

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



Office of the Secretary

***Commerce Has
Procedures in Place for
Recovery Act Recipient Reporting, but
Improvements Should Be Made***

***Final Report No. OIG-11-031-A
July 29, 2011***

FOR PUBLIC RELEASE

OIG Office of Audit and Evaluation





July 29, 2011

MEMORANDUM FOR:

Barry Berkowitz
Senior Procurement Director and Director,
Office of Acquisition Management

FROM:

Ann C. Eilers *Chris Rose for*
Principal Inspector General for Audit and Evaluation

SUBJECT:

*Commerce Has Procedures in Place for Recovery Act
Recipient Reporting, but Improvements Should Be Made*
Final Report No. OIG-11-031-A

We have attached our final audit report related to our continued review of funds disbursed under the American Recovery and Reinvestment Act of 2009. Our audit objective was to determine whether the Department of Commerce has implemented sufficient internal controls to ensure that data related to Recovery Act funds and fund recipients are reported completely, accurately, and in a timely manner, and that any material omissions and significant errors are identified and corrected. We conducted this review under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated August 31, 2006.

Our review of five of the Department's agencies—the Economic Development Administration (EDA), National Institute of Standards and Technology (NIST), National Oceanic and Atmospheric Administration (NOAA), National Telecommunications and Information Administration (NTIA), and Census Bureau—found that while Commerce has implemented effective internal controls over its recipient reporting, there are still opportunities for improvement. Additionally, agencies could improve data quality by updating their management systems to more efficiently monitor information that must be reported under the Recovery Act.

We received responses to our draft report from the Department, EDA, NIST, Census, and NOAA. We modified this final report as needed to address the agencies' comments, summarized the comments in the report, and included the formal responses as an appendix. The final report will be posted on OIG's website pursuant to section 8L of the Inspector General Act of 1978, as amended.

Please direct any inquiries regarding this report to me at (202) 482-2754, and refer to the report title in all correspondence.

Attachment

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Report In Brief

U.S. Department of Commerce Office of Inspector General

July 29, 2011



Why We Did This Review

This report is part of OIG's continued oversight of the \$7.9 billion in funds received by five Department of Commerce agencies (plus OIG) under the American Recovery and Reinvestment Act of 2009.

Our objective was to determine whether the Department has implemented sufficient internal controls to ensure that data related to Recovery Act funds, projects, and fund recipients are reported completely, accurately, and in a timely manner, and that any material omissions and significant errors are identified and corrected.

Background

In February 2009, the American Recovery and Reinvestment Act of 2009 was signed into law. Section 1512 of the act requires fund recipients to submit quarterly reports containing detailed information on the projects and activities funded by the Recovery Act and their impact on job creation and retention. It also directs federal agencies to review this information for accuracy before it is posted to www.Recovery.gov.

The Recovery Accountability and Transparency Board is responsible for coordinating and conducting oversight of Recovery Act spending to help prevent waste, fraud, and abuse. The board has created an online system to collect section 1512 data from Recovery Act fund recipients and provide the information to taxpayers on www.Recovery.gov.

Office of the Secretary

Commerce Has Procedures in Place for Recovery Act Recipient Reporting, but Improvements Should Be Made (OIG-11-031-A)

What We Found

Our review of five of the Department's agencies—the Economic Development Administration (EDA), National Institute of Standards and Technology (NIST), National Oceanic and Atmospheric Administration (NOAA), National Telecommunications and Information Administration (NTIA), and Census Bureau—found that while Commerce has implemented effective internal controls over its Recovery Act recipient reporting, there are still opportunities for improvement.

We compared data elements in the quarterly reports submitted by the recipients to the same information in Commerce's grants and contracts management systems. While the overall error rate in recipient reporting was low and the data differences were generally in non-critical reporting fields, Commerce agencies did not identify and correct some of the significant data errors on the quarterly reports. In addition, incorrect or inconsistent data in the Department's three grants management systems meant that Commerce personnel had to perform many manual procedures to reconcile the data to the information in the recipients' reports.

We found several areas in which Commerce could reduce its reliance on manual effort, increase the efficiency of its reporting, and improve data quality. For example, its systems could be updated to make data fields consistent with recipients' quarterly reports. Also, implementing a single Department-wide management system to replace the three current systems would further streamline processes and increase accuracy.

What We Recommended

We recommended that Commerce's Director of the Office of Acquisition Management

1. evaluate ways to automate the reports generated by the Department's three grants management systems;
2. develop a plan for consolidating the data from the three distinct grants management systems into a single system; and
3. consider upgrading the Department's new contract management system interface so that a single database incorporating data from all Commerce agencies would supply the information in the interface.

Additionally, agencies could improve data quality by updating their management systems to more efficiently monitor information that must be reported under the Recovery Act.

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Introduction

In February 2009, the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) was signed into law. Section 1512 of the Recovery Act requires recipients to submit quarterly reports containing detailed information on the projects and activities funded by the Recovery Act and their impact on job creation and retention. It also directs federal agencies to review this information before it is posted to the www.Recovery.gov website (see figure 1 on the next page for an illustration of the process). This reporting requirement is part of the President's stated commitment to provide an unprecedented level of transparency and accountability with regard to the use of Recovery Act funds.

The Recovery Accountability and Transparency Board is responsible for coordinating and conducting oversight of Recovery Act spending to help prevent fraud, waste, and abuse. The Recovery Board has created a system at the website www.FederalReporting.gov to collect this section 1512 data from Recovery Act fund recipients and provide the information to taxpayers on the www.Recovery.gov website.

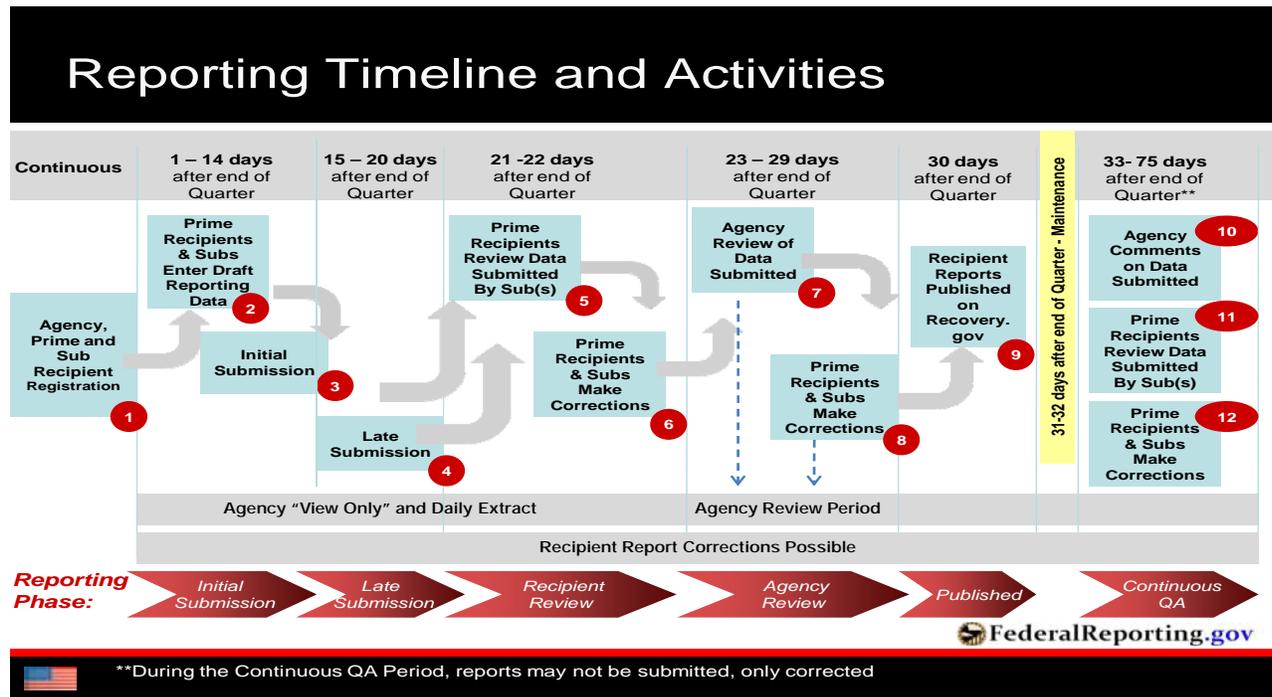
The Department of Commerce received \$7.9 billion of Recovery Act funds for six of its agencies—the Economic Development Administration (EDA), National Institute of Standards and Technology (NIST), National Oceanic and Atmospheric Administration (NOAA), Census Bureau, National Telecommunications and Information Administration (NTIA), and Office of Inspector General (OIG). (See appendix A for a breakdown of funding among these agencies.) As of March 31, 2011, approximately \$2.1 billion of these funds had been expended by the Department. For the period of our audit, the quarter ending June 30, 2010, about \$224 million of grant and contract expenditures were reflected in the recipient quarterly reports. These reports were submitted by 320 grant recipients and 137 contract recipients.

The objective of this review was to determine whether the Department had implemented sufficient internal controls to ensure that recipient data is reported completely, accurately, and in a timely manner, and that any material omissions and significant errors are identified and corrected. We have detailed the objectives, scope, and methodology of our audit in appendix B. We found that, with minor exceptions, Commerce has internal control policies and procedures in place to effectively review the recipient quarterly reports. However, agencies could improve the data quality process by updating their management systems so that they can more efficiently monitor the information required to be reported by the Recovery Act.



The American Recovery and Reinvestment Act of 2009 (Pub. L. No.111-5) was enacted February 17, 2009, to preserve and create jobs; assist those most affected by the recession; increase economic efficiency by investing in technological advances in science and health care; invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and stabilize state and local budgets.

Figure 1. Recipient Reporting Timeline for Quarter Ending June 30, 2010^a



Source: Office of Management and Budget

^aOther recipient reporting quarterly periods have had slightly different numbers of days for each part of the reporting and reviewing process. We used the June 30, 2010, process because this was the period data was reviewed.

We reviewed all 457 of the Recovery Act quarterly reports received from Commerce agencies during the quarter ending June 30, 2010, representing 6,443 recipient data entries. We compared data element information in the quarterly reports to the same information in Commerce agencies' grants and contracts management systems and found 646 errors or data inconsistencies¹ (approximately 10 percent of the entries reviewed). Of these errors or inconsistencies, we found the following:

- One hundred six errors (approximately 2 percent of all data entries reviewed) were made by Recovery Act recipients on their quarterly reports and not caught during the review process by the awarding Commerce agency; six of these errors (less than 0.01 percent) are classified under Office of Management and Budget (OMB) guidance as significant errors² but have not been reported to OMB as required.
- Five hundred forty inconsistencies (approximately 8 percent of all data entries reviewed) were found in Recovery Act recipients' data information maintained on Commerce

¹ The data inconsistencies are a result of our comparison of Recovery Act recipient data being maintained on Commerce agencies' management systems to the same data submitted by recipients on quarterly reports to www.FederalReporting.gov.

² *Significant reporting errors* are defined as those instances in which required data are not reported accurately, and the erroneous reporting results in significant risk that the public will be misled or confused by the report in question (OMB M-09-21).

agencies' grant and contract management systems. This amount consisted of 281 instances of incorrect recipient data on these systems and 259 instances of required section 1512 data not being captured by these systems; the current Commerce systems, which were created prior to the Recovery Act and were not updated after it was enacted, do not capture all the data required in section 1512 reports.

While the overall error rate in recipient reporting was very low, it came at the price of many manual procedures being performed by the Department's grants and contracts personnel to compensate for errors or inconsistencies. Updated management systems could result in a more efficient use of time and resources, as well as ensure consistently high data quality and lower error rates.

Findings and Recommendations

I. Commerce Agencies Did Not Detect All Incorrect Recovery Act Data on Recipients' Quarterly Reports

OMB Memorandum M-09-21, section 4.3, requires federal agencies, recipients, and subrecipients to establish internal controls to ensure data quality, completeness, accuracy, and timely reporting of all amounts funded by the Recovery Act. Section 4.2 of the memorandum requires federal agencies to provide advice or programmatic assistance to recipients, perform limited data quality reviews to identify material omissions or significant reporting errors, and notify the recipients of the need to make appropriate and timely changes. These steps are vital because incorrect data may give users of the www.Recovery.gov website an inaccurate portrayal of how Recovery Act funds have been spent. Inaccurate or incomplete data does not reflect the President's stated commitment to transparency and accountability.

Commerce agencies did not detect, and then require recipients to correct, 106 errors on recipient quarterly reports for the period ended June 30, 2010 (see appendix C). This resulted in inaccurate Recovery Act data information being posted on www.Recovery.gov for public viewing. Most of the incorrect data involved insignificant errors such as primary-place-of-performance ZIP codes³ and award dates. These data errors affected 75 of the 457 quarterly reports reviewed (table 1).

Table 1. Recovery Act Reports with Errors

	NOAA	NIST	NTIA	EDA	Census	Total
Contracts	27	19	-	-	2	48
Grants	3	7	12	5	-	27
Totals	30	26	12	5	2	75

Source: OIG Analysis of Agency Data

OMB Memorandum M-10-08, part 1, requires Recovery Act recipients to correct all data errors identified by federal agencies for the current reporting period, or submit a reasonable explanation of why a critical data element⁴ was not incorrect. If the reporting on the critical data elements is not corrected, the award report is considered to have significant errors. Six of the 106 errors we reviewed are categorized as significant. As table 2 shows, the errors were in critical data fields—the recipient name, award amount, and award numbers—and were distributed over four of the six reporting agencies. Management did not detect these errors because it relied on a labor-intensive imperfect manual reconciliation process to review recipient reporting integrity. We discuss this

³ The *primary-place-of-performance ZIP code* and *primary-place-of-performance congressional district* data elements denote the location at which most of the Recovery Act-funded work is being performed.

⁴ OMB Memorandum M-10-08 defines the critical element data fields that are of major concern for significant errors as (1) federal amount of the award, (2) number of jobs retained or created by the project, (3) federal award number, and (4) recipient name. We did not test for jobs created or retained because we did not go out to recipient sites.

process in more detail later in the report. These errors should have been reported to OMB by end of the quarter, but OIG has not been provided any evidence that this was done.

Table 2. Significant Reporting Data Errors

Critical Data	NIST	NTIA	NOAA	EDA	Totals
Recipient Name	-	-	1	1	2
Award Amount	2	-	-	-	2
Award Number	-	2	-	-	2
Totals	2	2	1	1	6

Source: OIG Analysis of Agency Data

II. Incorrect and Missing Data in Commerce Management Systems Affect the Adequate Monitoring of Recovery Act Recipients' Quarterly Reports

We found 540 inconsistencies between the data reported by the recipients and the information maintained on Commerce's management systems. These instances included 281 data entries in which the agencies' systems contained incorrect information; in the rest, the systems did not maintain the information required in section 1512 reports (see table 3 and appendix C). These inconsistencies have increased the cost of reconciling the quarterly recipient reports with the data maintained in Commerce systems due to increased employee hours needed to perform manual reconciliations.

Table 3. Inconsistent Data in Management Systems

	NTIA ^a	NOAA	EDA	NIST	CENSUS	Total
Incorrect Data	159	61	31	26	4	281
Missing Data	38	98	85	33	5	259
Totals	197	159	116	59	9	540

Source: OIG Analysis of Agency Data

^aNTIA awards are handled by either NOAA or NIST.

Of the 281 instances of incorrect data, 220 (approximately 78 percent) were on NOAA's and NTIA's systems. These instances included incorrect awarding and funding agency identification numbers, primary-place-of-performance ZIP codes, and primary-place congressional district numbers for certain NOAA and NTIA awards. According to NOAA officials, 61 errors were due to NOAA incorrectly identifying itself, rather than NTIA, as the awarding agency in cases in which NOAA had an agreement to administer grants on behalf of NTIA (the actual awarding

agency). NOAA officials also stated that the data fields in their management systems for primary-place-of-performance ZIP codes and congressional districts only have the capability to identify the main address for the grant recipients, while the recipient quarterly reports received on www.FederalReporting.gov show where the grant work is actually being performed as required by OMB Memorandum M-09-21.

The 259 instances of missing data on Commerce management systems consisted mostly of missing funding agency identification numbers for NOAA and NIST contract awards and missing primary-place-of-performance ZIP codes for NTIA, NOAA, and EDA grant awards. NOAA and NIST contract officials explained that the Federal Procurement Data System-Next Generation (FPDS-NG)⁵ does not require system users to enter funding agency identification numbers when they are the same as the contracting agency numbers. NOAA officials further stated that all of NOAA's discrepancies were corrected in September 2010. NIST and NOAA officials stated that their management systems do not capture the primary-place-of-performance ZIP codes from the grant awards. NIST officials also said that NIST's system does not require the entry of "ZIP+4" codes, but staff will add the additional numbers to the data entries that had been flagged as errors during the quarter we reviewed.

III. Commerce Agencies Can Improve the Recovery Act Data Quality Process by Updating Their Management Systems

OMB Memorandum M-09-21, section 3.12, states that "[f]ederal agencies should develop internal policies and procedures for reviewing reported data" and that "[a]utomated checks for accuracy may be conducted by comparing recipient data to the award data stored in agency financial systems of record."

During our review, we noted that Commerce agencies could improve the Recovery Act data quality process by updating their automated management systems so that the agencies can more efficiently monitor the information the Recovery Act requires them to report. While our review found that the overall recipient reporting error rate was low (less than 1 percent were significant errors), to achieve these results grants and contracts personnel had to perform many additional manual tasks that adversely affected efficiency. The following automated management system improvements would make it easier for Commerce and its agencies to review grants and contracts data information and identify errors in recipient information:

1. ***The implementation of a single Department-wide management system would assist Commerce in its data reviews.*** Commerce agencies currently use three different management systems for grant awards. These systems were designed to meet the needs of EDA, NIST, and NOAA but are not always updated to meet changing requirements. The contracts management system used by all federal departments, including Commerce, is the FPDS-NG; however, individual agencies do not have individual input or control over this system. Multiple departmental management systems have led to an increased need for manual reviews of agency and award data. With the reduced staffing that several agencies have reported to us as a possibility in FY 2012, the accuracy of a highly manual

⁵ FPDS-NG is a single-source database system the federal government uses to report information and data on all federal contracts.

process is likely to decrease. In addition, award information requirements may continue to change over time; therefore, for ease and accuracy, it is in the best interest of the Department to have a consistent management system.

2. ***Systems should be updated as needed to reflect changes in federal reporting requirements.*** For example, NOAA grant officials stated that its grants management system, Grants Online, does not have fields to capture some critical data, such as the primary place of grant performance. Therefore, NOAA has to manually look up data in the grant award file to make comparisons in its required review of recipient quarterly reports.
3. ***By making data entry fields consistent between agency systems and the recipients' quarterly reports, agencies would be better able to track the data and correct problems quickly.*** The current systems did not always capture data consistently with the quarterly reports. Our review found instances in which management systems limited the number of characters in certain data entry fields and other fields that only permitted default entries. These limitations made it challenging for agencies to review and reconcile the same data element on the recipient quarterly reports. For example, in the comparison of the primary-place-of-performance ZIP codes, we noted 189 instances in which quarterly reports did not agree with the agencies' management systems. NIST grant officials stated the main reason for the differences was that their management systems only allowed for the traditional five-digit ZIP codes, not nine-digit "ZIP+4" codes.
4. ***Systems should be modified to permit changes to data.*** The systems do not always allow for changes once the data is entered. EDA grant officials told us that they could not update their management system to change a recipient's Data Universal Numbering System (DUNS) number to agree with the number used by the recipient in its quarterly reports.
5. ***The implementation of a single Department-wide acquisitions management system interface would assist Commerce in its data reviews.*** The contract management system used by all federal departments, including Commerce, is FPDS-NG. The Department is currently using a web-based product as an interface with FPDS-NG and is in process of upgrading to a new product called C-Award. However, this new interface still has a significant limitation: C-Award currently uses four separate databases (NOAA, NIST, the Department, and Census) to track the contracts that are being reported into FPDS-NG. If these four databases were combined into one, it would be useful for running Department-wide acquisition queries and complying with Recovery Act reporting requirements.

IV. Recommendations

We recommend that Commerce's Director of the Office of Acquisition Management

1. Evaluate ways to automate the reports generated by the Department's three grants management systems. This automation will help to ensure that recipient data are accurately reported and that agency staff uses the most efficient process to review data.

2. Develop a plan for consolidating the data from the three distinct grants management systems into a single system that can provide accurate and comprehensive data feeds to public websites such as www.Recovery.gov.⁶
3. Consider upgrading the new C-Award contract system so that a single database incorporating data from all Commerce agencies would supply the information in the interface. This would assist the Department in running acquisition queries, resulting in a less manual process for data comparisons and reporting to public websites such as www.Recovery.gov.

We also recommend that Commerce agencies implement the following improvements for reviewing Recovery Act recipient data so that significant errors do not occur:

1. Ensure that the management systems used by the agencies can be updated to incorporate Recovery Act reporting requirements.
2. Establish the ability to make corrections to data once they have been entered into the agencies' management systems.

Improvements in these areas would make it easier for the Department and its agencies to review grants and contracts information and identify errors in recipient data information, thus reducing the manual effort currently involved in the review process.

V. Other Matters Noted

In addition to the data inconsistencies noted previously, we found the following issues in the quarterly reports we reviewed:

- Nine reports showed incorrect award amounts in the FPDS-NG. While the agency involved (NOAA) is aware that the amounts reported are incorrect in FPDS-NG, Commerce agencies do not have a way to correct the award amounts after the first invoice has been received. Officials stated that the award amounts reported to www.Recovery.gov are correct.
- Seven recipients were considered noncompliant⁷ by OMB for not submitting their quarterly reports by the due date. The recipients gave various reasons for their noncompliance, including not understanding the reporting process and having difficulty with the www.FederalReporting.gov registration process. These instances of noncompliance were corrected in the subsequent quarter, and the recipients are being monitored to ensure they continue to submit reports correctly.

⁶A similar recommendation was included in OIG report ARR-19779, *More Automated Processing by Commerce Bureaus Would Improve Recovery Act Reporting*, dated December 2009.

⁷Noncompliant recipients are those who have failed to submit a section 1512 report as required by the terms of their awards.

- Two reports included instances that revealed administrative or technical issues.⁸ One such issue occurred in the period ending June 30, 2010. Both have also been corrected by recipients.

VI. Summary of Agency Comments and OIG Response

We received and reviewed agency responses to our draft report. Formal responses were sent by the Department, NIST, and NOAA; EDA and Census submitted informal comments. Because its awards are handled by NOAA or NIST, NTIA had no comments on the draft. In general, the Department and the agencies that responded concurred with our findings. We have modified this final report to address their comments, and have included the formal responses as appendix D.

⁸ OMB M-10-14 states that *administrative or technical issues* include (but are not limited to) duplicated reports, unlinked reports, or technical issues relating to a record identifier.

Appendix A: Commerce Recovery Act Funding

(in thousands)

Economic Development Administration (EDA) \$150,000	\$ 150,000	Grants to economically distressed areas to support efforts to create higher-skill, higher-wage jobs by promoting innovation and entrepreneurship and connecting regional economies with the worldwide marketplace
Census Bureau \$1,000,000	1,000,000	Hire new personnel for partnership and outreach efforts to minority communities and hard-to-reach populations, increase targeted media purchases, and ensure proper management of other operational and programmatic risks
National Oceanic and Atmospheric Administration (NOAA) \$830,000	230,000	Habitat restoration, navigation projects, vessel maintenance
	430,000	Construction and repair of NOAA facilities, ships, and equipment; improvements for weather forecasting and satellite development
	170,000	Climate computing and modeling
National Institute of Standards and Technology (NIST) \$610,000	220,000	Laboratory research supporting economic growth and innovation through competitive grants, research fellowships, and advance measurement equipment
	360,000	Maintenance and renovation backlog
	30,000	Funds from the Department of Health and Human Services for standards-related research on medical records; from the Department of Energy to develop a framework for an interoperable smart grid for the U.S. electric power system
National Telecommunications and Information Administration (NTIA) \$4,690,000 Broadband^a \$650,000 Converter box^b	3,890,000	Broadband Technology Opportunities Program—awards to eligible entities to develop and expand broadband services to rural and underserved areas and improve access to broadband by public safety agencies
	350,000	Broadband inventory mapping
	250,000	Sustainable adoption of broadband services
	200,000	Upgrade of public computer centers
	650,000	TV converter box coupons
Office of Inspector General \$16,000	16,000	Oversight
Total	7,946,000	

^aSince subject to \$302 million rescission.

^bSince subject to \$240 million rescission.

Appendix B: Objectives, Scope, and Methodology

Section 1512 of the American Recovery and Reinvestment Act of 2009 requires recipients to report funding and project data to www.FederalReporting.gov. The objective of our review was to determine whether the Department of Commerce has implemented sufficient internal controls to ensure that recipient data is reported completely, accurately, and in a timely manner and that any material omissions and significant errors are identified and corrected.

During this review, we performed the following activities:

- Interviewed Commerce's Recovery Act staff to obtain an understanding of the steps performed in reviewing and analyzing data received from www.FederalReporting.gov.
- Interviewed contract and grant staff responsible for Recovery Act awards to obtain an understanding of how they ensure accuracy, completeness, and timeliness of the data.
- Reviewed internal controls to determine how the staff is monitoring material omissions, significant errors, anomalies, and other administrative or technical errors in the data.
- Determined whether policies and procedures were in place to remediate systemic and chronic reporting problems, including ways to handle non-reporters.
- Conducted a 100 percent review of recipient-reported data on quarterly reports submitted through www.FederalReporting.gov and electronically compared them with the information in the agency-owned systems to determine the accuracy and completeness of the data submitted for the quarterly period ending June 30, 2010.

We also examined the Recovery Accountability and Transparency Board's *Data Quality Review Guide*, which provides additional guidance to the inspector general (IG) community for assessing bureaus' plans for ensuring data quality of Recovery Act recipient reporting. IG offices use the guide to conduct audits to determine whether each bureau receiving Recovery Act funding has established a process to perform limited data quality reviews. These reviews are intended to identify material omissions and significant reporting errors, as well as notify the recipients of the need to make appropriate and timely changes.

We conducted this performance audit from July 2010 through March 2011 under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated August 31, 2006. We conducted this audit in accordance with generally accepted government auditing standards, which require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained does provide a reasonable basis for our findings and conclusions.

**Appendix C: Recovery Act Data Inconsistencies
on Quarterly Reports and Management Systems**

Quarterly Reports							
Data Elements	NOAA	NTIA/ NOAA	NIST	NTIA/ NIST	EDA	CENSUS	TOTALS
Funding Agency ID			1			7	8
Primary-Place-of- Performance Zip Code	9		13	8	3		33
Award Date	6		9	2	2	1	20
Award Missing from FederalReporting.gov	16						16
Activity Code	4		1				5
Other	8	1	11	1	2	1	24
TOTALS	43	1	35	11	7	9	106
Management Systems							
Data Elements	NOAA	NTIA/ NOAA	EDA	NIST	NTIA/ NIST	CENSUS	TOTALS
Awarding Agency ID		65					65
Funding Agency ID	35			23			58
Recipient Congressional District	5		8	2			15
Primary-Place-of- Performance Zip Code	47	43	60	18	36	1	205
Primary-Place-of- Performance Congressional District	23	22	8	1			54
Award Amount	7			3		1	11
Award Date			1	4	1	2	8
Award Disbursements	10	12	38	6	16	5	87
Award Missing from FederalReporting.gov	15						15
Other	17		1	2	2		22
TOTALS	159	142	116	59	55	9	540

Source: OIG Analysis of Agency Data

Appendix D: Responses to OIG Draft Report

Department Response

JUL 15 2011



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

MEMORANDUM FOR: Ann C. Eilers
Principal Inspector General for Audit and Evaluation

FROM: 
Barry E. Berkowitz
Senior Procurement Executive
and Director for Acquisition Management

SUBJECT: *Commerce Has Procedures in Place for Recovery Act
Recipient Reporting, but Improvements Should Be Made*
Draft Report

Thank you for the opportunity to comment on the draft report from the Office of Inspector General (OIG) entitled *Commerce Has Procedures in Place for Recovery Act Recipient Reporting, but Improvements Should Be Made*. The Office of Acquisition Management generally concurs with the findings and recommendations.

If you have any questions regarding this response, please contact Virna Winters at vwinters@doc.gov or 202-482-3483.

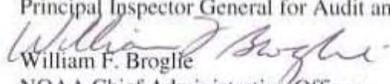
NOAA Response (p. 1)



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
CHIEF ADMINISTRATIVE OFFICER

July 15, 2011

MEMORANDUM FOR: Ann C. Eilers
Principal Inspector General for Audit and Evaluation

FROM: 
William F. Broglio
NOAA Chief Administrative Officer

SUBJECT: Draft OIG Report – *Commerce Has Procedures in Place for Recovery Act Recipient Reporting, but Improvements Should Be Made*

Thank you for the opportunity to comment on the Office of the Inspector General's draft report of its review of American Recovery and Reinvestment Act funds disbursed by the National Oceanic and Atmospheric Administration. Our specific comments on the report's findings and recommendations are attached.

Attachment



NOAA Response (p. 2)

**Department of Commerce
National Oceanic and Atmospheric Administration
Comments on the Draft OIG Report Entitled
“Commerce Has Procedures in Place for Recovery Act Recipient Reporting, but
Improvements Should Be Made”
(ARRA-000108/June 15, 2011)**

General Comments

The Department of Commerce’s National Oceanic and Atmospheric Administration (NOAA) appreciates the considerable time and effort of the Office of Inspector General (OIG) in conducting its review of Recovery Act recipient reporting practices within NOAA.

NOAA Response to OIG Recommendations

Recommendation 1: “Ensure that the management systems used can be updated to incorporate Recovery Act reporting requirements.”

NOAA Response: We concur. The Grants Online grants management system is a customized internal system and changes can be made with proper approvals. If a new Recovery Act reporting requirement is identified and necessitates a change to the NOAA Grants Online management system, the appropriate system governance process will need to be followed to implement the change. Any future changes will be dependent upon the availability of funding necessary to effect the system change.

As noted in the OIG’s report, Grants Online does not have a field to capture the primary place of grant performance. Therefore, this was verified for each award and then manually entered into USAspending.gov, the public searchable website established by the Office of Management Budget to receive and display data pertaining to obligations of Federal awards. Since the primary place of grant performance data field is only required for ARRA funded grants, which accounted for only three percent of NOAA grants processed in fiscal year 2009, NOAA made the decision not to modify the Grants Online system.

Recommendation 2: “Establish the ability to make corrections to data once they have been entered into the agencies’ management systems.”

NOAA Response: We concur. NOAA currently has the ability to make corrections to data entered into both NOAA Grants Online and C-Buy, the Department of Commerce procurement and acquisition system.

NIST Response (p. 1)



UNITED STATES DEPARTMENT OF COMMERCE
National Institute of Standards and Technology
Gaithersburg, Maryland 20899

JUL 26 2011

MEMORANDUM FOR Ann C. Eilers
Principal Investigator General for Audit and Evaluation

From: George E. Jenkins *George E. Jenkins*
Chief Financial Officer

Subject: NIST Comments on "Commerce Has Procedures in Place for Recovery Act Recipient Reporting, but Improvements Should Be Made"

The following comments are offered in review of the Office of Inspector General's subject draft audit report, dated June 15, 2011, related to the American Recovery and Reinvestment Act (ARRA) of 2009.

Grants and Agreements Management Division (GAMD)

Page 8, Section IV

1. Ensure that the management systems used can be updated to incorporate Recovery Act reporting requirements.

The National Institute of Standards and Technology (NIST) is aware of the issue and has reviewed the report along with the associated data that was based upon ARRA Quarterly Reports that were submitted for the 2nd Quarter of calendar year 2010, which ended June 30, 2010. As detailed in Appendix C of the report, the majority of the data inconsistencies in the awards managed by NIST's GAMD included the recipients' primary place of performance, funding codes and award dates. Since those reports were submitted, the GAMD has updated the Grants Management Information System (GMIS) to include the Primary Place of Performance for all ARRA award. All incorrect funding codes and award dates have been corrected, and the ARRA reporting website, www.FederalReporting.gov, has been updated to offer recipients a tool designed specifically to facilitate accurate, repetitive reporting of funding codes, award dates, and other additional information required in all ARRA Quarterly Reports. The "copy forward" tool allows the reporting recipients to automatically reproduce significant quantity of data, mentioned above, into new ARRA Quarterly Reports, which not only saves reporting time, but also eliminates the chance for typographical data entries to fields in the ARRA Quarterly Reports.

Page 8, Section IV

2. Establish the ability to make corrections to data once they have been entered into the agencies' management systems.

NIST

NIST Response (p. 2)

NIST is aware of the issue and plans enhancements to GMIS during the next fiscal year to automate uploading of revised grant-related information to USASpending.gov during monthly updates. This will ensure accuracy of specific grant-related information that has been revised during the previous month on USASpending.gov within 30 days of the change via an automated process. This will replace current method which requires the GAMD Grants Specialists to make individual requests to the GAMD GMIS Coordinator to upload newly revised information for viewing by the public on www.USASpending.gov.

Acquisition Management Division (AMD)

Page 4, Section I

Some of the ZIP code errors were made on the last 4 digits of 9 digit ZIP codes. In addition, the Central Contracts Registry (CCR) recipients provided different ZIP codes for the same award in the CCR registration and the www.federalreporting.gov report.

Page 5, Section I, Table 2

The two NIST incorrect contract amounts have been corrected.

Page 6, Section II

The funding agency identification code in FPDS was not a mandatory field until April, 2010. Since then, all FPDS reports must include the funding agency identification codes. There are too many management systems. The contracts personnel once again have to manually review and enter data numerous times.

Page 8, Section IV #3

NIST would suggest eventually upgrading to a whole new system. The CSTARS system does not compare to others on the market.