Governance, equity and evidence are essential pillars of accountability and the prudent use of resources. The rapid government response to the COVID-19 crisis led to an outlay of taxpayer monies in excess of $1 trillion.¹ This historic level of federal funding demands emphasis on compliance measures to guard against fraud, waste and abuse among award recipients. Oversight is non-negotiable. It must ensure accountability and transparency based on evidence and outcomes. At the same time, oversight can measure community impact and equity in the use of funds to see how they stack up to mandates in diversity, equity, inclusion and accessibility (DEIA).
GOVERNANCE

Governance, equity and evidence are part of the Three Lines of Defense Model, developed by the Institute of Internal Auditors, to help organizations identify structures and processes to meet objectives and manage risk. As management receives updates on activities, funding and projections, internal audits deliver independent assurance of their validity. The methodology is based on the following principles:

1. Governance consists of processes that facilitate accountability, actions and assurance. Example: The Pandemic Response Accountability Committee (PRAC) promotes transparency and independent oversight of funding disbursed as a result of COVID-19.

2. Governing bodies provide resources for organizations to achieve objectives and adhere to regulatory and ethical requirements. Example: the U.S. Department of the Treasury (Treasury) and the U.S. Department of Housing and Urban Development collaborated on a how-to guide to help state and local organizations properly manage fiscal recovery funds used for affordable housing efforts.

3. Management and first and second line players achieve organizational objectives and mitigate risk. Example: The Office of Management and Budget (OMB) published OMB M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus, which directed agencies to consider specific principles, such as mission achievement and using data and evidence to achieve program objectives. The Council of Economic Advisors, Treasury and the Small Business Administration were required to provide quarterly reports on the effect of relief funds on employment and economic growth.

4. Third line players deliver independent, objective assurance of the adequacy and effectiveness of governance, advice, and reports of findings to management. Example: Government Accountability Office (GAO) Pandemic Oversight issues findings and reports.


6. Collaboration across the enterprise creates and protects value. Example: A collaborative study by the National Academy of Public Administration (NAPA) and the National Association of Counties on federal assistance and innovative counties examined the allowed uses and controls in federal fiscal assistance to counties during the pandemic and innovative strategies in the use of pandemic relief funding. One innovation that emerged from the COVID-19 crisis was the PRAC’s emergency rental assistance dashboard, which helped users navigate a program for assistance with rent and utility expenditures.

EQUITY

Through a 2021 executive order, the White House directed the federal government to advance an ambitious equity agenda. In response, more than 90 federal agencies established more than 300 specific strategies and commitments to address systemic barriers in national policies and programs that affect underserved communities.

The American Rescue Plan Act (ARPA) was intended to expedite funding in a crisis and distribute it equitably. ARPA appropriated $21 billion for emergency rental assistance to augment state and local housing funds, health care insurance, broadband service, and technology modernization with an eye toward equity as it attempted to remedy negative economic impacts.
that thwarted community plans for long-term pandemic recovery. For example, negative economic impact as characterized by Salt Lake County, Utah, was economic harm caused by the public health emergency among local workers, households, small businesses, and industries. The county addressed equity and helped people who were disproportionately affected by using ARPA funds to create the Workforce Inclusion and Successful Employment (WISE) program. WISE assists low-income county residents with a household income at or below 200% of federal poverty guidelines. Through a five-year pilot that evaluates equity and impact in workforce development, WISE aims to help its clientele find better jobs.

The equity provisions in Treasury’s State and Local Fiscal Recovery Funds (SLFRF) programs suggest goals and targets that prioritize economic and racial equity in project implementation as shown in the Figure 1 examples. The SLFRF Equity and Outcomes Resource Guide also offers an equity assessment tool that requires fund users to:

1. Leverage outcome measures.
2. Analyze factors underlying inequity.
3. Include voices of community representatives.
4. Target resources and strategies to minimize burden and maximize access.
5. Publish transparent program results.

The U.S. Conference of Mayors shared a case study on the City of Boston’s use of ARPA funding. City leaders first collected and incorporated feedback from the community before creating a series of equity-focused programs with ARPA funds. The result is the Health Equity Now Plan for better public health and safety by the year 2030. The plan serves to guide municipal planning, resiliency and mobility going forward, as shown in Figure 2 on the following page.

Boston’s effort shows that equity is a foundational element of even-handed investment in communities with varying levels of income and access. In the future, governments can utilize many equity-related frameworks, tools and provisions instituted through ARPA funds to guide equitable spending in their communities. Making equity an essential part of program design and performance data will lead to evidence for accountability in the area of equity.

Governments across the nation used SLFRF for technology upgrades to improve digital infrastructure. Maryland Connect, for example, dedicated $400 million in SLFRF to address the digital divide and provide universal access to broadband throughout the state by 2025. Programs in other states and localities addressed their specific needs. Treasury shared many examples of the use of money appropriated through ARPA.

**Figure 1. Examples of Pandemic Relief Fund Usage**

- **Phoenix, Arizona**, committed $10 million to rent, mortgage and utility assistance for residents.
- **San Diego County, California**, allocated $85 million for COVID-19 testing as part of its T3 strategy of “test, trace and treat.”
- **Fort Collins, Colorado**, allocated $400 thousand for a multicultural business and entrepreneur center to address gaps for small businesses owned by women and people of color.
- **New Castle County, Delaware**, provided premium pay to 1,400 staff who work in health care, safety, child care, education and transportation.
- **Waterloo, Iowa**, invested $2.5 million in the design and construction of a fiber network to provide reliable high-speed broadband access to its residents and businesses.

**The U.S. Department of Health and Human Services** (HHS) invested $7.6 billion in health centers to prevent, mitigate and respond to COVID-19. HHS administered 20 million vaccines to underserved communities, distributed N95 masks, and supported distribution of 50 million free self-tests.
EVIDENCE

Evidence-based intervention is required for specific SLFRF expenditure categories that fall in the categories of public health, negative economic impacts, and services to disproportionately impacted communities. Spending must be measured against data from an evidence clearinghouse or measured within an evaluation of program effectiveness. Proper use of SLFRF funds can increase the likelihood of measurable outcomes in disproportionately impacted communities and create opportunities to establish programs that succeed beyond the period of performance for ARPA funds. Governments must make sure federal relief funds are used as expected and for the outcomes intended, which requires accountability. Whether subrecipient, community advocate or beneficiary, all share responsibility for good governance and good stewardship of tax dollars.

In May 2021, in a memorandum to Treasury’s chief recovery officer, the U.S. Assistant Inspector General (AIG) for Audit shared lessons learned from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In a sobering statement, the AIG said, “Treasury did not require recipient reporting of performance measures for the [Coronavirus Relief Fund] CRF. As a result, there is no consistent way to assess the impact of CRF funding on assisting with the pandemic.”

The AIG recommended Treasury develop performance measures to assess the impact of ARPA funds to be appropriated. Treasury responded with requirements for SLFRF recipients with populations more than 250,000 to generate annual performance reports. Thus, the Interim Final Rule, Final Rule, and Treasury Compliance Reporting Guidance consistently emphasizes that performance measures must be captured and reported both quarterly and annually for the federal government to properly assess the effectiveness of federal relief funds.

Treasury also integrated requirements from the Foundations for Evidence-Based Policymaking Act of 2018 for agencies to strategically plan and organize evidence-building, data management, and data access through. Through questions about priorities and evidence, communities can work toward solutions to major societal problems. For example, in North Carolina, Guilford County allocated $500,000 of its SLFRF to address barriers to student success from birth to adulthood through a continuum of care approach to education. The county aims to “create an evidence-based talent pipeline” for individuals, communities and industries in Guilford County.

The legislation also requires federal agencies to submit an annual systematic plan to Congress and OMB to identify and address policy issues. The plan must include questions for developing evidence to support policymaking; identify data the agency intends to collect, use or acquire for evidence in policymaking; state the methods and analytical approaches that may be used in the process; and anticipate challenges in gathering evidence, including statutory or other restrictions to access relevant data. Because Treasury incorporated evidence-based interventions and performance measures into compliance reporting for federal relief funding, it is apparent the federal government expects state and local entities to measure fund efficiency and promote informed budgeting and appropriation of resources.

WHAT COUNTS

Lingering pandemic effects necessitated a credible approach to recovery and assurance so that funding meets the evolving needs of affected communities. Measurable impact with sustainable results may prove to help the government beyond the era of pandemic recovery and response. Professionals must answer this call to action and champion governance, evidence and equity. The historical events of the past three years can then become practice for the operational excellence we need to sustain. Every dollar and every action counts.

Endnotes
3. pandemicoversight.gov
8. See Endnote 5.
17. HHS. “On One-Year Anniversary of the ARP,” March 2022.
22. See Endnote 18.

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