instance, my Office has received inquiries from cities and towns seeking guidance regarding the CARES Act funds they received. Some cities and towns did not understand that CARES Act funds could only be used for allowable costs under the Act. Some entities lacked the expertise to effectively distribute CARES Act funds. Municipalities will face similar challenges in disbursing ARPA funds. Funding from the proposed reserve fund would allow my Office to train more jurisdictions to ensure that ARPA money is spent properly and in compliance with the law.

Essentially, the Special Reserve Fund would permit my Office to build upon the expertise and work we began with respect to the CARES Act. However, as I mentioned, the special reserve fund would be for other oversight agencies as well, such as the State Auditor's Office and the Attorney General's Office. This proposal is the result of collaboration with our oversight partners. As we move forward, we will continue to work together to maximize oversight of ARPA and other pandemic funds.

To conclude, ARPA makes the prevention and detection of fraud, waste and abuse of public money more important than ever in Massachusetts. Thankfully, ARPA also represents an opportunity to ensure that oversight agencies like mine have the resources needed to investigate and prevent the misuse of public funds. Thank you for your consideration of my request. If you have any questions, I am happy to answer them.