

VA Office of Inspector General

OFFICE OF AUDITS & EVALUATIONS



Department of Veterans Affairs

*Audit of VA's Data Quality
Review Process under the
American Recovery and
Reinvestment Act of 2009*



October 30, 2009
09-01814-16

To Report Suspected Wrongdoing in VA Programs and Operations
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Report Highlights: Audit of VA's Data Quality Review Process under the American Recovery and Reinvestment Act of 2009

Why We Did This Audit

We conducted this audit to determine if VA had established a process to perform limited data quality reviews intended to identify material omissions or significant reporting errors and to notify the recipients of the need to make appropriate and timely changes.

What We Found

VA's Office of Finance developed a data quality review plan that meets Office of Management and Budget (OMB) requirements and a "Recipient Reporting Data Checklist" to be used by reviewers to ensure the completeness and accuracy of recipient data. However, VA's plan could be enhanced. Suggested areas for improvement include:

- Identifying the number of contractor and grant recipient reports to be reviewed
- Identifying the levels at which the reviews are to be performed and the positions of the individuals who are to perform the reviews
- Identifying a prescribed format to report review results and the specific office to which the results are to be reported

What We Recommended

VA's Office of Finance has established a process to perform limited data quality reviews intended to identify material omissions or significant reporting errors and

to notify the recipients of the need to make appropriate and timely changes. Therefore, we made no recommendations.

Agency Comments

No recommendations were made; therefore, it was not necessary to obtain written comments. However, Office of Finance personnel responsible for VA's data quality review plan agree that these modifications would further ensure the transparency and accountability over Recovery Act funds and will incorporate these changes after performing a complete evaluation of the plan.

BELINDA J. FINN
Assistant Inspector General
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INTRODUCTION

Objective

This audit assessed whether VA had established a process to perform limited data quality reviews intended to identify material omissions or significant reporting errors and to notify the recipients of the need to make appropriate and timely changes.

Recovery Act

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act (Recovery Act) of 2009. The Recovery Act provided VA with over \$1.4 billion dollars to include \$1 billion for Veterans Health Administration (VHA) non-recurring maintenance and energy projects, \$50 million for National Cemetery Administration (NCA) monument and memorial repairs and energy projects, and \$150 million for VHA grants for construction of State extended care facilities.

To promote transparency and help drive accountability for the timely, prudent, and effective spending of these funds, Section 1512 of the Recovery Act established new reporting requirements related to the awarding and use of funds. In addition, OMB required agencies to develop internal policies and procedures for reviewing reported data and to highlight certain data elements for review.

We initiated this audit at the request of the Recovery Accountability and Transparency Board, which was established by Section 1521 of the Recovery Act. The Board's mission is to promote accountability by coordinating and conducting oversight of covered funds to prevent fraud, waste, and abuse and to foster transparency on Recovery Act spending by providing the public with accurate, user-friendly information.

RESULTS AND CONCLUSIONS

Finding 1 VA Established a Process To Perform Limited Data Quality Reviews

***Data Quality
Review Plan
Approved***

OMB approved VA's data quality review plan on August 13, 2009. The plan outlines the responsibilities of the reporting recipients and VA during the entire reporting process. In addition, the plan is focused on identifying material omissions or significant reporting errors and notifying the recipients of the need to make appropriate and timely changes.

To ensure the completeness and accuracy of recipient data, VA developed a "Recipient Reporting Data Checklist" for reviewers to use to compare 19 data elements in recipients' reports with information contained in VA records. Contracting personnel at VA's 22 Veterans Integrated Service Networks (VISNs) will be responsible for reviewing data reports for contracts for which they have oversight. Office of Finance personnel will review grantee data in conjunction with VHA State Home Construction Grant Program personnel. Upon completion of the reviews, VA will notify the recipients of any data anomalies through the www.FederalReporting.gov online tool. In addition, the plan establishes a process to remediate systemic or chronic reporting problems. VA will evaluate chronic issues on a case-by-case basis and make a determination as to whether funding should be terminated or suspension and debarment procedures initiated.

***New Recipient
Reporting
Requirements***

Beginning in October 2009 and quarterly thereafter, the Recovery Act requires each recipient of Recovery Act funds that are received directly from a Federal agency to submit a report not later than 10 days after the end of each fiscal year quarter through the www.FederalReporting.gov website. The recipient reports are to include the following detailed information:

- Total amount of recovery funds received
- Amount of recovery funds expended or obligated to projects or activities
- A detailed list of all projects or activities for which recovery funds were expended or obligated to include description, completion status, and estimates on jobs created or retained
- Details on sub-awards and other payments

During days 11–21 of the reporting period following the end of the quarter, recipients have the opportunity to ensure data is accurate and complete. During days 22–29, Federal agencies have the opportunity to review the data in www.FederalReporting.gov and provide comments and suggestions for

changes. Only recipients can make changes to their reports. To facilitate this review process, OMB requires Federal agencies to develop internal policies and procedures for reviewing reported data and to highlight certain data elements for review. The reviews are intended to focus on uncovering material omissions or significant reporting errors.

VA and OMB define a material omission as an instance where required data is not reported or reported information is not otherwise responsive to the data requests resulting in a significant risk that the public is not fully informed about the status of a Recovery Act project or activity. VA and OMB define a significant reporting error as an instance where required data is not reported accurately and such erroneous reporting results in a significant risk that the public will be misled or confused by the report in question.

Guidance for agencies regarding implementation of Section 1512 as it applies to Federal contracts is provided in an unnumbered OMB memorandum titled "Interim Guidance on Reviewing Contractor Reports on the Use of Recovery Act Funds in Accordance with FAR Clause 52.204-11," dated September 30, 2009. Guidance for agencies regarding implementation of Section 1512 as it applies to grants and loans is provided in OMB Memorandum M-09-21, "Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009," dated June 22, 2009.

Observations To Enhance Plan

While VA has established a process to perform limited data quality reviews, we observed that some elements of their plan, although not specifically required by OMB, have not been documented. For example:

- The plan does not identify the number of contractor and grant recipient reports to be reviewed. Office of Finance personnel informed us that they plan to perform a 100 percent review of both contractor and grant recipient reports.
- The plan does not identify the levels at which the reviews are to be performed or the positions of the individuals who are to perform the reviews. Office of Finance personnel informed us that they plan for VHA and NCA contractor recipient reports to be reviewed by contracting personnel at the individual VISNs, with oversight provided by the Director, VHA Recovery Act Acquisition Program. Office of Finance personnel are to perform reviews of grant recipient reports in conjunction with VHA State Home Construction Grant Program personnel.
- The plan does not identify a prescribed format to report review results or the specific office to which the results are to be reported. Office of Finance personnel informed us that they currently plan to have review results forwarded to their office.

Adding these elements to VA's data quality review plan would further ensure the transparency and accountability over Recovery Act funds and enhance data quality reviews. Office of Finance personnel responsible for VA's plan agree that the modifications would assist in accomplishing increased transparency and accountability and intend to incorporate the changes after performing a complete evaluation of the plan. They intend to use the modified plan during the next quarterly reporting period that commences in January 2010.

Conclusion

VA had established a process to perform limited data quality reviews intended to identify material omissions or significant reporting errors and to notify the recipients of the need to make appropriate and timely changes. Therefore, we made no recommendations. By modifying the current data quality review plan as we have suggested, VA would further ensure the transparency and accountability over Recovery Act funds and enhance data quality reviews. To accomplish this, Office of Finance personnel responsible for VA's data quality review plan agreed that modifications to the plan would be helpful and intend to reassess the plan prior to the next quarterly reporting period that commences in January 2010.

Appendix A Scope and Methodology

Scope and Methodology

We focused on VA's plan for conducting limited data quality reviews of data input into www.FederalReporting.gov by Recovery Act funding recipients (through both contracts and grants). Our audit was limited to determining if VA's plan met OMB requirements and did not include an evaluation of the plan's effectiveness.

We assessed VA's data quality review plan and compared it to Recovery Act and OMB guidance concerning the requirements of Federal agencies to develop internal policies and procedures for reviewing reported data to determine if the plan contained all elements required by OMB. We interviewed VA officials responsible for developing and implementing VA's data quality review plan. We did not rely on computer-generated data in the performance of the audit. We conducted our audit from September 2009 to October 2009.

Compliance with Government Audit Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B **OIG Contact and Staff Acknowledgments**

OIG Contact	Dennis Wokeck, 202-461-4577
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Acknowledgments	Jack Nesbit
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Appendix C Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
Recovery Accountability and Transparency Board
Department of Health and Human Services Office of Inspector General

This report will be available in the near future on the OIG's website at <http://www.va.gov/oig/publications/reports-list.asp>. This report will remain on the OIG website for at least 2 fiscal years after it is issued.