



# Report In Brief

U.S. Department of Commerce Office of Inspector General

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## Why We Did This Review

Our objectives for this audit included: (1) identifying the reimbursable services and products that the Bureau of Economic Analysis (BEA) and Economics and Statistics Administration provide; and (2) assessing whether these activities are consistent with the goals and objectives of the entities. We also sought to (1) observe whether applicable laws and regulations are being followed; and (2) determine whether appropriate management controls are in place and operating effectively.

## Background

ESA evaluates the nation's current economic conditions. BEA produces and disseminates statistics, such as the estimate of gross domestic product (GDP), to provide a comprehensive, up-to-date picture of the U.S. economy.

In FY 2004, ESA earned \$1.1 million and BEA earned \$500,000—a total of \$1.6 million—from reimbursable services provided to other government agencies.

To view the full report, visit [www.oig.doc.gov/oig/reports/2006/EDA-ATL-17285-0001-01-06.pdf](http://www.oig.doc.gov/oig/reports/2006/EDA-ATL-17285-0001-01-06.pdf)

## Economics and Statistics Administration

### *Some Improvements Are Needed in the Handling of Reimbursable Agreements and the Sale of Products and Services (FSD-16824-5-0001)*

#### What We Found

We audited the reimbursable activities and sales of products and services by BEA and ESA headquarters and found that management controls over reimbursable agreements with government agencies and sales of products and services to the public need strengthening.

Specifically, we found

1. Improvements are needed in the review and documentation of overhead rates used to bill for reimbursable services.
2. BEA billings should be based on work performed and established overhead rates.
3. BEA should obtain appropriate authorizations prior to initiating work.
4. Improvements are needed in fee-funded programs operated by BEA and ESA.
5. BEA should improve its method of calculating user charges.
6. STAT-USA should strengthen its process for reviewing and setting prices.
7. STAT-USA should ensure the appropriate treatment of advance payments.

#### What We Recommended

We made several recommendations to improve management controls over reimbursable activities and sales of products and services, including:

- (1) BEA and ESA should develop procedures to establish and document the basis for the overhead rates applied, regularly review the rates, and when necessary, modify overhead rates used to bill customers.
- (2) BEA should obtain the appropriate authorization prior to performing work on behalf of other government agencies.
- (3) STAT-USA should perform a thorough and detailed review of its pricing and document the basis for the prices it charges the public.