



# Report In Brief

U.S. Department of Commerce Office of Inspector General

May 21, 2010



## Why We Did this Review

The American Recovery and Reinvestment Act of 2009 and the Office of Management and Budget's (OMB) implementation guidance require agencies to monitor the progress of Recovery Act programs to identify areas of, and address concerns about, high risk or low performance. OMB also requires agencies to include accountability objectives as part of the risk-mitigation process and to develop quantifiable performance measures that address the use of Recovery Act funds to meet the act's goals.

We examined NIST's \$200 million Scientific and Technical Research Services (STRS) account and NOAA's \$600 million Procurement, Acquisition, and Construction account to determine whether (1) the bureaus are monitoring the progress of certain programs funded by the Recovery Act; (2) NIST and NOAA have mitigated risks or addressed schedule- or cost-related concerns; and (3) the bureaus' performance metrics comply with OMB requirements.

## Background

On February 17, 2009, the President signed the Recovery Act into law. The act requires an unprecedented degree of transparency and accountability from agencies that receive funding, and sets forth specific responsibilities for the agencies to manage funds and program operations. Five operating units in the Department of Commerce, plus the Office of Inspector General (OIG), received Recovery Act funds.

OIG has been proactive in our oversight of Commerce's Recovery Act programs and activities, including the bureaus' implementation of the act's performance measurement requirements.

## American Recovery and Reinvestment Act

### ***NIST and NOAA Monitor Their Recovery Act Programs, but Performance Metrics Need to Measure Outcomes (ARR-19881)***

## What We Found

In order to more actively manage risk, the National Institute of Standards and Technology (NIST) and the National Oceanic and Atmospheric Administration (NOAA) have established mechanisms to monitor the progress of Recovery Act programs. The Recovery Act's emphasis on accountability and performance has resulted in improved management capabilities and systems, especially with respect to nonfinancial risk management. These improvements have the potential to extend past the Recovery Act into other programs.

However, while the bureaus have created new systems or improved existing systems to keep track of indicators of progress—e.g., dollars spent, milestones met, jobs created—they have not developed measures of substantive outcomes that assess specific program goals or the broader public benefits of significant programs funded by the Recovery Act.

## What We Recommended

NOAA and NIST should improve their performance metrics for the more significant Recovery Act programs, focusing on intermediate outcomes that assess the programs' benefits. For example, performance metrics should track whether an investment has improved the body of knowledge in a particular field, disseminated newly developed tools and models, supported a research or technological innovation, or made other advancements in science and technology for the public's benefit.

We issued a draft report on our findings in April 2010, and gave the bureaus the opportunity to respond. NOAA agreed with the report and has already begun to modify its Recovery Act performance metrics to address our recommendation. NIST's response reemphasized the challenges we discussed in the report regarding measuring core science programs. However, NIST agreed that some of its performance metrics for the STRS equipment program should be strengthened, and that it would develop an appropriate set of intermediate measures.