



United States Department of Agriculture
Office of Inspector General





United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: October 26, 2012

AUDIT
NUMBER: 50703-0001-13

TO: Jon Holladay
Deputy Chief Financial Officer
Office of the Chief Financial Officer

ATTN: Kathleen A. Donaldson
Audit Liaison Officer
Office of the Chief Financial Officer
Planning and Accountability Division

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: American Recovery and Reinvestment Act – USDA FederalReporting.gov
March 2011 Data Quality Review

This report presents the results of the subject review. Your written response to the official draft is included at the end of this report. Excerpts of your October 15, 2012, response and the Office of Inspector General's position are incorporated into the applicable sections of the report.

Based on your response, we have reached management decision on all of the report's recommendations and no further response to us is necessary. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

Also, please note that Departmental Regulation 1720-1 requires final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Performance and Accountability Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions.

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American Recovery and Reinvestment Act – USDA FederalReporting.gov March 2011 Data Quality Review – 50703-0001-13

Executive Summary

The American Recovery and Reinvestment Act of 2009¹ (Recovery Act), enacted in February 2009, states that the use of Recovery Act funds should be transparent and reported clearly, accurately, and in a timely manner. The Recovery Act provided the Department of Agriculture (USDA) \$28 billion in order to promote U.S. economic recovery, create jobs, and provide leadership on food, agriculture, natural resources, and related issues, based on sound public policy, the best available science, and efficient management.² To ensure that these funds are spent wisely, the Recovery Act calls for unprecedented levels of transparency and accountability, requiring certain fund recipients—including State and local government agencies and contractors—to submit quarterly reports on their use of funds to FederalReporting.gov. These quarterly reports include almost 100 data elements, such as the type, date, and amount of award; project description; and the number of jobs created or retained by each project. On December 18, 2009, the Office of Management and Budget (OMB) issued OMB M-10-08, *Updated Guidance on the American Recovery and Reinvestment Act—Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*. OMB M-10-08 provides guidance to Federal agencies to improve the quality of data reported by award recipients under the general recipient reporting guidance outlined in Section 1512 of the Recovery Act.³ Before reports are made publically available on the Recovery.gov website, Federal agencies are to perform data quality reviews of the information and notify recipients of any data errors or omissions that need to be corrected. Penalties recommended by OMB include the restriction of funds or termination of the award. The Recovery.gov website was specifically designed to provide the public with Recovery Act data that are transparent, accurate, and easily retrievable.

USDA’s Office of the Chief Financial Officer (OCFO) has made significant progress by issuing policies and general procedures, creating a comprehensive list of USDA Recovery Act awards called the Master List, and by establishing the Transparency Reporting Team (TRT) to work with agencies and Recovery Act award recipients to ensure information is reported correctly.

In May 2011, the Office of Inspector General (OIG) initiated this audit to analyze the information submitted on FederalReporting.gov by recipients of USDA Recovery Act funds to ensure that the data were accurate and complete.

We reviewed the 4,974 USDA Recovery Act awards reported on FederalReporting.gov as of March 31, 2011. We found 1,202 errors in the information reported by recipients. These errors

¹ American Recovery and Reinvestment Act of 2009, Public Law 111-5, 123 Stat. 115.

² *American Recovery and Reinvestment Act – Review of the Effectiveness of Department/Agency Data Quality Review Processes* (50703-0001-DA, June 23, 2010).

³ Section 1512 of the Recovery Act requires reports on the use of Recovery Act funding by recipients no later than the 10th day after the end of the calendar quarter (beginning with the quarter ending September 30, 2009), and requires that the Federal agency providing those funds make the reports publicly available no later than the 30th day after the end of that quarter.

included 368 misreported award numbers and amounts, and 834 incorrect award dates.⁴ In addition to the 1,202 errors, we also found 5 awards that were not on the Master List at the time of our fieldwork, but were added before the correction period ended. Based on our review of these five awards, we found that three were not reported on the Master List and the other two were not reported on either the Master List or FederalReporting.gov and were not identified as non-compliant by the agency in Quarter 4 of 2010. The agencies responsible for identifying these errors stated that these errors were not identified during the agency’s review because the errors were overlooked or because the tool they used to identify errors, developed by OCFO, did not capture all potential errors defined by OMB. Additionally, when agencies successfully identified errors, they generally did not take actions beyond the minimum requirements, which did not always result in the recipient correcting the error because the guidance issued by OCFO did not include penalties if corrective actions were not taken. USDA agency personnel stated that they did not consider the errors significant enough to impose penalties on the recipient. However, without reliable data, USDA and others relying on this information cannot monitor the progress of awards that are reported, or accurately determine the outcome of Recovery Act funding.

Recommendation Summary

We recommend that OCFO strengthen its data quality tool, work with agencies to develop consistent internal controls to ensure that all reportable awards are included on both the Master List and FederalReporting.gov, and update OCFO guidance to include progressive steps that USDA agencies can take to ensure errors are corrected on FederalReporting.gov.

Agency Response

OCFO has updated its guidance and highlighted the requirements in OMB guidance to ensure that all awards are submitted to both the Master List and Federalreporting.gov. In addition, OCFO has further strengthened its data quality tool to include checks on award date and award amount found in the “Anomalies” tab of the daily data extract file. OCFO has enhanced the data extract to include checks for significant error data elements and additional key data elements described in OMB Memorandum 10-08. Finally, OCFO’s guidance has been updated to include progressive steps that USDA agencies may take to ensure that errors are corrected on FederalReporting.gov.

OIG Position

OIG concurs with OCFO’s response. We have reached management decision on the report’s four recommendations.

⁴ OMB-M-10-08, *Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*, December 18, 2009, places emphasis on significant errors, such as Federal amount of the award, number of jobs retained or created, Federal award number, and recipient name. For these significant errors, agencies identify the data fields to be corrected, and the data that in the agency’s estimation best correct the error, or supply a reasonable explanation as to why no further action is required by the agency.

Background and Objectives

Background

USDA received \$28 billion in funding under the Recovery Act in a number of program areas, including farm loans, watershed programs, supplemental nutrition assistance, wild land fire management, construction projects, and rural housing, business, water and waste disposal, and broadband loans in order to promote U.S. economic recovery, create jobs, and provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management.⁵ To ensure that these funds are spent appropriately, the Recovery Act called for unprecedented levels of transparency and accountability, including recipients reporting on their use of the funds on a quarterly basis.

In order to receive Recovery Act funding, recipients need to submit to FederalReporting.gov timely and complete award information, such as award amount, location of work, and jobs created/retained. OCFO and the USDA agencies do not enter information on this website; all information must be correctly entered by the award recipients. USDA is responsible for reviewing these data for accuracy and working with recipients to ensure data are accurate. Recipients only report on awards that are currently active and meet certain criteria—such as grants above \$25,000.⁶ As of March 31, 2011, USDA award recipients reported 4,974 active awards, totaling \$9.31 billion. USDA agencies identified 56 awards, totaling \$26 million, that were not reported by recipients on FederalReporting.gov as required. Federal agencies are required to identify recipient errors and omissions in information, and work with recipients to correct the reporting problems. Significant errors result in misinformation on Recovery.gov, which is the website that was created to provide transparency to the general public regarding Recovery Act funds. The general public uses Recovery.gov to ascertain the value of Recovery Act funds being spent in a particular location, how many jobs have been created or retained, and which contractors are involved in which projects.

Agencies are to identify errors and omissions in the data reported by recipients on FederalReporting.gov prior to the information being moved to Recovery.gov.⁷ To ensure that key data are correctly reported by the recipient, the agency must provide these key data to the recipient upon initial award.⁸ In addition to identifying any missing awards on FederalReporting.gov, OMB also requires agencies to identify “significant errors,” defined as any errors in award number, award amount, recipient name, and jobs reported. Additionally,

⁵ *American Recovery and Reinvestment Act – Review of the Effectiveness of Department/Agency Data Quality Review Processes* (50703-0001-DA, June 23, 2010).

⁶ OMB M-10-34, *Updated Guidance on the American Recovery and Reinvestment Act*, September 24, 2010.

⁷ OMB M-10-08, *Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*, December 18, 2009, states that Federal agencies are to establish data quality plans that articulate their data quality review process to, at a minimum, focus on significant reporting errors and material omissions.

⁸ OMB M-10-08 defines “key award information” as award type, award number, order number, funding agency code, awarding agency code, Government contracting office code, award date, award amount, Catalogue of Federal Domestic Assistance number, activity code, and program source code (the Treasury Account Symbol (TAS) code).

OMB has recommended agencies perform specific edit checks of award date, award amount, and jobs created/retained. USDA’s OCFO performs continuous reviews of the USDA data on FederalReporting.gov and notifies the appropriate USDA agency when errors are identified. The review includes an automated “matching” program, referred to as the data quality tool, that compares the USDA Master List—a comprehensive list of USDA Recovery Act awards populated with internal USDA agency award information and maintained by OCFO—to the awards reported on FederalReporting.gov.⁹ The data quality tool identifies errors in the preformatted award numbers and order numbers, as well as award type and Data Universal Numbering System (DUNS) numbers.^{10,11} USDA agencies are responsible for notifying the recipient of errors, and suggesting the best way to correct the error. Recipients are to submit corrections to their data on FederalReporting.gov during a correction period, prior to the data on FederalReporting.gov being publicly released on Recovery.gov. If the recipient fails to correct the error, agencies are responsible for determining why the recipient did not correct the data, or supplying a reasonable explanation that requires no further action by the agency or recipient.

Objectives

We analyzed the award information on FederalReporting.gov for the quarter ending March 31, 2011, to ensure that recipients reported all eligible awards and that information such as award number, award date, award amount, and jobs created and retained was submitted accurately, timely, and completely.

⁹ *USDA American Recovery and Reinvestment Act Section 1512 Recipient Report Information and Guidance*, October 15, 2010.

¹⁰ The award number and order number are “stripped” of spaces, pound signs, slashes, dashes, and periods.

¹¹ DUNS Number is a unique 9-digit identification number for each physical location of a business or organization. Using the DUNS Number as a unique identifier for organizations helps the Government know the business or organization submitting reporting information to FederalReporting.gov.

Section 1: Improvements Needed in OCFO Data Quality Tool and Recovery Act Reporting Data Oversight

Finding 1: OCFO Should Strengthen its Data Quality Tool and Oversight over Recovery Act Reporting Data

We reviewed the 4,974 USDA Recovery Act reported awards and found 1,202 errors in the information reported by recipients on FederalReporting.gov. These errors included 368 misreported award numbers and amounts, and 834 incorrect award dates. We also found five awards that were not on the OCFO Master List at the time of our field work, but were added before the correction period ended.¹² Based on our review of these five awards, we found that two of them were not reported on FederalReporting.gov and were not identified as non-compliant by the agency in Quarter 4 of 2010, because these two awards did not appear on either list. The USDA agencies involved stated that these errors were not identified and corrected because the agencies relied on a data quality tool provided by OCFO, which did not identify all errors defined by OMB, or, during the agency's review, the error was overlooked. Additionally, when agencies successfully identified errors, they generally did not take actions beyond the minimum requirements, which did not always result in the recipient correcting the error because the guidance issued by OCFO did not include the use of penalties for the non-correction of erroneous data. USDA agency personnel stated that they did not consider the errors significant enough to impose penalties on the recipient. Penalties recommended by OMB include the restriction of funds or termination of the award. Without reliable data, USDA and others relying on this information cannot monitor the progress of awards or determine the outcome of Recovery Act programs.

FederalReporting.gov is a portal where award recipients submit their award information; this information is then made publicly available on Recovery.gov.¹³ Agencies cannot directly enter information on FederalReporting.gov, but must review the recipient-reported data for accuracy and to ensure that it complies with OMB guidance. Like all Federal agencies, USDA is responsible for establishing data quality reviews that will, at a minimum, focus on significant reporting errors and material omissions.¹⁴

USDA's OCFO is ultimately responsible for ensuring that information submitted by USDA agencies to both OMB and FederalReporting.gov is accurate. This includes following up with agencies to ensure that their measures to correct recipient reported data are effective. To accomplish this, OCFO has created the TRT to work with agencies and Recovery Act award

¹² The OCFO Master List is a comprehensive list of USDA Recovery Act awards populated with internal USDA agency award information and maintained by OCFO.

¹³ OMB-M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*, June 22, 2009.

¹⁴ According to OMB M-10-08, *Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*, December 18, 2009, significant errors include errors in award number, amount, and number of jobs reported. Additionally, though errors in the award date are not considered to be significant errors, the award date is part of the recommended edit checks in OMB guidance and is a key data element that facilitates project tracking.

recipients to ensure information is reported correctly. USDA agencies have dedicated staffs who review the recipient-reported data. However, despite these efforts, for the 4,974 recipient reported awards reported on FederalReporting.gov as of March 31, 2011, we found a total of 1,202 errors in the key fields of award number, date, and amount, five awards that were missing from the OCFO Master List, and two that were not reported on either the Master List or FederalReporting.gov in Quarter 4, 2010. Also, when an error was identified, OCFO guidance did not address imposing penalties on the recipient when misreported data were not corrected. Based on our review of the accuracy of the number of jobs reported by recipients, we initiated a new audit to focus on this area, *Data Quality Review of Recovery Act Jobs Reported for USDA Programs*, Audit 50703-0002-13. This audit has a planned completion date of November 2012.

Missing Reports on Master List

OCFO is to submit a complete list of awards—the Master List—at the end of every quarter to OMB.¹⁵ This Master List is used by OCFO to check FederalReporting.gov for any omissions and to keep OMB informed of USDA awards. We found five awards, totaling \$1.8 million, that were reported on FederalReporting.gov, but were not on the USDA Master List. These awards were identified and added to the Master List in May 2011. Based on our review of these five awards, we found that three were not reported on the Master List, and the other two were not reported on either the Master List or FederalReporting.gov for the quarter ending December 31, 2010. This occurred because OCFO did not perform control tests to identify omissions from the Master List. Instead, OCFO relied on USDA agencies to identify omissions using their internal lists, which were then provided to OCFO to compile the Master List. In this case, agency managers thought that these awards were being reported by another unit within the same agency but they were not. If the Master List is incomplete, data checks of FederalReporting.gov information will likewise be incomplete. We recommend that OCFO implement a process to ensure that all reportable awards are included on both the Master List and FederalReporting.gov.

Incorrect Award Numbers, Dates, and Amounts

We found 1,202 errors where the award number, date, or amount on the Master List did not match the same information on FederalReporting.gov. Specifically, we found 306 errors in the award number, 834 errors in the award date, and 62 errors in the award amount. OMB considers errors in award number and amount to be significant, and the award date is a key field necessary for logic checks and to monitor project progress.¹⁶ Although OCFO has a data quality tool that identifies errors in the data and shares this information with the agencies for their review, OCFO's tool does not incorporate all of the potential error checks included in OMB's guidance. OCFO officials explained that they check for errors according to the Recovery Accountability and Transparency

¹⁵ *USDA American Recovery and Reinvestment Act Section 1512 Recipient Report Information and Guidance*, October 15, 2010.

¹⁶ Specific logic checks are recommended by OMB to ensure that the data on FederalReporting.gov are logical and correct. For example, OMB recommends that agencies compare the "project status" field to the "amount invoiced" field to determine if the recipient is invoicing according to the status of the project.

Board's (Recovery Board) criteria.¹⁷ While a necessary and required measure to ensure that information is not omitted, the Recovery Board's criteria do not encompass all of the potential errors that OMB considers significant. We found that these errors were not identified because the agency relied on a data quality tool provided by OCFO, which did not identify all potential errors defined by OMB, or, during the agency's review the error was overlooked. OCFO stated that it is in the process of improving the data quality checks in the tool.

OCFO officials responded that some of the errors found may have been identified by the agencies in previous quarters, but not corrected by recipients, and the agency did not report the same error in the subsequent quarterly reviews. Some agencies did not re-report errors that continued to exist and were not corrected in previous quarters. OMB guidance does not explicitly state that errors previously identified must be re-addressed if they occur in subsequent quarters; however, each quarter stands on its own, and agencies must review and ensure the information on FederalReporting.gov is correct every quarter. To ensure that recurring errors from previous quarters are addressed, we recommend that OCFO require agencies to follow OMB guidance and report all significant errors and omissions each quarter.

Although agencies did not identify the above errors, they did identify other errors in other recipient-reported data on FederalReporting.gov. However, many of these identified errors went uncorrected by the recipient. Although the OCFO guidance encourages agencies to work with recipients, most agencies did not pursue any further action to correct the error once the recipient was notified. Currently, when an error is identified, the agency uses a preformatted error message that is posted as a comment attached to the award for the program recipient on FederalReporting.gov. If the error is not corrected by the recipient, the agency simply repeats the process without initiating further contact with the recipient, or confirming that the recipient acknowledged the error. Although OCFO's guidance encourages agencies to continuously correspond with the recipients, OCFO stated that further action is not mandated by OMB. One USDA agency official stated that harsh penalties for errors could not be justified, given the hardship of some of the recipients and the cost of reporting, versus the amount of the award received. OMB guidance M-10-08 states that for "recipients that demonstrate systemic or chronic reporting problems and fail to correct such problems as identified by Federal agencies, on a case by case basis, such findings of a Federal agency can result in termination of Federal funding." USDA agency personnel stated that they did not consider the errors significant enough to impose penalties upon the recipient. However, because of a much higher level of oversight and public awareness, these data fields are used to determine project status or the amount of funds attributed to a specific Congressional District. Therefore, we recommend that OCFO include progressive penalties to ensure the errors are corrected on FederalReporting.gov, such as warning letters that increase in severity up to restricting funds for the recipient.

¹⁷ The Recovery Accountability and Transparency Board was established by the Recovery Act to coordinate and conduct oversight of funds to prevent fraud, waste, and abuse. It oversees the FederalReporting.gov website and performs similar analyses to identify errors.

Without reliable data, USDA and others relying on this information cannot make sound decisions or accurately determine the impact of Recovery Act funding.

Recommendation 1

OCFO needs to work with the agencies to ensure there are consistent internal controls so that all reportable awards are submitted to both the Master List and FederalReporting.gov.

Agency Response

OCFO agrees with this recommendation. OCFO has updated its guidance and highlighted the requirements in OMB guidance to ensure that all awards are submitted to both the Master List and Federalreporting.gov. A meeting with Master List reporters, on September 19, 2012, addressed this requirement. OCFO will work with the agencies to ensure that consistent internal controls are implemented by validating that they are complying with the updated guidance. Agencies will be required to submit a quarterly report with assurances that they have well-designed and implemented internal controls.

OIG Position

We accept management decision for this recommendation. To achieve final action OCFO will provide the updated guidance reflecting the change to ensure that all awards are submitted to both the Master List and FederalReporting.gov, and the most recent quarterly report that assures the agency has internal controls in place to ensure that both lists are updated.

Recommendation 2

Include checks for significant errors, as identified in OMB Memorandum M-10-08, in the OCFO data quality tool and ensure that agencies are taking action to correct the errors identified.

Agency Response

OCFO agrees with this recommendation. OCFO has further strengthened its data quality tool to include checks on award date and award amount found in the “Anomalies” tab of the daily data extract file. This file provides daily extracts of Federalreporting.gov reports. OCFO also enhanced the tool that checks the reasonableness of the number of jobs reported, the project status, Treasury Account Fund Symbol, and Catalog of Domestic Assistance, among others. This information may be found on the “Flagged Reports” tab. It isolates the reports to review, and provides indication of whether the agency has reviewed the record and if any comments were made. These enhancements help agencies focus on potential errors and provide information to assist them in addressing any discrepancy. The extract is available on the Recovery Act SharePoint site, for OIG to access.

OIG Position

We accept management decision for this recommendation. To achieve final action, OCFO will provide a description and sample of the enhancements made to the data quality tool.

Recommendation 3

OCFO needs to provide guidance to the agencies to ensure that all errors and omissions are reported each quarter.

Agency Response

OCFO agrees with this recommendation. OCFO has updated its guidance as described above in response to recommendation 1. The guidance, coupled with the enhancements to the data extract, provides new tools to help address the errors. The extract now checks the significant error data elements and additional key data elements described in OMB Memorandum 10-08. This shows a good-faith effort by OCFO to go beyond what is required by OMB to ensure high-quality data.

OIG Position

We accept management decision for this recommendation. To achieve final action OCFO will provide the updated guidance reflecting the change to ensure that all awards are submitted to both the Master List and FederalReporting.gov, and the most recent quarterly report that assures the agency has internal controls in place to ensure that both lists are updated.

Recommendation 4

Update the OCFO guidance to include progressive steps that USDA agencies can take to ensure errors are corrected on FederalReporting.gov.

Agency Response

The guidance has been updated to include progressive steps that USDA agencies may take to ensure that errors are corrected on FederalReporting.gov.

OIG Position

We accept management decision for this recommendation. To achieve final action, OCFO will provide the updated guidance reflecting this change.

Scope and Methodology

We analyzed the Recovery Act data by comparing the recipient-reported award data reported on FederalReporting.gov to USDA's Master List of awards reported by USDA agencies to OCFO for the quarter ending March 31, 2011. We selected the quarter ending the March 31, 2011 reporting period because, at the beginning of our audit, it was the latest information available. We analyzed this data using a commercially available software package, Audit Command Language. Our tests were developed to identify non-compliant reporters, significant errors, and material omissions. We followed OMB and USDA Recovery Act guidance.¹⁸ Our tests determined whether:

- recipients subject to Recovery Act Section 1512 were fulfilling their reporting requirements.
- significant errors existed in reported award data.
- the number of jobs created and saved was accurately calculated by the recipient.

We reviewed public laws, OMB and USDA regulations, policies, procedures, and other controls governing the administration of the Recovery Act to ensure OCFO complied with the guidelines. We examined OCFO's policies, procedures, and internal controls to ensure they complied with OMB and USDA guidelines. We evaluated reports that resulted from reviews of recipient-reported data, *the Federal Manager's Financial Integrity Act (FMFIA) Report for Fiscal Year 2011*, and Government Accountability Office reports. We interviewed OCFO and USDA agency officials and obtained supporting documentation.

We conducted our audit work at USDA's National Office in Washington, D.C., from May 2011 through August 2012.

We conducted this review 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁸ M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the Recovery Act of 2009*, June 22, 2009; M-10-08, *Updated Guidance on the Recovery Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*, December 18, 2009; M-10-34, *Updated Guidance on the American Recovery and Reinvestment Act*, September 24, 2010; and *USDA American Recovery and Reinvestment Act Section 1512 Recipient Report Information and Guidance*, October 15, 2010.

Abbreviations

DUNS.....	Data Universal Numbering System
OCFO.....	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Officer of Management and Budget
TAS.....	Treasury Account Symbol
TRT.....	Transparency Reporting Team
USDA.....	Department of Agriculture

**USDA'S
OFFICE OF THE CHIEF FINANCIAL
OFFICER'S
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Office of the Chief
Financial Officer

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October 15, 2012

TO: Gil H. Harden
Acting Assistant Inspector General
for Audit

FROM: Jon H. Holladay -S- Jon M. Holladay
Acting Chief Financial Officer

SUBJECT: American Recovery and Reinvestment Act – USDA
FederalReporting.gov March 2011 Data Quality Review -
Audit Number 50703-0001-13

Thank you for the opportunity to address your comments on the Office of Inspector General (OIG) audit entitled, “American Recovery and Reinvestment Act – USDA FederalReporting.gov March 2011 Data Quality Review.”

This audit recommends that the Office of the Chief Financial Officer (OCFO):

- Strengthen its data quality tool;
- Work with agencies to ensure there are consistent internal controls to so that all reportable awards are included on both the Master List and FederalReporting.gov; and
- Update OCFO guidance to include progressive steps that USDA agencies can take to ensure errors are corrected on FederalReporting.gov.

These recommendations apply to programs funded by the American Recovery and Reinvestment Act of 2009 and other Web sites associated with Recovery.gov.

Recommendation 1:

OCFO needs to work with the agencies to ensure there are consistent internal controls so that all reportable awards are submitted to both the Master List and FederalReporting.gov.

Management Response:

OCFO has updated its guidance and highlighted the requirements in U.S. Office of Management and Budget (OMB) guidance to ensure that all awards are submitted to both the Master List and Federalreporting.gov. A meeting with Master List reporters, on September 19, 2012, addressed this requirement. OCFO will work with the agencies to ensure that consistent internal controls are implemented by validating that they are complying with the updated guidance. Agencies will be required to submit a quarterly report with assurances that they have well-designed and implemented internal controls. Please refer to the attached guidance.

Actual Completion Date: September 19, 2012

Recommendation 2:

Include checks for significant errors, as identified in OMB Memorandum M-10-08, in the OCFO data quality tool and ensure that agencies are taking action to correct the errors identified.

Management Response:

OCFO has further strengthened its data quality tool to include checks on award date and award amount found in the "Anomalies" tab of the daily data extract file. This file provides daily extracts of Federalreporting.gov reports. OCFO also enhanced the tool that checks the reasonableness of the number of jobs reported, the project status, Treasury Account Fund Symbol, and Catalog of Domestic Assistance, among others. This information may be found on the "Flagged Reports" tab. It isolates the reports to review, and provides indication of whether the agency has reviewed the record and if any comments were made. These enhancements help agencies focus on potential errors and provide information to assist them in addressing any discrepancy. The extract is available on the Recovery Act SharePoint site, for OIG to access.

Actual Completion Date: September 17, 2012

Recommendation 3:

OCFO needs to provide guidance to the agencies to ensure that all errors and omissions are reported each quarter.

Management Response:

OCFO has updated its guidance as described above in response to recommendation 1. The guidance, coupled with the enhancements to the data extract, provides new tools to help address the errors. The extract now checks the significant error data elements and additional key data elements described in OMB Memorandum 10-08. This shows a good-faith effort by OCFO to go beyond what is required by OMB to ensure high-quality data.

Gil Harden
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Actual Completion Date: September 18, 2012

Recommendation 4:

Update OCFO guidance to include progressive steps that USDA agencies can take to ensure errors are corrected on FederalReporting.gov.

Management Response:

The guidance has been updated to include progressive steps that USDA agencies may take to ensure that errors are corrected on FederalReporting.gov.

Actual Completion Date: September 18, 2012

If you have any questions or need additional information, please contact me at (202) 720-5539, or have a member of your staff contact Kathy Donaldson at (202) 720-1893.

Attachments

Informational copies of this report have been distributed to:

Administrator, Office of the Chief Financial Officer

Attn: Agency Liaison Officer (5)

Government Accountability Office (1)

Office of Management and Budget (1)

Office of the Chief Financial Officer

Attn: Director, Planning and Accountability Division (1)

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