U.S. Department of Labor
Office of Inspector General
Office of Audit

BRIEFLY…

Highlights of Report Number **18-10-002-03-390**, to the the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The American Recovery and Reinvestment Act of 2009 (Recovery Act) requires Federal agencies to implement an unprecedented level of transparency and accountability to ensure the public can see where and how Recovery Act funds are being spent. The Employment and Training Administration (ETA) received $4 billion of Recovery Act funds. The majority of these funds, $2.9 billion or 73 percent, was awarded using the Workforce Investment Act (WIA) formula to the 57 states and territories to provide Youth, Adult and Dislocated Worker employment and training activities.

To promote accountability and transparency, recipients are required to report on the use of recovery funds under Section 1512 of the Recovery Act (§1512). All prime recipients are required to submit quarterly reports to FederalReporting.gov.

The audit covered the second quarterly reporting period ending December 31, 2009, and actions taken to enhance data quality for the third reporting period ending March 31, 2010. Our audit sample consisted of two recipients and four sub-recipients, and was limited to five key data elements: 1) funds received/invoiced, 2) expenditures, 3) number of jobs created or retained, 4) project status, and 5) final report indicator.

WHY OIG CONDUCTED THE AUDIT

This audit was conducted at the request of Recovery Accountability and Transparency Board (RATB), to determine whether Recovery Act recipient processes for compiling and reporting selected data provide reasonable assurance of compliance with §1512 requirements.

The RATB has compiled data and issued a report using the results of our audit, as well as audits conducted by the Department of Education, Department of Health & Human Services, Department of Homeland Security, and National Science Foundation.

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/2010/18-10-002-03-390.pdf

September 2010

RECOVERY ACT: DATA QUALITY IN RECIPIENT REPORTING

WHAT OIG FOUND

Of the five key data elements audited, two recipients reasonably reported the amount of Federal funds received, Federal funds expended, project status, and final report status. However, jobs created or retained data was not reported in accordance with §1512 reporting requirements. As a result recipients did not provide the most comprehensive and complete job impact numbers available. Furthermore, inaccurate reporting of jobs created or retained could mislead the public about the number of jobs created or retained, and prevent meaningful comparisons of the data as a whole.

This occurred because one recipient's process did not make use of the correction period to update its data, which resulted in the over-reporting of jobs created or retained for one of it's sub-recipients by 10.52, or 26 percent. Another recipient did not consider it practicable to collect jobs created or retained for lower-tier sub-recipients, and jobs created or retained was underreported by 134.25, or 36 percent, for one of it's sub-recipients.

We also found that Office of Management and Budget's (OMB) guidance can be clarified and enhanced for the reporting of lower-tier sub-recipient jobs created or retained. In addition, transparency could be optimized by ensuring that the FederalReporting.gov website indicates whether expenditures are reported on the cash or accrual basis of accounting.

WHAT OIG RECOMMENDED

We made two recommendations to the Assistant Secretary for Employment and Training; to instruct one recipient to make full use of the correction period and to consult with OMB on the issuance of guidance for sub-recipient and lower-tier sub-recipient reporting of jobs created or retained.

The Assistant Secretary for Employment and Training agreed with the recommendations.