This memorandum transmits recommendations resulting from our third quarterly review of 2010 Census activities, those occurring between October and December 2009. Our third quarterly report, a copy of which we include as an attachment to this memorandum, was issued February 16, 2010. This new report provides an update to Census schedule, cost, and risk management activities discussed in our second quarterly report, issued December 18, 2009. We conducted this work pursuant to the explanatory statement accompanying the Supplemental Appropriations Act of 2008, which required the Census Bureau to submit to the Senate and House Committees on Appropriations a detailed decennial plan and assessment of associated risks, and further required OIG to provide quarterly reports on the bureau’s progress against this plan.

During this review we assessed the progress of Paper-based Operations Control System (PBOCS) development and testing, and found a number of serious problems: staff are working at capacity yet continue to fall behind schedule; critical software errors are still being found; system performance is still lagging; and testing continues to be compressed, risking system capabilities and performance in the field (see page 2 of attachment). With respect to 2010 Census costs, our analysis of travel costs for Address Canvassing revealed a number of inefficiencies that Census managers should be aware of for future operations. Specifically, we found that employees (1) were reimbursed at a higher mileage reimbursement rate than allowed, (2) drove a relatively high number of miles per hour worked, and (3) were paid for training but completed little or no work (see page 12 of attachment).

**Recommendations**

Given the challenges involving PBOCS and the lack of time remaining in the schedule, Census should realign PBOCS development and testing, placing greater emphasis on minimizing the impact of the system’s limitations during operations. We recommend that you ensure that the following actions are taken:
• senior executives with the authority to set priorities—such as reallocating resources to where they are most needed, resolving conflicting priorities, and making major changes to the decennial schedule or plan—closely monitor PBOCS activities and act to expeditiously reduce operational risk;
• streamline development and testing by further reducing PBOCS capabilities to the essentials needed for the most important enumeration operations;
• focus on developing standardized procedural workarounds for PBOCS capabilities that cannot be implemented to support operations; and
• enhance technical support staff and procedures to expeditiously resolve problems in the field.

To improve cost containment efforts for future operations, we also recommend that you ensure that Census Bureau management develops effective internal controls over wage, travel, and training costs and scrupulously follows these controls.

Given the challenges with PBOCS development and testing and the short time available before the start of major operations, please advise us by March 15, 2010, of the actions you are taking or propose to take in response to our recommendations. If you have any questions, please call me at (202) 482-4661 or Ron Prevost, Assistant Inspector General for Economic and Statistical Program Assessment, at (202) 482-3052.

Thank you for the courtesies extended to my staff during this review.

Attachment

cc: Rebecca M. Blank, Under Secretary for Economic Affairs  
Nancy Potok, Deputy Under Secretary for Economic Affairs  
Thomas L. Mesenbourg, Jr., Deputy Director, U.S. Census Bureau  
Andrew Moxam, Comptroller, U.S. Census Bureau  
Arnold Jackson, Associate Director, Decennial Census Programs, U.S. Census Bureau  
Frank Vitrano, Chief, Decennial Management Division, U.S. Census Bureau  
Pam White, External Liaison Branch Chief, Decennial Management Division, U.S. Census Bureau  
Adam Miller, Audit Liaison, U.S. Census Bureau