



## Whitepaper for GCC governmental authorities

Strategic insight into effective oversight and monitoring of COVID-19 assistance programmes

## Purpose

Deloitte Middle East is providing this white paper to GCC government authorities to assist in the establishment of an efficient and effective oversight and monitoring function for government assistance and economic stimulus programs associated with the COVID-19.

The observations documented in this white paper are drawn from the experiences of Deloitte globally, specifically our experience assisting the United States Federal Government, as well as certain state governments to oversee large-scale emergency disbursement programs. Deloitte also has relevant experience assisting on some of the most significant claims management programs implemented by both public and private sectors.

Through these engagements, Deloitte has developed crucial insight into what it takes to assemble a comprehensive view of the deployment of funds, to monitor and report on the intended and actual use of funds, and (when necessary) to audit and investigate allegations of misuse. In cases of recent massive emergency outlays, the United States has responded by establishing specialist oversight bodies, called Special Inspectors General (SIGs).

Based on the urgency of the GCC governments' current situation in the face of COVID-19, this white paper draws on our past experience to identify key actions that governments can quickly take as they establish a management and oversight agency to steward the massive outlay of funds under the various COVID-19 economic stimulus and recovery programs.

## Lessons learned

Experience strongly suggests that GCC governments should set up an oversight agency – similar to the Special Inspector General in the United States case- tasked with oversight and reporting to the stakeholders of the economic stimulus funds being disbursed in response to COVID-19. These stakeholders include the specific government authorities responsible for administering and distributing the funds, and ultimately the countries' rulers, as well as the citizens and residents of each country and the local market/economy more generally. The rulers wish to ensure that the funds are allocated appropriately, arrive at the target recipients, achieve the target objectives, and are not subject to fraud, waste, and abuse. There may be multiple government entities involved in distributing or disbursing funds and administering the response, each of which wishes to demonstrate the effectiveness of its efforts to the rulers.

Based on Deloitte's experience, we believe it is critical to have a central authority (Oversight Authority) responsible for establishing a consolidated view of the countries' multifaceted efforts to combat COVID-19 (Relief Program). With that in mind, governments should consider taking these immediate actions to establish that Oversight Authority, its objectives, goals, and measures for meeting the legislative mandate and statutory requirements:

**Develop strategic plan:** Considering the enormity of the COVID-19 stimulus packages outlined in the region, clearly defined organizational direction is essential. An effective strategic plan includes a shared vision, a strong mission statement with specific goals, objectives, and measurable milestones, as well as articulation of organizational values and principles aimed at protecting the public trust.

### Case Study

The Special Inspector General for the Troubled Asset Recovery Program (SIGTARP)

Following the collapse of global financial systems in 2008-2009, the U.S. Congress established the SIGTARP in 2009 to ensure oversight and reporting on the use of funds appropriated under the Emergency Economic Stabilization Act of 2008 (EESA). The Congress authorized multiple programs – from troubled assets buy-back to emergency equity investments in troubled financial institutions and ultimately authorized US\$ 467 billion of stimulus spending- fell under the SIGTARP's purview.

This responsibility necessitated the quick and efficient establishment of a robust financial reporting mechanism to monitor compliance and deter illicit activities related to fraud, waste, and abuse. One key role for SIGTARP in this process was to rapidly stand up a monitoring and reporting function. This function gathered information from the TARP participants, wrote and produced quarterly reports to Congress covering the use and deployment of relief funds, as well as the substance of SIGTARP initiatives around investigation of allegations of fraud, waste and abuse. Those reports have been produced regularly since, and are available publicly: <https://www.sig tarp.gov/Pages/Reports-Testimony-Home.aspx>

**Establish organizational structure:** Moreover, the successful execution of the strategic plan depends on the development of key infrastructure and resource components.

- **Leadership** — Thoroughly research, identify, and recruit key leaders capable of carrying out the established and communicated vision and mission. Focus on attracting a leadership team with disciplines, skill sets, and experience that would complement that of the appointed leader of the Authority.
- **Empowerment**- Give the leaders and staff of the Oversight Agency the explicit mandate to gather required information and to follow up and investigate misrepresentation, mis-reporting, or allegations of abuse of Relief Program funds.
- **Directorates** — Coordinate with government agencies (such as law enforcement or governmental accountability offices) and provide leading forensic financial auditing capability to follow the money and jumpstart the Oversight Authority's investigative presence in the fight against fraud or corruption.
- **Reporting teams** — Meet any government-mandated initial and quarterly reporting requirements, including issuance of the first 60-day mandated report on Relief Program activities. The Oversight Authority can leverage the lessons learned from other SIGs and similar organizations to quickly establish trusted oversight by cutting out a sizeable learning curve.

## Transparency

Transparency is the key element in the establishment of public trust, which is particularly important given the nature of the COVID-19 response and public interest in the Relief Program. These are elements to consider as governments launch an effective Oversight Authority that provides transparency to governmental constituents, taxpayers, and other stakeholders:

- **Set clear mandates.** Further, must be clearly mandated by the government that the Oversight Authority has the responsibility to collect information from the different entities involved in the Relief Program, and has the authority to request and require reporting and data, as well as to investigate areas of concern related to the implementation of the Relief Program. This mandate should be made clear to all stakeholders and participants in the Relief Program.
- **Establishing a Fraud Detection Program and Ongoing Monitoring.** Effective oversight may be accomplished by establishing a fraud detection program early in an organization's lifecycle to monitor and investigate illicit activity. An important component of this effort is the testing of transactions using computer forensics. Large-scale data forensics will not only facilitate efficient data monitoring, but they will also help auditors and investigators target anomalous transactions. The oversight entities Deloitte has worked with collected and combined transactional data from various financial and reporting systems and used data-analysis techniques to evaluate the appropriateness of expenditure of US\$ billions appropriated for Relief Programs. The Oversight Authority should consider this type of testing as early as possible to identify fraud indicators and to prevent future fraud, waste, and abuse through implementation of robust internal controls and continuous monitoring. This will be especially important if the Oversight Authority decides to extend into financial sector activities- such as loan purchase, insurance, or modification initiatives.
- **Developing an information hub accessible to the public.** Web access offers the most efficient and accessible means of reporting on the progress and expenditures of the COVID-19 Relief Programs. For example, with more than 400,000 hits each year, one SIG's website was successful in disseminating information to both the public and lawmakers. As referenced above, the SIGTARP's reports are still readily available to public and lawmakers 10 years after the crisis. An important component of the Oversight Authority will be to provide transparency into approval and decision-making processes and to detail the disbursement of funds under the Relief Program. The Oversight Authority should pay attention to public reporting requirements on its own expenditure and actions, by adhering to the same transparency as is mandated on the agencies tasked with implementing COVID-19 relief initiatives. Intense scrutiny necessitates highly accessible audit reports, investigations, and quarterly progress reports highlighting COVID-19 relief activities. The Oversight Authority can save time and resources by making effective use of Web distribution for quick release of findings to the public.

## Reporting

Accessibility to reporting follows clarity in reporting. Obtaining data for interpretation and organization in a report that reaches multiple audiences is critical to satisfying oversight requirements. These are elements to consider as the Authority develops its staff and resources to provide reporting of complex issues to a wide-ranging audience:

- **Understanding the complexity.** Given the complex nature of some the initiatives, financial instruments, and troubled assets on which the Authority must report, it is essential that the Oversight Authority's writers and analysts demystify complex transactional issues for an audience that may not be well versed in the intricacies of investment activities. Through compilations, comparative analysis, and observations made by the Oversight Authority, the public and government should be able to determine the current status and effectiveness of the Relief Program. In similar cases, where oversight of very complex programs requires regular reporting, a methodology is developed to provide information to the public and to stakeholders in a comprehensive yet easily understandable form. Reporting should incorporate simple, high-level overviews as well as carefully selected supporting details.
- **Combining technical ability with a collaborative approach.** In the U.S., certain SIG's had early successes that were due in part to their ability to rapidly staff new organizations with experienced auditors, inspectors, and investigators who recognized the urgency of communicating effectively both internally and externally. Likewise, it is essential that any similar Oversight Authority staff its organization with the requisite technical skills and organizational competencies, including forensic accounting analytics and deep financial and reporting skill sets coupled with an understanding of the financial instruments being used to meet the Relief Program's mission. A PMO should be set up to process and harnesses this collaborative team to manage all report production processes, coordinate contributors, and keep the team moving against a regulated timeline of activities to make sure deadlines are set and met, quarter after quarter.
- **Speed is of the essence.** In the wake of announcements of large-scale COVID-19 relief initiatives, and vast sums of money being set aside, it is critical for the Oversight Authority to produce an initial report quickly- ideally within 60 days of the first outlays of the Relief Program. This satisfies multiple objectives: credibility in the authenticity of the government initiatives as well as credibility in the existence of transparent and effective oversight. Having credibility in these initiatives will help governments reassure markets as well as stakeholders that the funds it has earmarked will be deployed as promised, and address the issues they are targeted towards.
- **Collecting and managing data necessary for reporting requirements.** Deloitte's experience has shown that cooperation from the diverse government agencies and private companies, which have access to the needed data, is a major challenge. A great importance will be placed on establishing communication with the entities that track relevant data and on establishing the reporting expectations and obligations to ensure that the Oversight Authority obtains all pertinent data. One SIG required more than 2.6 billion obligation transactions to be extracted, spanning approximately 12 terabytes, which were subsequently tabulated and analyzed through sophisticated queries. An integrated data-management system, tested by a comprehensive data-integrity program, will be necessary for connecting the Oversight Authority with the various agencies or entities involved in management of the response, and for ensuring that the data essential to satisfy reporting requirements is available on time. Moreover, data management becomes increasingly important as the Oversight Authority seeks to assess the Relief Program reporting process and its adequacy for accounting for the transactions.
- **Focus on outlay as well as use.** Stakeholders want to know that the allocated funds are reaching their destination and are not held up in bureaucracy or other roadblocks. The Oversight Authority should not have a narrow focus only on monitoring initiatives for fraud, waste, and abuse of the funds once deployed. An initial focus should be on providing stakeholders and the public with reliable information and data on the distribution of funds and availability of/ access to the Relief Program- providing reporting (and hopefully confidence) on whether or not intended funds are actually being deployed as planned.
- **Focus on effectiveness.** While the initial focus will be on monitoring the inputs and outputs of the Relief Program (funds disbursed, tracking whether they reach their targets, etc.), an important contribution of the Oversight Authority will be to focus on the effects of the Relief Program in staunching economic dislocation and restoring the economy. Short and medium-term indicators should be identified that can be linked to the Relief Program and used to evaluate whether it is achieving its intended objectives. This will be helpful to governments as they evolve their response to the crisis, since decisions and strategies will inevitably need to be reconsidered as the crisis itself evolves. The reporting by the Oversight Authority should be designed to contribute to the Government's decision making in real-time, to help identify if and when change or enhancements to the Relief Program are needed.

## Program management oversight

Considering the urgency of the oversight required of COVID-19 activities, the Oversight Authority will need to immediately establish a highly effective program management capability. At a minimum, this capability will need to provide for initiation of strategies, planning, execution, control, and oversight and to quickly establish the intent, scope, policies, and procedures of the relief program. Tools should be designed to monitor, test, and evaluate the management of the Relief Program. The Oversight Authority may also want to consider establishing its independence by focusing on cost, schedule, risk resources, and quality management. These are several additional components to consider as the Oversight Authority develops this management capacity:

- **Diversifying resource skill sets and technology.** To coherently perform all aspects of oversight, the Oversight Authority will need to hire the right mix of skill sets, drawing from the private sector to take advantage of already existing expertise based on similar experiences. An appropriate technological framework will need to be established to facilitate the work of this staff.
- **Remaining flexible and adaptive.** The Oversight Authority must have a capability to understand the environment and to adapt to changing requirements, including changes in strategies by Relief Program management relative to the utilization of the \$billions of COVID-19 relief funds. Not only will the Authority have to review the money already spent by the government, but also the office will have to adjust and respond to the establishment of new programs developed as governments evolve their response to the crisis. The nature of the execution of COVID-19 funds will inevitably change, and flexibility is essential to providing continuous and extensive oversight. The Oversight Authority will need to frequently re-evaluate its quarterly reports to provide relevant, fresh analyses that continually build on past observations.
- **Leveraging core competencies.** Deloitte's experience with past SIGs and oversight bodies has shown that these entities have been successful when they leverage their core competencies in conducting complex financial investigations, reporting, and inspections. Their experiences demonstrate that an Oversight Authority should consider adopting a strategy of blending skilled contractors with government employees to create a synergistic solution that allows for accelerated deployment of resources to meet the congressional reporting mandate.

## Summary

Enactment of the high-profile COVID-19 Relief Programs has already prompted close public interest and governmental scrutiny in many countries in the GCC region. To ensure the effective stewardship of government and taxpayer funds, governments should consider establishing an independent entity that monitors and reports on the progress of the different government entities involved in administering the different aspects of each country's relief program. This Oversight Authority should consider leveraging lessons learned from similar organizations as well as the work of private-sector contractors to assure a quick start-up and effective ongoing oversight.

## Contacts

For more information about Deloitte's approach to establishing an effective COVID-19 Relief Program Oversight Authority, and the techniques and experience around monitoring and reporting on the deployment, use, and effectiveness of Relief Program funds, please contact:

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