

Inspectors General and the Implementation of the Infrastructure Investment and Jobs Act

May 23, 2022

The COVID-19 pandemic brought [increased attention](#) to the risk of fraud and waste in large federal spending programs. Congress created [substantial oversight](#) for pandemic programs, but many Members have expressed concern with reports of fraud in some programs. As the Biden Administration implements the bipartisan infrastructure bill (the Infrastructure Investment and Jobs Act [IIJA]; P.L. 117-58), which provides over \$500 billion in new infrastructure spending, it has announced a more proactive approach to addressing potential fraud and waste. This approach includes an emphasis on risk management and increased engagement with inspectors general (IGs) to identify and address potential risks before they arise.

On April 29, 2022, the Office of Management and Budget (OMB) issued a [guidance memorandum](#) to executive branch agencies on IIJA implementation. The guidance directs agencies to work with IGs and OMB to evaluate their program implementation plans and to adopt a “risk-based approach” to implementation that may “reduce the need for costly, after-the-fact remediation.”

This strategy is a form of [enterprise risk management](#), which can reduce waste and fraud and increase effectiveness of programs by “identifying, assessing, and managing risks” in order to “eliminate the potential for disruptive events.” Enterprise risk management is not new in the federal government, but its effectiveness here may be instructive for future policy implementation.

This Insight begins with a brief summary of the new guidance memorandum as it relates to IGs, followed by discussion of its broader link to enterprise risk management. Finally, the Insight identifies aspects of this issue that congressional stakeholders may wish to monitor.

OMB’s Guidance on Implementation of the Infrastructure and Jobs Act

OMB’s [guidance](#) on the IIJA (Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act) includes specific instructions for agencies implementing the law and follows from broader implementation principles laid out in [Executive Order 14052 \(Implementation of the Infrastructure Investment and Jobs Act\)](#). Among other things, the memorandum provides specific direction on engagement between agencies and their IGs.

Congressional Research Service

<https://crsreports.congress.gov>

IN11933

Section II.B of the memorandum requires agencies to engage “proactively” with their IGs to identify “major cross-cutting risks” in the implementation of the IIA. It also requires agencies to meet with their IGs and OMB to work on risk mitigation strategies. Such meetings are intended to help IGs provide agencies with well-informed recommendations on programs earlier in the implementation process.

This meeting requirement builds on a December 2021 OMB memo titled “[Promoting Accountability Through Cooperation Among Agencies and Inspectors General](#).” The memorandum, which was developed in consultation with the IG community, calls for agencies to [work more closely with their](#) IGs to mitigate risk in policy implementation.

This strategy could improve program implementation by taking advantage of the expertise of IGs.

OMB, Enterprise Risk Management, and IGs

The Biden Administration has [indicated](#) that the emphasis on enterprise risk management for IIA implementation reflects lessons learned from the implementation of the federal government’s response to the COVID-19 pandemic. Specifically, the Administration [says](#) it has learned the “benefits of proactive and transparent engagement among agencies, IG offices, and the Pandemic Response Accountability Committee” early in the program implementation process. This early engagement can help agencies identify and resolve design issues that could reduce the effectiveness and efficiency of programs.

This strategy is a form of enterprise risk management. As [defined by OMB in 2016](#), enterprise risk management is an agency-wide approach to “identifying, assessing, and managing risks” in order to “concentrate efforts towards key points of failure and reduce or eliminate the potential for disruptive events.” OMB has been working with agencies for decades to improve accountability and establish robust program controls, including enterprise risk management.

Additionally, the IG community has integrated risk management into oversight activities in recent years, including forming the [Enterprise Risk Management Working Group](#) to promote enterprise risk management principles “in accordance with OMB Circular A-123 within the offices of the Inspectors General community.” Similarly, some IG offices issue “management alerts,” which are flash reports that frequently identify issues with ongoing agency activities that may be correctable. Congress endorsed this approach in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) by [directing the Pandemic Response Accountability Committee](#) to issue such alerts as appropriate.

The Biden Administration’s new guidance indicates an even stronger move toward enterprise risk management and a new focus on how IGs can improve program implementation that builds on work many IG offices are already doing.

Considerations for Congress

Effect of IG Engagement with Agencies

Congress may wish to monitor several aspects of the Administration’s implementation strategy as it matures, including:

- The effectiveness of this implementation strategy and any lessons it may provide for future legislation;
 - Any new procedures established by the IG community to manage this work and to ensure the integrity of their audits and investigations; and
 - Any changes to the relationships among IGs, their agencies, and Congress and how such changes might affect Congress’s mission for IGs.
-

IG Capacity

Congress may also wish to monitor whether IG offices have sufficient resources, including funding and personnel, to fulfill this new role and maintain their core audit and investigation functions. It is not clear yet how resource intensive this activity will be for IGs, but Congress may be asked to provide additional funding for this purpose in the future either in annual appropriations or other major legislation.

Author Information

Ben Wilhelm
Analyst in Government Organization and Management

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.