

Coalition for Integrity

September 23, 2021 – Today, Coalition for Integrity is releasing a report, [Oversight of Infrastructure Spending](#). This report provides recommendations to prevent and detect corruption, waste, and abuse in infrastructure spending (including the proposed \$1 trillion surface infrastructure bill and the \$3.5 trillion human infrastructure budget).

In crafting this report we have reviewed the anti-corruption measures in H.R. 3684, past infrastructure, and stimulus bills and reports issued by GAO, the President’s Council on Economic Advisors, Offices of Inspectors General, and Congressional Committees, as well as private organizations such as the World Economic Forum.

We have also drawn lessons from a wide array of case studies involving fraud, waste & corruption in domestic infrastructure projects like BVU OptiNet, a fiber-optic network construction project in southwest Virginia marred by misuse of public funds, evasion of employment taxes, bid-rigging, procurement violations, and State and Local Government Conflict of Interest Act violations; Schneider Electric, energy savings performance contracts that were allegedly obtained through kickbacks and bribes; the waste, fraud, and abuse, as well as mismanagement in awards of government contracts and oversight after Hurricane Katrina; the California Bullet Train, where lack of transparency and conflicts of interest have indefinitely extended the project and cost taxpayers billions of dollars; the Central Artery Project, or Boston’s “Big Dig,” where the project was completed eight years behind schedule and 190% over budget.

Shruti Shah, President and CEO of the Coalition, stated “Strong infrastructure is vital to ensure the safety of communities as well as the health of the economy. However, given the scope and complexity of infrastructure projects, clear and robust oversight is critical so infrastructure projects at the federal, state, and local level do not fall victim to waste, fraud and other abuses.”

The Coalition has several recommendations that may be incorporated in subsequent legislation to provide additional oversight to infrastructure spending, or to the extent possible, considered when interpreting provisions in the bill. Recommendations fall in the following categories: increasing public transparency in infrastructure spending; recommendations relating to oversight and enforcement at both federal and state and local levels; and recommendations relating to contracts involving infrastructure bill funds.

Our recommendations for public transparency include:

- Mandating the creation of a comprehensive public website to track projects that use federal infrastructure funds, similar to the mandate found in the Recovery Act. In addition to providing the general public with information needed to hold officials accountable, a public website gives disappointed bidders and other competitors insight into bidding outcomes and affords informed parties who have an incentive to spot fraud, the necessary information to raise concerns.
- Creating opportunities for community interaction and participation in infrastructure discourse to ensure that the contemplated projects are responsive to the needs of the



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community. This brings the added benefits of instilling a culture of accountability for contractors and others responsible for the execution of the projects, as well as surfacing potential issues early in the process to avoid potential disruptions (such as protests and litigation) later in a project's life

- Implementing quarterly reporting requirements for infrastructure funding recipients. Although the infrastructure bill requires the responsible federal agencies to provide Congress with reports on the implementation of certain grant programs, recipients of infrastructure funds from an agency should be required to file quarterly reports with that agency, which shall in turn post information from these reports on a public-facing website
- Requiring conflict-of-interest disclosures from state officials. Transparency into state officials' potential economic or personal interests in infrastructure transactions which can deter wrongdoing and improve detection when misconduct occurs. In states where it is not already a requirement, governors should consider requiring state and local government officials involved in infrastructure projects to file annual conflict of interest disclosures. State governors should consider requiring infrastructure fund recipients, contractors, and subcontractors to disclose any potential conflicts of interests.

Other recommendations for oversight include: facilitating necessary collaboration among inspectors general by providing adequate funding for a committee comprised of inspectors general of the agencies responsible for administering the funds; providing adequate funding to support state agency oversight; encouraging agencies to adopt an up-front risk assessment process before any funds are actually distributed; and providing real time oversight of federally-funded programs instead of reviewing projects after they are implemented. At the state and local government level, relevant personnel should be provided with adequate training and resources so that they are well-positioned to review contractor bids and make informed, competitive selections.

Recommendations regarding enforcement include: authorizing agencies to terminate infrastructure funding and seek reimbursement in the event of fraud; requiring recipients of infrastructure funds to maintain effective internal controls; and creating interagency task forces to investigate corruption and enforce laws prohibiting infrastructure-related fraud and other misconduct. With the above recommendations, it is imperative that whistleblowers are protected and allowed to come forward anonymously.

The full report is available at <https://www.coalitionforintegrity.org/wp-content/uploads/2021/09/Oversight-of-Infrastructure-Spending-Report.pdf>

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