The Census Bureau Can Improve Processes to Promote Transparency of Cooperative Agreements

REDACTED FINAL REPORT NO. OIG-23-011-1
FEBRUARY 27, 2023
CONTROLLED-UNCLASSIFIED INFORMATION

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation
February 27, 2023

MEMORANDUM FOR: Robert Santos
Director
U.S. Census Bureau

FROM: Arthur L. Scott, Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: The Census Bureau Can Improve Processes to Promote Transparency of Cooperative Agreements
Final Report No. OIG-23-011-I

Attached is our final report on our evaluation of the U.S. Census Bureau’s (the Bureau’s) award and use of a cooperative agreement to participate in a joint statistical project with Research Triangle Institute (RTI), an independent nonprofit institution. Our objective was to determine whether the cooperative agreement was properly authorized, executed, and administered in accordance with relevant laws and regulations. Specifically, we determined whether (1) the Bureau's award of the Ask U.S. Panel cooperative agreement was in accordance with applicable federal regulations and Bureau policies, and (2) the Bureau's administration of the agreement complied with terms and conditions established in it. This version of the report contains redactions made at the request of RTI to protect information that it asserts is confidential and proprietary and that we are handling as Controlled Unclassified Information.

We found that the Bureau’s use of a cooperative agreement was authorized by statute and the process for awarding the cooperative agreement followed the agency’s guidelines. However, the Bureau’s management and oversight of the cooperative agreement lacked transparency over key financial assistance award processes. Specifically, (1) the Bureau lacked documentation to support the need for the Ask U.S. Panel and the decision to utilize a cooperative agreement; (2) improper planning resulted in scope expansion; (3) the Bureau reimbursed RTI without validating costs; and (4) the Bureau did not disclose its plans to terminate the cooperative agreement until after we completed our fieldwork. Although the U.S. Department of Commerce’s (the Department’s) Grants and Cooperative Agreements Manual does not require specific documentation during the pre-award process or validation of actual costs prior to reimbursement, the lack of documentation precludes a third party’s ability to conclude that the Bureau made decisions in a fully transparent manner and that costs were allowable, allocable, and reasonable.

On January 20, 2023, we received the Bureau’s response to our draft report. We also received technical comments. Based on those technical comments, we made changes to the final report where appropriate. In response to our draft report, the Bureau concurred with all our recommendations. The Bureau’s response is included within the final report as appendix B.
Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. This final report will be posted on the Office of Inspector General's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (recodified at 5 U.S.C. §§ 404 & 420).

Pursuant to Pub. L. No. 117-263, Section 5274, non-governmental organizations and business entities specifically identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Any response must be submitted to Terry Storms, Division Director, at tstorms@oig.doc.gov and OAE_Projecttracking@oig.doc.gov within 30 days of the report’s publication date. The response will be posted on our public website. If the response contains any classified or other non-public information, those portions should be identified as needing redaction in the response and a legal basis for the proposed redaction should be provided.

We appreciate the cooperation and courtesies extended to us by your staff during our evaluation. If you have any questions or concerns about this report, please contact me at (202) 577-9547 or Terry Storms, Division Director, at (202) 570-6903.

Attachment

cc: Christa D. Jones, Chief of Staff, Census Bureau
    Colleen Holzbach, Program Manager for Oversight Engagement, Census Bureau
    Corey J. Kane, Audit Liaison, Census Bureau
    Kemi A. Williams, Program Analyst for Oversight Engagement, Census Bureau
    Ken White, Audit Liaison, OUS/EA
    MaryAnn Mausser, Audit Liaison, Office of the Secretary
    Timothy Allsup, Senior Counsel, RTI International
    Howard Fienberg, Senior Vice President, Advocacy, Insights Association
    Michael Boyer, Vice President and General Counsel, Contracts and Grants, National Research Opinion Center at the University of Chicago
U.S. CENSUS BUREAU

The Census Bureau Can Improve Processes to Promote Transparency of Cooperative Agreements

OIG-23-011-I

WHAT WE FOUND

We found that the Bureau’s use of a cooperative agreement was authorized by statute and the process for awarding the cooperative agreement followed the agency’s guidelines. However, the Bureau’s management and oversight of the cooperative agreement lacked transparency over key financial assistance award processes. Specifically,

- the Bureau lacked documentation to support the need for the Ask U.S. Panel and the decision to utilize a cooperative agreement;
- improper planning resulted in scope expansion;
- the Bureau reimbursed RTI without validating costs; and
- the Bureau did not disclose its plans to terminate the cooperative agreement until after we completed our fieldwork.

There are opportunities for increased transparency within the cooperative agreement process to improve fiscal stewardship and ensure that the public is receiving value for funds spent on financial awards. It is important that the Bureau use every tool available, including its interagency agreement with National Oceanic and Atmospheric Administration, to improve its oversight over the millions of dollars in financial assistance that it awards, particularly in an environment of increasingly scarce resources.

WHAT WE RECOMMEND

We recommend that the Director of the U.S. Census Bureau ensure the Program Office does the following:

1. Retain thorough documentation of all decisions, discussions, and research surrounding the development of programs funded through financial assistance awards.

2. Revise policies to require evidence of decisions and justifications when selecting the type of funding instrument during the pre-award process for future financial assistance awards.

3. Retain formal records of funding vehicle recommendations from National Oceanic and Atmospheric Administration Grants Management Division during the pre-award phase before proceeding with the financial assistance award process.

4. Retain documentation of research conducted to support justifications when expanding the scope of future financial assistance awards.

5. Establish detailed procedures, including documentation of reviews validating expenditures made against future financial assistance awards.
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Cover: Herbert C. Hoover Building main entrance at 14th Street Northwest in Washington, DC. Completed in 1932, the building is named after the former Secretary of Commerce and 31st President of the United States.
Background

The U.S. Census Bureau’s (the Bureau’s) Center for Behavioral Science Methods, Research, and Methodology Directorate (the Program Office) sought to build a probability-based, nationally representative survey panel for tracking public opinion on topics of interest to numerous federal agencies and their partners and conducting experimentation on alternative question wording and methodological approaches.1 The panel was intended to enable longitudinal and near real-time research in key topical areas, such as privacy and confidentiality, public attitudes toward the use of administrative records, online instrument design decisions, survey design choices regarding wording and contact timing, and messaging strategies to boost response rates. The goal of the panel was to collect nationwide rapid-response data to address emerging data needs and ensure availability of frequent data collection for estimates on a variety of topics and subgroups of the population, meeting transparent quality reporting standards for federal statistical agencies and the Office of Management and Budget (OMB). In September 2020, the Program Office granted a financial assistance award in the form of a cooperative agreement with Research Triangle Institute (RTI) to design, build, and maintain an address- and probability-based online research panel.2 The cooperative agreement, announced in June 2020,3 was awarded with a 5-year period of performance from September 1, 2020, through August 31, 2025, at a total amount of $7,840,709, with $148,944 funded4 for Year 1 at the time of award. The panel, known as the “Ask U.S. Panel,” was to be available for public opinion and methodological research for use by statistical agencies and nonprofit organizations for the public good.

Congress first addressed the use of cooperative agreements with the passing of the Federal Grant and Cooperative Agreement Act (1977)5 (the Act). The Act provides for the use of cooperative agreements when (1) the principal purpose is to transfer something of value to states, local governments, or other recipients for a public purpose or benefit and (2) substantial involvement is expected between the executive agency and the state, local government, or other recipient when carrying out the agreement. The Consolidated Appropriations Act, 2020,6

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1 The panel consists of individuals and households living across the United States that have agreed to be contacted and invited to participate in surveys led by the Bureau and other federal agencies.
2 This panel effort was an interagency partnership collaborating with RTI on the design, content, and methodologies used to meet data needs across the federal statistical system. Collaborating federal agencies included representatives from the Bureau, the U.S. Department of Agriculture Economic Research Service, the Bureau of Labor Statistics, the National Center for Health Statistics, the National Science Foundation, the National Center for Science and Engineering Statistics, the U.S. Department of Labor, the Social Security Administration, the Food and Nutrition Service, the U.S. Department of Transportation, and the U.S. Department of Defense.
3 This effort was announced on June 17, 2020, under Notice of Funding Opportunity CENSUS-ADR-ADRM-2020-2006579 as “Address and Probability Based Online Panel Recruitment and Maintenance” and awarded under cooperative agreement award number CB20ADR016003.
4 The amount obligated and available to the cooperative agreement.
authorized the Bureau to enter into cooperative agreements to aid and promote statistical, research, and methodology activities during fiscal year (FY) 2020.

The Ask U.S. Panel cooperative agreement was part of an expanded effort by the Bureau to use its cooperative agreement authority to enter partnerships with leading experts in academia and other research settings to produce innovative work and provide quality data about the nation’s people and economy. The panel was to consist of individuals and households across the nation that agreed to be contacted and participate in surveys. The panel planned to reach difficult-to-survey populations and provide a statistically valid representation of the U.S. population by demographic characteristics.

The award included three initial tasks—sample design, recruitment of panel members, and panel maintenance—to be performed over the course of 5 years (see table 1).

Table 1. Initial Ask U.S. Panel Cooperative Agreement Tasks

<table>
<thead>
<tr>
<th>Task</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Total Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sample Design</td>
<td>$148,944</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$148,944</td>
</tr>
<tr>
<td>2. Recruitment of Panel Members</td>
<td>—</td>
<td>$4,485,472</td>
<td>$468,757</td>
<td>—</td>
<td>—</td>
<td>$4,954,229</td>
</tr>
<tr>
<td>3. Panel Maintenance</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$995,425</td>
<td>$920,272</td>
<td>$821,840</td>
</tr>
<tr>
<td>Total</td>
<td>$148,944</td>
<td>$4,485,472</td>
<td>$1,464,182</td>
<td>$920,272</td>
<td>$821,840</td>
<td>$7,840,710</td>
</tr>
</tbody>
</table>

Source: OIG analysis of Bureau data

The initial plan was for RTI to recruit a full panel with 15,000 participants; however, during the design phase, the Bureau and RTI identified the need for a pilot study before developing the full panel. In February 2021, a rebudget added the development of the pilot study, to include 1,551 participants (10 percent of the full panel), as Task 2. In April 2021, a second rebudget moved the pilot study down to Task 4, and Task 2 once again focused on recruiting the full panel, for which pilot participants would be retained. In September 2021, the Bureau changed the initial scope of the award by amending the cooperative agreement to add Task 5: Topical Surveys and Task 6: U.S. Department of Defense (DoD) Military Oversample (see table 2).

7 Difficult-to-survey populations may include race and origin groups (Hispanic, White, African American, Asian or Pacific Islander, American Indian, or Alaskan Native), bilingual households, and urban or rural residents.
8 Demographic characteristics captured include gender, age, home ownership, education, and income.
9 According to Bureau officials, during the pilot phase, 1,156 panelists qualified and participated in the panel.
10 The U.S. Department of Commerce Grants and Cooperative Agreements Manual authorizes the Grants Officer to amend cooperative agreements for a change in scope. Bureau officials also submitted sole-source noncompetitive justifications in support of the sole source noncompetitive amendments to add Task 5 and Task 6.
Table 2. Ask U.S. Panel Cooperative Agreement Estimated Costs by Task After Rebudget and Amendments

<table>
<thead>
<tr>
<th>Task</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Total Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sample Design</td>
<td>$148,944</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$148,944</td>
</tr>
<tr>
<td>2. Recruitment of Panel Members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,480,636</td>
</tr>
<tr>
<td>3. Panel Maintenance</td>
<td></td>
<td></td>
<td>$2,448,366</td>
<td>$32,270</td>
<td></td>
<td>$2,754,679</td>
</tr>
<tr>
<td>4. Pilot(^a)</td>
<td></td>
<td>$2,157,645</td>
<td></td>
<td></td>
<td></td>
<td>$2,456,450</td>
</tr>
<tr>
<td>5. Topical Surveys(^b)</td>
<td></td>
<td></td>
<td>$176,834</td>
<td>$1,604,639</td>
<td>$973,206</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>6. DoD Military Oversample(^c)</td>
<td></td>
<td>$104,879</td>
<td>$445,624</td>
<td>$446,409</td>
<td>$3,088</td>
<td>$682,434</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$148,944</td>
<td>$2,944,958</td>
<td>$3,369,629</td>
<td>$2,083,318</td>
<td>$976,294</td>
<td>$9,523,143</td>
</tr>
</tbody>
</table>

Source: OIG analysis of Bureau data

\(^a\) The April 2021 rebudget added Task 4 for the pilot panel study.
\(^b\) Amendment 4 added Task 5 for the Topical Surveys.
\(^c\) Amendment 3 added Task 6 for the DoD Military Oversample.

The initial award (Year 1) was funded in the amount of $148,944 and in FY 2021, the Bureau awarded four amendments. Amendments 1 and 2 provided continued funding for Year 2 efforts, obligating $1,250,000 funded by the Bureau and $1,245,521 received from participating agencies (see table 3).

Table 3. Funding Contributions from Participating Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Center for Health Statistics</td>
<td>$224,014</td>
</tr>
<tr>
<td>U.S. Department of Agriculture Economic Research Service</td>
<td>$241,936</td>
</tr>
<tr>
<td>Food and Nutrition Services</td>
<td>$241,936</td>
</tr>
<tr>
<td>U.S. Department of Labor</td>
<td>$224,014</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>$134,409</td>
</tr>
<tr>
<td>U.S. Department of Transportation</td>
<td>$179,212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,245,521</strong></td>
</tr>
</tbody>
</table>

Source: OIG analysis of Bureau data
Amendments 3 and 4 added Task 5 and Task 6 (see table 4), which increased the total amount obligated by $1,682,434, resulting in a 21 percent increase in the overall cooperative agreement amount from $7,840,709 to $9,523,143.

Table 4. Total Funding Obligated to the Ask U.S. Panel Cooperative Agreement

<table>
<thead>
<tr>
<th>Award and Amendment</th>
<th>Description</th>
<th>Date Signed by Grants Officer</th>
<th>Effective Date</th>
<th>Funding Amount</th>
<th>Cumulative Amount Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Award</td>
<td>Year 1 – Initial Award</td>
<td>8/31/2020</td>
<td>9/1/2020</td>
<td>$148,944</td>
<td>$148,944</td>
</tr>
<tr>
<td>1</td>
<td>Year 2 – Bureau</td>
<td>7/22/2021</td>
<td>9/1/2021</td>
<td>$1,250,000</td>
<td>$1,398,944</td>
</tr>
<tr>
<td>2</td>
<td>Year 2 – Participating Agencies</td>
<td>9/1/2021</td>
<td>9/1/2021</td>
<td>$1,245,521</td>
<td>$2,644,465</td>
</tr>
<tr>
<td>3</td>
<td>Year 2 – DoD Military Oversample (Task 6)</td>
<td>9/13/2021</td>
<td>8/1/2021</td>
<td>$682,434</td>
<td>$3,326,899</td>
</tr>
<tr>
<td>4</td>
<td>Years 2 to 5 – Topical Surveys (Task 5)</td>
<td>9/15/2021</td>
<td>8/1/2021</td>
<td>$1,000,000</td>
<td>$4,326,899</td>
</tr>
</tbody>
</table>

Source: OIG analysis of Bureau data

Amendments 3 and 4 included noncompetitive justification memorandums as required by the Department of Commerce Grants and Cooperative Agreements Manual (Grants Manual). The topical surveys were to be conducted on the panel over the remainder of the cooperative agreement, with the panel being disbanded at the completion of Year 5. Upon disbanding of the panel, documentation and datasets associated with the panel (once deidentified) would be made visible, accessible, and independently understandable to general users, free of charge or at minimal cost, as outlined in the Notice of Funding Opportunity (NOFO).

Alongside the Program Office, the National Oceanic and Atmospheric Administration’s (NOAA’s) Acquisition and Grants Office (AGO) Grants Management Division (GMD) plays a key role in overseeing the business management and administrative aspects of the Bureau’s cooperative agreement awards. Based on an interagency agreement, the Program Office provides programmatic guidance and technical assistance to recipients, grants officers, and other officials as necessary, and NOAA GMD provides grant management support and financial oversight for the program’s financial assistance awards. The U.S. Department of Commerce’s (the Department’s) Office of General Counsel, Federal Assistance Law Division (FALD), provides legal review and counsel.

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11 In June 2022, a fifth amendment was issued to incorporate research performance progress reporting requirements into all active FY 2020 and FY 2021 Bureau awards. The amendment did not add funding to the cooperative agreement.
Objective, Finding, and Recommendations

The objective of our evaluation was to determine whether the cooperative agreement was properly authorized, executed, and administered in accordance with relevant laws and regulations. Specifically, we determined whether (1) the Bureau’s award of the Ask U.S. Panel cooperative agreement was in accordance with applicable federal regulations and Bureau policies, and (2) the Bureau’s administration of the cooperative agreement complied with the terms and conditions established in the agreement. See appendix A for additional details regarding the scope and methodology of our evaluation.

We found that the Bureau’s use of a cooperative agreement was authorized by statute and the process for awarding the cooperative agreement followed the agency’s guidelines. We reviewed four applications to the NOFO and found that (1) panel members reviewed and scored applications according to requirements;12 (2) the selecting official’s funding recommendation was based on the highest-scoring applicant;13 (3) the NOAA grants officer executed the cooperative agreement according to the selecting official’s recommendations; and (4) the award files contained records demonstrating agency compliance with the application review, approval requirements, and required documentation, such as the award, amendments, financial reports, and performance progress reports. However, the Bureau’s management and oversight of the cooperative agreement lacked transparency over key financial assistance award processes. There are opportunities for increased transparency within the cooperative agreement process to improve fiscal stewardship and ensure that the public is receiving value for funds spent on financial awards. It is important that the Bureau use every tool available, including its interagency agreement with NOAA, to improve its oversight over the millions of dollars in financial assistance that it awards, particularly in an environment of increasingly scarce resources. Additionally, the Bureau did not disclose its plans to terminate the cooperative agreement until after we completed our fieldwork.

The Bureau’s Management and Oversight of the Cooperative Agreement Lacked Transparency over Key Financial Assistance Award Processes

We found there was no documentation to support key decision-making processes such as the need for the Ask U.S. Panel and the decision to utilize a cooperative agreement; improper planning resulted in scope expansion; and the Bureau is reimbursing RTI without validating actual costs.

A. The Bureau did not document the need for the Ask U.S. Panel

The Bureau did not document research or analysis conducted to determine whether the need for the Ask U.S. Panel could be met by existing commercial platforms or

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12 Applicants are evaluated against the following four weighted criteria during the merit panel review: (1) intellectual merit (30 percent), (2) broader impacts (30 percent), (3) overall qualifications of applicants (20 percent), and (4) project costs (20 percent).

13 The two highest-ranking applicants tied for the same score, and the selection for award was made based on the applicant with the more effective cost.
developed internally. As a result, we could not determine if the panel was the most effective option, if alternatives were available, or if the awarded costs fairly represent the full extent required to stand up the panel as intended. Federal internal control standards call for the Bureau to clearly document internal controls and all transactions and other significant events in a manner that allows the documentation to be readily available for examination.\footnote{U.S. Government Accountability Office, September 2014. \textit{Standards for Internal Control in Federal Government}, GAO-14-704G. Washington, DC: GAO, Principle 10.03: \textit{Design of Appropriate Types of Control Activities}. Available online at https://www.gao.gov/assets/gao-14-704g.pdf (accessed May 26, 2022).}

The NOFO outlined in the scope of work that the Program Office sought to provide a platform similar to the General Social Survey or Time-Sharing Experiences for Social Sciences panels.\footnote{These panels are maintained by the University of Chicago’s National Opinion Research Center.}

The references to these external panels suggest that the Program Office had knowledge of available products in the marketplace and conducted research, but there was no evidence that research or assessments were conducted.

Bureau officials asserted that no platform existed to meet OMB data quality policies. According to Bureau officials, they held conversations with approximately 25 federal agencies, including OMB, to discuss the need for a research panel that meets OMB requirements and concluded that such a platform did not exist in the marketplace. Bureau officials stated that these conversations, held in person and through teleconferences, were not formally documented because there was no requirement to do so, resulting in a lack of documentation that supported the determination that no available panels met their needs. According to Bureau officials, they meet with OMB biweekly to discuss Paperwork Reduction Act of 1995 (PRA)\footnote{44 U.S.C. chapter 35. The PRA requires federal agencies to take specific steps before requiring or requesting certain information from the public. These steps include (1) seeking public comment on proposed information collections and (2) submitting proposed collections to OMB for review and approval.} needs for the Bureau and the idea of the panel was first discussed in those meetings in late 2019 or early 2020. The first dedicated meeting discussing the panel with OMB did not occur until March 2020; however, these meetings did not have formal agendas or meeting minutes.

We asked OMB to confirm whether existing platforms were available at the time of award. OMB officials indicated the Bureau approached them to discuss a potential pilot project in 2021, after the cooperative agreement was already awarded. OMB stated that it approved the package because it thought the Bureau might be able to develop a product well suited for influential data gathering in accordance with OMB’s data quality policies. OMB could not confirm whether any available online platforms would have met its requirements when the NOFO was posted in June 2020 because it does not maintain an updated list of all available panels on the market at any given time and only evaluates private-sector panels in the context of specific proposed uses described in PRA packages. While the Consolidated Appropriations Act, 2020, allows the Bureau to expend funds to aid and promote research efforts, clearly documenting planning efforts and discussions held with other agencies will ensure that the appropriate research has
been conducted to make optimal research investment decisions and provide transparency over key decisions.

B. The Bureau did not document its decision to utilize a cooperative agreement

The Program Office did not document its decisions when determining the funding vehicle for this effort and, resultingly, there is no evidence to suggest the Bureau considered all possible options before deciding on the most suitable funding instrument. Although the Grants Manual does not require this specific documentation during the pre-award process, the lack of documentation reduces a third party’s ability to understand the decisions leading up to the cooperative agreement award and validate the decisions were made in a fully transparent manner.

Federal awarding agencies must decide on the appropriate funding instrument for federal awards (for example, a grant, a cooperative agreement, or a contract). The Grants Manual and the interagency agreement between NOAA AGO and the Bureau both require GMD to provide a recommendation on which funding instrument would be the most appropriate vehicle for a specific effort.17 According to GMD officials, they did not provide a funding instrument recommendation to the Program Office because while GMD had the final approval on the award, the Program Office was responsible for deciding the type of funding instrument and for initiating the NOFO. The earliest documented evidence available to support the decision for the funding vehicle was a FALD review of the competition prior to the publication of the NOFO. During this time, the Program had already made the decision to go with a cooperative agreement and was seeking FALD’s input to ensure the competition met requirements. While the Grants Manual does not require these decisions and deliberations to be documented, failure to document these decisions results in the appearance that the Bureau is not being transparent.

C. Lack of proper planning resulted in scope expansion

In September 2021, the Bureau expanded the scope of the Ask U.S. Panel cooperative agreement beyond the initial award via sole-source noncompetitive supplemental funding, increasing funding by 21 percent over the initial award amount. The two additional tasks added through Amendments 3 and 4 relating to topical surveys and DoD oversampling were not a requirement in the NOFO. RTI was the only applicant of the four to include the use of topical surveys in its application package. While the Grants Manual allows for scope expansions, this expansion in scope was quickly followed by discussions in mid-October 2021 to terminate the cooperative agreement. This raises concerns about whether the scope expansion was necessary.

The Bureau submitted sole-source noncompetitive justifications as required by the Department’s Grants Manual, explaining that existing commercial online panel

17 The roles and responsibilities outlined in the interagency agreement also specify that NOAA AGO shall ensure pre-award administrative procedures are carried out, to include the selection of the appropriate funding instrument in a particular transaction.
alternatives within the marketplace failed to meet OMB standards for transparency, which require sufficient detail on data collection and estimation methods to allow reproducibility. While Bureau officials adhered to administrative policies by supporting the noncompetitive amendments with the required justification memorandums, there is no evidence of research conducted to support the justification provided. In March 2022, Bureau officials stated that there were no plans to further expand the cooperative agreement through noncompetitive amendments. However, the Bureau did not disclose to OIG until June 2022 that discussions were underway to terminate the agreement.

D. The Bureau is reimbursing RTI without validating costs

The Bureau reimburses RTI based on financial reports consisting of Standard Form 270 (SF-270) Request for Advance or Reimbursement packets\(^\text{18}\) that do not contain sufficient information to determine whether funds are being spent appropriately. For example, in year 2, RTI's July 2022 invoice reflects regular Social Statistical Environmental Science (SSES) labor costs as a single line item for $44,341 without any further information to trace back to RTI's approved budget total for regular SSES labor of $492,540 for year 2. RTI's approved budget includes specifics for labor costs including the researchers assigned to the project (by name), their hourly rates, and the estimated number of hours to be charged per year. The Program Office does not determine whether (1) the labor hours were for RTI staff that actually worked on the Ask U.S. Panel effort, (2) costs were for the right period, or (3) the hours charged were reasonable. In addition, RTI's approved budget included $1,394,050 for study participant incentive payments. According to Bureau officials, as of September 23, 2022, total incentives paid amounted to $51,340 with just under half being for prepaid incentives\(^\text{19}\).

The Bureau's specific standard award conditions require the submission of itemized invoices based on actual expenses with each SF-270 reimbursement request. Title 2 Part 200\(^\text{20}\) of the Code of Federal Regulations states that (1) costs must be necessary and reasonable for performing the award and (2) the cost must be adequately documented when determining whether federal award costs are allowable\(^\text{21}\), reasonable\(^\text{22}\), and

\(^{18}\) The SF-270 submitted by RTI is accompanied with an invoice, an indirect rate matrix computation, and a monthly progress report reflecting current award funding levels and current and cumulative amounts billed. The invoice summarizes the amount billed into five categories: technical labor, direct overheads, material support, indirect costs, and facilities capital cost of money.

\(^{19}\) The Bureau offered cash and prepaid incentives ranging from $5 to $40 to participants at the pre-enrollment (Screener) phase as well as during the enrollment (Baseline) and continued (Topical) phases. Prepaid incentives are sent with the invitation prior to any activity or commitment, while screening incentives are sent for taking a screener survey.


\(^{21}\) Allowability is determined by whether the expense is necessary and reasonable for the performance of the award, adequately documented, consistent with federal award requirements and limitations, and not charged to any other federally financed program. See 2 C.F.R. § 200.403.

\(^{22}\) A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. 2 C.F.R. § 200.404.
allocable. According to the Program Office and NOAA GMD, they are not required to vet actual expenses against detailed invoices because the costs were pre-approved during initiation of the cooperative agreement with the approval of RTI’s proposed budget dated August 27, 2020. Bureau and NOAA GMD officials stated that the Bureau Finance Office uses the SF-270 simply as an administrative tool to pay RTI for the cooperative agreement. The Program Office and NOAA GMD clarified that their review of the SF-270 packet involved verification of the lines of accounting and ensuring there was sufficient funding. NOAA GMD officials added that the Program Office technical monitor communicates with RTI and Bureau officials explained numerous invoice reviews were conducted; however, there was no documentation in the official award file to support these reviews. Without detailed information, the Program Office cannot ensure that RTI invoices directly relate to the pre-approved budget or are directly attributable to the activities of the cooperative agreement. As of September 28, 2022, the Bureau reimbursed RTI a total of $1,770,452 from the $4,326,899 obligated to the Ask U.S. Panel cooperative agreement (see table 5). Approximately 77 percent of the reimbursements were for costs associated with labor charges, and RTI anticipated total planned expenditures for the cooperative agreement to be $3,088,417 at the end of the pilot phase. This means RTI planned to expend another $1,317,965 before the conclusion of the cooperative agreement on November 30, 2022; however, none of the costs can be directly tied to RTI staff working on the Ask U.S. Panel.

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23 “Allocable” means that the cost was incurred specifically for the award. See 2 C.F.R. §200.405 for factors to consider when determining allocability.

24 According to the Bureau and NOAA GMD officials, the majority of agencies use the U.S. Department of the Treasury’s Automated Standard Application for Payment system, which allows for recipients to draw money down through preauthorized electronic funds directly to the recipient’s bank account without requiring any form of justification or invoices to support the amount being withdrawn. The Bureau opted out of using this system because of the small number of awards and upcoming transitions to new financial systems at the Bureau Finance Office. As a result, the Bureau required the use of SF-270s with itemized invoices, by high-level cost category, to process payments on the cooperative agreement.

25 Bureau officials said NOAA GMD, the Program Office Cooperative Agreement Team, the Census Program Lead, and the Bureau Finance Office conducted reviews.
Table 5. Total Paid to RTI for the Ask U.S. Panel Cooperative Agreement as of September 28, 2022

<table>
<thead>
<tr>
<th>Project Budget</th>
<th>Total Obligated to Cooperative Agreement</th>
<th>Total Paid to RTI via SF-270</th>
<th>Total Amount Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Award (Year 1)</td>
<td>$148,944</td>
<td>$148,944*</td>
<td>$0</td>
</tr>
<tr>
<td>Amendment 1 - (Year 2)</td>
<td>$1,250,000</td>
<td>$1,250,000</td>
<td>$0</td>
</tr>
<tr>
<td>Amendment 2 - (Year 2)</td>
<td>$1,245,521</td>
<td>$97,916</td>
<td>$1,147,605</td>
</tr>
<tr>
<td>Amendment 3 - Task 6 DoD Military Oversample (Year 2)</td>
<td>$682,434</td>
<td>$270,996</td>
<td>$411,438</td>
</tr>
<tr>
<td>Amendment 4 - Task 5 Topical Surveys (Years 2-5)</td>
<td>$1,000,000</td>
<td>$2,596.46</td>
<td>$997,403</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4,326,899</strong></td>
<td><strong>$1,770,452</strong></td>
<td><strong>$2,556,446</strong></td>
</tr>
</tbody>
</table>

Source: OIG analysis of Bureau data

* Year 1 ended early in July 2021, leaving a remainder of $6,914 unobligated that was applied to charges covering the year 2 billing period of August 2021. NOAA GMD officials stressed the importance of federal awarding agencies and recipients being granted many flexibilities for research financial assistance awards, such as 2 C.F.R. 200.308(e)(3) permitting unobligated balances to be carried forward to subsequent budget periods.

The U.S. Government Accountability Office’s Standards for Internal Control in the Federal Government states that management should maintain appropriate documentation to clearly identify internal controls and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. Failure to adhere to these standards can result in the appearance of a lack of transparency when questions arise regarding actions taken by federal agencies. Although the guidance set forth in federal regulations and Bureau policies does not explicitly require documentation, the lack of documentation in the areas noted in this report results in the Bureau being unable to justify its decisions in key areas and confirm that federal funds were spent in a manner that benefits the public good. It is important that the Bureau maintain thorough documentation in support of its decisions and actions related to financial assistance awards to maintain transparency over its management and use of taxpayer funds and demonstrate fiscal responsibility.

E. The Bureau did not disclose its plans to terminate the cooperative agreement until after we completed our fieldwork

In October 2021, after the conclusion of the design study phase, Bureau officials stated that internal discussions to potentially terminate the award began, leading to discussions with RTI in January 2022. According to Bureau officials, the decision to mutually terminate the cooperative agreement stemmed from the challenge of finding a solution.
to provide access to the panel for all potentially interested governmental agencies and nonprofits that would support all possible uses of the platform. When the Bureau and RTI decided to tentatively pursue a mutual termination, a solution had not been identified. The Bureau continued to expend $1,628,421 toward this effort despite concerns with its viability in October 2021 (see figure 1).30 On March 10, 2022, the Bureau signed a Memorandum to File confirming the intent for mutual termination. However, the Bureau did not inform us of this decision or that they were considering potentially terminating the award back in October 2021 until June 30, 2022.

Figure 1. Cooperative Agreement Termination Timeline of Events

RTI’s March 2022 Research Performance Progress Report stated that RTI’s involvement in the panel will conclude with the end of the pilot study on November 30, 2022, as the Bureau plans to incorporate elements of the panel into studies the Bureau has underway. Bureau officials stated that the success of the Household Pulse Survey

30 As of September 28, 2022, the Bureau had reimbursed RTI a total of $1,770,452. Most of this total—$1,628,421 or 92 percent—was approved for payment after discussions to terminate the cooperative agreement began in October 2021. RTI estimated a further $1,317,874 to be expended by the conclusion of the cooperative agreement on November 30, 2022.
(HPS)\textsuperscript{31} led it to consider a high-frequency, rapid-response household panel, which would broaden utility for both research and production. This new panel would have some similar features to the Ask U.S. Panel but would differ in that it would be (1) built on Census systems, by Census staff, using Census data and (2) available on a cost-reimbursable basis for other federal government data collection efforts but would not serve nonprofit researchers. According to Bureau officials, there are no plans to absorb any of the Ask U.S. Panel into the new panel aside from using lessons learned to inform methodological decisions. On August 26, 2022, RTI initiated an award action request in Grants Online\textsuperscript{32} to provide the Bureau with a Closeout Cost Estimate as written notification of the mutual termination agreement, which included a revised task list and estimated costs for the remaining work through November 30, 2022. However, the Bureau could have terminated the cooperative agreement without incurring the additional costs after the decision to terminate was made. With the termination of the cooperative agreement at the end of year 2, a full panel was not developed; however, according to Bureau officials, the intellectual property consisting of the codification\textsuperscript{33} and lessons learned, to include data sets, would be made available in the public domain. The mutual termination agreement was executed on September 22, 2022, through an official amendment to the cooperative agreement.

Recommendations

We recommend that the Director of the U.S. Census Bureau ensure the Program Office does the following:

1. Retain thorough documentation of all decisions, discussions, and research surrounding the development of programs funded through financial assistance awards.

2. Revise policies to require evidence of decisions and justifications when selecting the type of funding instrument during the pre-award process for future financial assistance awards.

\textsuperscript{31} To help understand the impacts of the coronavirus pandemic on American households, the Bureau developed the HPS, an online longitudinal survey providing weekly estimates on how the coronavirus pandemic was impacting households across the country from a social and economic perspective. The HPS is part of the Bureau’s experimental data series and, resultingly, data products may not meet some of the Bureau’s statistical quality standards. The HPS was established on March 23, 2020, and started data collection on April 23, 2020. Once a household was selected and a respondent within the household completed an interview, that household remains in the sample for up to two additional weekly survey periods to allow the data to provide insights with regard to how household experiences changed over time. Panelists on the Ask U.S. Panel commit to be a part of the pilot panel for up to one year. According to the Bureau, the HPS demonstrates the unique ability of the federal statistical system to rapidly respond and provide salient information based on a high-quality sample frame, data integration, and cooperative expertise.

\textsuperscript{32} Grants Online is NOAA’s unified grant processing and administration system.

\textsuperscript{33} At the conclusion of the pilot phase on November 30, 2022, RTI delivered to the Bureau and/or DoD the following items: the code for screener and baseline questionnaires, draft and final data files, draft and final code books, analysis code, documentation with codebooks and data files, and a draft and final methods report for general and DoD populations.
3. Retain formal records of funding vehicle recommendations from NOAA GMD during the pre-award phase before proceeding with the financial assistance award process.

4. Retain documentation of research conducted to support justifications when expanding the scope of future financial assistance awards.

5. Establish detailed procedures, including documentation of reviews validating expenditures made against future financial assistance awards.
Summary of Agency Response and OIG Comments

In its January 20, 2023, response to our draft report, the Bureau concurred with our recommendations. The Bureau also provided technical comments. We considered these comments and made changes in the final report where appropriate. We have included the Bureau’s formal comments in appendix B.

In its formal response, the Bureau characterizes its actions as having strictly adhered to all relevant laws, policies, and regulations related to executing this cooperative agreement and states that it maintained effective documentation. We disagree that the Bureau maintained effective documentation. For example, with little or no documentation in the pre-award phase, there was no evidence to suggest that the Bureau adequately researched the award type, planned the effort, or derived key requirements. As a result, the Bureau’s ability to defend the basis of its decisions was impacted—particularly in this case, when the Bureau did not achieve the goal set forth in the NOFO, and the cooperative agreement was subsequently terminated.

We are pleased that the Bureau concurs with our recommendations and look forward to reviewing its proposed action plan.
Appendix A: Objective, Scope, and Methodology

The objective of our evaluation was to determine whether the Ask U.S. Panel cooperative agreement was properly authorized, executed, and administered in accordance with relevant laws and regulations. Specifically, we determined whether (1) the Bureau’s award of the Ask U.S. Panel cooperative agreement was in accordance with applicable federal regulations and Bureau policies, and (2) the Bureau’s administration of the agreement complied with terms and conditions established in it.

In December 2021, the Bureau requested that we evaluate its award and use of a cooperative agreement to participate in a joint statistical project with RTI, an independent nonprofit organization. We initiated this evaluation in January 2022 and began fieldwork in March 2022. During fieldwork, we were made aware of Congressional interest in the Ask U.S. Panel:

- The Bureau received inquiries from Senators Durbin (D-Illinois) in March 2022 and Blunt (R-Missouri) in May 2022 highlighting concerns about duplication of efforts, eliminating competition, and diverting scarce funding away from more efficient uses. According to the Bureau’s Office of Congressional & Intergovernmental Affairs, questions were raised during its FY 2023 budget presentation to Congress in March 2022 on how the Ask U.S. Panel fits into the FY 2023 budget.

- Both the Senate and House Subcommittees on Commerce, Justice, Science, and Related Agencies (CJS) expressed concerns about the Ask U.S. Panel cooperative agreement. Specifically, the Senate Appropriations Bill Explanatory Statement, released in July 2022, outlined concerns about the lack of transparency related to the Bureau’s plans for implementation of the Ask U.S. Panel Survey, particularly given the lack of Congressional authorization and the expanding scope since the project was initially announced. It also directed the Bureau to provide the Committee a report on the Ask U.S. Panel Survey’s methodology, data collection processes, implementation, incurred and projected costs, and procurement strategy no later than 60 days after the appropriations bill was enacted.

Additionally, Insights Association, a nonprofit organization representing the market research and data analytics industry, expressed concerns regarding the transparency of the Ask U.S. Panel through testimony it submitted to the Senate and House CJS Subcommittees in

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May 2022. In response to these inquiries, Bureau officials stated that the matter was currently pending the results of this evaluation, and they cannot comment until the evaluation has concluded.

On June 30, 2022, after the completion of fieldwork, Bureau officials informed us of the decision to mutually terminate the cooperative agreement. This resulted in additional fieldwork.

To accomplish our objective, we performed the following actions:

- Reviewed relevant laws, regulations, standards, policies, and guidance, including
  - Consolidated Appropriations Act, 2020 (Public Law 116-93, Division B, § 110)
  - Code of Federal Regulations, Title 2, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
  - Department of Commerce Grants and Cooperative Agreements Manual, dated April 2021
  - Department of Commerce Grants and Cooperative Agreements Manual, Interim Change 1, dated January 2018
  - Department of Commerce Financial Assistance Standard Terms and Conditions, dated April 2019
  - Department of Commerce Research Terms and Conditions: Agency-Specific Requirements, dated November 12, 2020
  - U.S. Census Bureau, Associate Directorate for Research & Methodology, Bureau Specific Standard Award Conditions

- Accessed award files, including
  - Applications to the NOFO from all four applicants
  - budget narratives and scopes of work

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merit review panel evaluation forms
special award terms and conditions
financial reports to include SF-270, Request for Advance or Reimbursement, with supporting RTI invoices
annual performance reports
other records from the NOAA Grants Online system

- Interviewed Program Office officials, including program officers, acquisition and agreements program management staff, panel review members, and the selecting official, to gain insight into the processes and procedures used in the competition, administration, and oversight of the cooperative agreement award
- Interviewed NOAA GMD officials, including grants officers and the branch chief, to obtain an understanding of their roles and responsibilities regarding financial assistance award processes
- Interviewed representatives from the Department’s Office of General Counsel, including FALD officials, to determine the extent and substance of their legal advisory services and to obtain clarification on financial assistance award processes
- Interviewed OMB personnel to obtain clarification about existing online survey panels meeting OMB policy and standards

We gained an understanding of internal control processes significant within the context of the evaluation objective by interviewing Bureau and NOAA GMD officials and reviewing documentation for evidence of internal control procedures. Based on our review, we found four issues that required reporting related to internal controls over documentation. While we identified and reported on internal control deficiencies, our evaluation found no incidents of fraud, illegal acts, or abuse.

Data from computer-based systems was not significant to our evaluation objective; therefore, we did not rely solely on computer-processed data to address our objective. Our evidence consisted of forms and supporting documents stored in the NOAA Grants Online system, such as the notes Program Office and GMD officials recorded in the workflow history explaining actions taken and their determination for each award. We performed procedures to verify the validity and reliability of that data. We believe the information we obtained for this report is sufficiently reliable and valid.


We conducted this evaluation in accordance with Quality Standards for Inspection and Evaluation (December 2020) issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that the evidence supporting the evaluation’s finding, conclusion, and recommendations should be sufficient, competent, and relevant and should lead a reasonable person to sustain the finding, conclusion, and recommendations. We believe that the evidence
obtained provides a reasonable basis for our finding, conclusion, and recommendations based on our review objective.
Appendix B: Agency Response

January 20, 2023

MEMORANDUM FOR: Arthur L. Scott Jr.
   Assistant Inspector General
   For Audit and Evaluation
   Office of Inspector General

From: Robert L. Santos
   Director
   U.S. Census Bureau


Thank you for the opportunity to provide comments to the Office of Inspector General’s draft report titled, “The Census Bureau Can Improve Processes to Promote Transparency of Cooperative Agreements” dated December 21, 2022. The U.S. Census Bureau respectfully submits the attached comments.

Attachment
U.S. Census Bureau Comments on Office of Inspector General Draft Report:
"The Census Bureau Can Improve Processes to Promote Transparency of Cooperative Agreements."

General Comments:

The U.S. Census Bureau appreciates the opportunity to comment on this draft report and its recommendations regarding Census Bureau use of cooperative agreements. As a vital component of our research efforts, and the only form of financial assistance the Census Bureau is authorized to execute, the Census Bureau provides funding opportunities through cooperative agreements with appropriate entities for aiding and promoting statistical, research, and methodology activities in support of the Census Bureau’s mission under Title 13 of the United States Code.

The Census Bureau is pleased to see that the draft report recognizes the Census Bureau’s strict adherence to all relevant laws, policies, and regulations related to executing this cooperative agreement. We welcome working with the Office of Inspector General on supplementing these strict guidelines with additional transparency for future cooperative agreements.

An ongoing commitment to transparency is an inherent part of our efforts administering cooperative agreements—and all of the Census Bureau’s work. In fact, the Census Bureau shares its research and results emanating from cooperative agreements in this matter and in many others with the public in that spirit of transparency. In that context, the Census Bureau appreciates the draft report’s effort to enhance our ongoing efforts toward transparency. We also affirm our continued focus on ensuring that all our actions comport with specific relevant statutes, guidelines, and regulations.

We have the following comments regarding the five recommendations in the draft report.

RECOMMENDATION 1: Retain thorough documentation of all decisions, discussions, and research surrounding the development of programs funded through financial assistance awards.

CENSUS BUREAU RESPONSE: Concur. As an agency, we continuously seek opportunities to improve our programmatic and administrative processes through effective documentation. This is reflected in the report by the Bureau’s justification memoranda and other documentation that exceeds strict programmatic requirements for cooperative agreements.

RECOMMENDATION 2: Revise policies to require evidence of decisions and justifications when selecting the type of funding instrument during the pre-award process for future financial assistance awards.

CENSUS BUREAU RESPONSE: Concur with respect to cooperative agreements.
RECOMMENDATION 3: Retain formal records of funding vehicle recommendations from NOAA OMD during the pre-award phase before proceeding with the financial assistance award process.

CENSUS BUREAU RESPONSE: Concur. In its ongoing effort to provide transparency in the cooperative agreement process, the Census Bureau will work with the cognizant Grants Officer to record funding vehicle recommendations when considering cooperative agreements.

RECOMMENDATION 4: Retain documentation of research conducted to support justifications when expanding the scope of future financial assistance awards.

CENSUS BUREAU RESPONSE: Concur. The Census Bureau will ensure the retention of such documentation for future cooperative agreements.

RECOMMENDATION 5: Establish detailed procedures, including documentation of reviews validating expenditures made against future financial assistance awards.

CENSUS BUREAU RESPONSE: Concur. Although the Grants Management Office has primary responsibility for procedures relating to validating expenditures incurred against cooperative agreement awards, the Census Bureau will require that the cognizant Grants Officer ensure that detailed procedures, including documentation of reviews validating expenditures made against future cooperative agreements, are in place and followed.