



# Report In Brief

MAY 21, 2014

## Background

At a cost of \$94 per household, the life-cycle cost of the 2010 Census was about \$13 billion. The Census Bureau is committed to conducting the 2020 Census for less, per household, than the 2010 Census. To achieve this goal, the Bureau must make fundamental changes to the design, implementation, and management of the decennial census. If the Bureau fails to innovate in these areas, the per-household cost of the 2020 Census could reach \$148.

Decennial census life cycles are unusual in that budget requests are based on a 12-year escalating cost, as opposed to a typical flat-line budget. Funding for the 2020 decennial Census lifecycle began with fiscal year (FY) 2012 and will continue through FY 2023. This protracted life cycle with many dependent phases, along with cost accounting and budget formulation issues noted during the audit, may hinder the Bureau's ability to control the cost of the 2020 Census.

## Why We Did This Review

The Office of Inspector General is committed to monitoring the progress of planning for the 2020 Census, and includes ongoing reviews in its annual audit plan.

This audit was conducted to (1) evaluate the Bureau's process for implementing recent budget reductions; (2) assess the impact of these reductions on the Bureau's goal of achieving a cost-effective, high-quality 2020 Census; and (3) evaluate the roles of the Department and the Economics and Statistics Administration (ESA) in monitoring the Bureau's progress toward this goal.

## U.S. CENSUS BUREAU

### The Census Bureau Lacks Accurate and Informative Cost Data to Guide 2020 Census Research Through a Constrained Budget Environment

OIG-14-021-A

#### WHAT WE FOUND

The Census Bureau's Decennial Program generally adhered to Office of Management and Budget and Departmental guidance for implementing mandatory budget reductions. However, we found that

- **Due to inaccurate cost information, the impact of budget reductions cannot be determined.** The internal control weaknesses we observed involve significant deficiencies in the Decennial Program's method for recording salary costs. Neither specific project costs nor the cost of the entire Decennial Program's research effort to date can be determined, because project costs are recorded in the accounting system simply to match previously set budget allocations. In addition, some projects may be subsidizing other activities under separate appropriation accounts.
- **Budget fund transfers prevent the Bureau from validating budget estimates and identifying inaccurate project costs.** The Decennial Program's practice of transferring budget between projects circumvents spending controls, thereby increasing the risk that incorrect or even fraudulent charges could be recorded without detection.
- **The Decennial Program does not have support for budget requests.** Decennial Program management did not provide us with documentation supporting FYs 2013 and 2014 Congressional budget justifications that tied specific requests in the President's Budget to specific project activities.
- **ESA should develop a stronger oversight process for monitoring the Decennial Program's progress in reducing 2020 decennial Census costs.** ESA has no specific process in place to monitor the research and testing goals related to 2020 decennial Census planning.

#### WHAT WE RECOMMEND

We recommend that the Director of the Census Bureau develop

1. A process to ensure project costs reflect actual level of effort (a) in the short term, by requiring all Census Bureau employees to accurately record project hours through webTA (an Internet-based time tracking system), and (b) in the long term, by implementing an activity-based costing system, with appropriate internal controls, that reflects actual project cost and reconciles with the accounting system.
2. Policies and procedures that require supporting documentation for budget estimate decisions be prepared and retained for audit.
3. A process to validate budget estimates that (a) incorporates actual costs recorded in the accounting system and (b) uses budget-to-actual cost information to identify incorrect project charges.

We also recommend that the Director of the Census Bureau and Under Secretary for Economic Affairs develop

4. A process to ensure that ESA has sufficient oversight of the 2020 Decennial Program.