

BRIEFLY...

Highlights of Report Number: 18-09-001-13-001, to the Senior Accountable Official for the American Recovery and Reinvestment Act of 2009.

WHY READ THE REPORT

The Recovery Act requires federal agencies to implement an unprecedented level of transparency and accountability to ensure U.S. citizens can see where and how their tax dollars are being spent.

The Department of Labor received more than \$40 billion under the Recovery Act to expand unemployment benefits, increase employment and training opportunities, build and rehabilitate Job Corps Centers, enforce worker protection laws, and coordinate activities related to the infrastructure and unemployment insurance investments. Both the Recovery Act and OMB guidance contain provisions requiring Federal agencies to account separately for ARRA funds. The Department has also issued instructions to its agencies on how to account for and report on ARRA-related obligations and expenditures.

WHY OIG CONDUCTED THE AUDIT

The audit objectives were to answer the following questions:

1. Has the Department implemented, or does it have plans to implement, procedures to account for Recovery Act financial activity as required by Federal law and Office of Budget and Management (OMB) guidance?
2. Does the Department have processes to report on the use of Recovery Act funds in accordance with OMB guidance?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:
<http://www.oig.dol.gov/public/reports/oa/2009/18-09-001-13-001.pdf>.

August 2009

PROCEDURES FOR ACCOUNTING AND REPORTING FINANCIAL ACTIVITY UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

WHAT OIG FOUND

OIG found that, generally, the Department has implemented procedures to (1) account for Recovery Act financial activity as required by Federal law and OMB guidance and (2) report on the use of Recovery Act funds in accordance with OMB guidance.

OIG communicated to the Department the importance of accurate financial reporting on Recovery Act funds. OIG also emphasized the importance of establishing and issuing procedures for recipient reporting on a timely basis.

The Department agreed with OIG's assessment of the need to ensure adequate controls over the accounting and reporting of Recovery Act funds. The Office of the Chief Financial Officer has already implemented additional financial controls. In addition, the Department has recently issued guidance on recipient reporting.

The Department stated it will remain vigilant in all aspects of financial management, and will ensure the concerns identified by OIG regarding financial reporting and recipient reporting systems are appropriately considered and addressed.