

# A new era of oversight for funding programs



Shape the future  
with confidence

Protecting public resources, controlling the narrative and enhancing program effectiveness

## The stakes are high

Falling short on compliance can lead to service disruptions to stakeholders, budget shortfalls and reputational damage. Undetected fraud can spiral into public scandals, while clawbacks force states to cover gaps with their own funds.

Assessing your programs and monitoring for compliance protects your budget, preserves program flexibility, and maintains your team's ability to control the narrative and focus on delivering services – whether that's improving roads, educating kids, providing healthcare or protecting homes.

## State agency considerations

### States have an opportunity to help eligible recipients obtain program benefits and avoid costly disruption to programs, services and workforce

- Proactively assess funding programs to identify improvement opportunities to demonstrate the commitment to federal fund compliance.
- Identify small weaknesses before they snowball into front-page scandals.
- Collect value data points to articulate the breadth and depth of compliance.

### Oversight and loss of control

- No state is immune from this scrutiny; however, states can take action to turn the risk of increased oversight into opportunities to drive efficiency, control the narrative and increase their competitive positioning.
- Noncompliance can trigger high-risk designations, increased audits and even federal intervention in program management. This leads to more reporting, reduced autonomy and staff time diverted from service delivery to damage control.

### Program disruption and clawbacks

- Recent audits have uncovered billions of dollars in improper payments, inadequate monitoring and poor record-keeping.
- Federal agencies can suspend funding instantly if they suspect noncompliance, like the \$10b freeze across five states in 2026, or demand repayment of misused funds, as seen in Mississippi's \$101m Temporary Assistance for Needy Families program clawback. These actions can create sudden and unexpected budget gaps. Publicized scandals damage trust and increase attention from lawmakers, regulators and constituents.

### Delivering funds to the intended recipients

- Prioritize compliance to protect taxpayer funds and promote that the right people receive funding and misuse is prevented.

## Scrutiny is increasing for all states

- Request for clawbacks of federal funds
- Creation of a U.S. Department of Justice National Fraud Enforcement Division
- Federal agencies increasing coordination to identify potential misuse
- Document every dollar before reimbursement – no more advance lump sums
- Increased audit frequency

## How EY services support funding with confidence



Program health check



Policy and procedure enhancement



Training for staff, sub-recipients and contractors



Technology-enabled analytics and monitoring



Investigations into potential misuse of funds



Audit readiness, response and remediation

**Whether you need a quick checkup or scaled program modernization, we can tailor our support to your agency's needs.**

# EY team stands ready to deliver an immediate impact

Our team of forensic accountants, former state executives, former federal Office of Inspector General officials and former federal law enforcement executives acts as a force multiplier for your workforce – quickly expanding the capacity without adding to the headcount.

Our advanced analytics and responsible technology tools are at the core of our approach, helping spot potential fraud and compliance issues in days rather than months.

We can often start without long lead times by leveraging our existing contract vehicles or urgent procurement avenues so you get support when you need it and with the publicity you dictate.

The combination of our technology and our people provide insights, visualizations and stratifications to inform data-driven decision-making, control the narrative and preempt legislative inquiries.

**We have supported over 35 states in managing more than \$100b in federal funds over the past decade, helping clients increase their program efficiency, avoid clawbacks, pass audits and preserve public trust. Our track record shows that with the right advisor, you can protect your funds, even under intense scrutiny.**

## How we can serve our states

### Program health check

We conduct comprehensive program compliance assessments and identify high-risk programs, subrecipients or inefficiencies using a data-driven analysis. We deliver an actionable improvement roadmap that strengthens controls, boosts program effectiveness and demonstrates stewardship of every dollar.

### Policy and procedure enhancement

We review and update your policies and procedures to align with current regulations so your operations meet the heightened oversight standards. We can simplify and clarify processes to eliminate confusion and errors so staff and subrecipients follow consistent, compliant steps that withstand scrutiny.

### Training for staff and subrecipients

We deliver tailored training programs for agency staff and subrecipients on compliance responsibilities and leading practices. These trainings can occur before the award and after the award so that stakeholders understand the requirements of using federal funds, the reporting requirements and the documentation expectations.

### Technology-enabled analytics and monitoring

We can help you implement advanced analytics tools and dashboards to continuously track your spending and compliance metrics in real time, enabling you to correct issues before they trigger federal scrutiny or funding clawbacks. We can provide data-driven transparency into your program's performance, giving leaders and oversight bodies confidence in your controls.

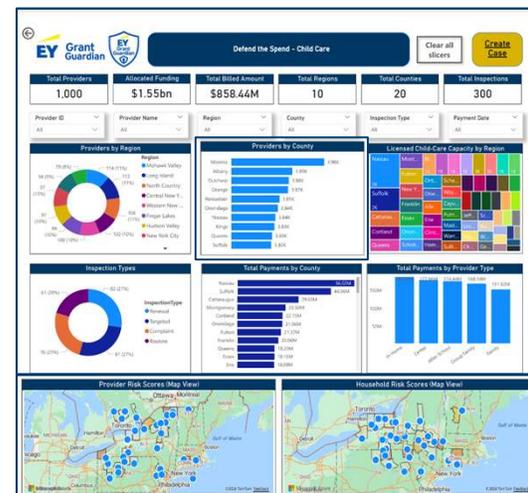
### Investigations into potential misuse of funds

We support your agency in responding decisively to potential fund misuse. We trace funds, analyze transactions and interview pertinent parties to identify what happened and how it happened.

### Audit readiness, response and remediation

We prepare for heightened federal audit activity by assessing records, validating compliance and addressing gaps early. During an audit, we organize evidence, craft responses and support your team in presenting a strong, well-supported compliance position. We can help you address adverse audit findings by pinpointing root causes and helping implement corrective action plans.

We deploy artificial intelligence-enabled, prebuilt applications that provide funding transparency and an early warning system to detect potentially anomalous or high-risk transactions.



## Contact us



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