



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

October 22, 2010

The Honorable Earl E. Devaney, Chairman
Recovery Accountability and Transparency Board
1717 Pennsylvania Avenue, N.W.
Suite 700
Washington, D.C. 20006

Re: Department of Commerce Office of Inspector General Approach to
Recovery Act Oversight

Dear Chairman Devaney:

Pursuant to your e-mail of October 14, 2010, this letter outlines the Department of Commerce Office of Inspector General's approach to oversight under the American Recovery and Reinvestment Act of 2009 (ARRA). Five Commerce Department bureaus received a total of \$7.9 billion under the Recovery Act: the National Oceanic and Atmospheric Administration (NOAA), Economic and Statistics Administration/Bureau of the Census (ESA), Economic Development Administration (EDA), National Institute of Standards and Technology (NIST), and National Telecommunications and Information Administration (NTIA).¹ As one of the ten Inspectors General appointed to the Recovery Board, and consistent with the OIG's ongoing mission, I am committed to providing active oversight of Recovery Act spending throughout Department of Commerce programs, contracts, and grants. Commerce OIG received \$16 million for this effort, and to date, OIG has spent \$2.3 million of its Recovery Act appropriation. Twenty- three staff members are currently dedicated to Recovery Act oversight.

We have successfully implemented clear, accurate, and timely reporting of OIG oversight activity through progress reports and audit and evaluation reports provided to Department management, Congress, and the public. In addition, as detailed below, I have testified before Congress. Our work has been recognized by the Department of Commerce for its high quality. We have conducted an extensive national training effort for Department employees and current and potential recipients of ARRA funds and we have hired experts to supplement our own resources. To date, we have responded to four congressional requests and have issued eight reports, with six more reports underway.² Our reporting was prioritized through a risk-based approach, also summarized below. Our Recovery Act Web site (www.oig.doc.gov/recovery) contains more extensive information.

¹ See Attachment A for a summary of Department of Commerce Recovery Act funding.

² See Attachment B for a complete list of testimony, reports, and letters.



Congressional Testimony

On March 19, 2009, I testified before the Subcommittee on Investigations and Oversight, House Committee on Science and Technology, on accountability and transparency in the science programs and initiatives that were funded through the Recovery Act. My testimony responded to the subcommittee's questions regarding science funding that the Department has received under the Recovery Act; risks the Department faces in spending its stimulus funds based on our prior audit and investigation work; and our planned approach for oversight.

Recognition

We are especially proud of the recognition our Recovery Act work received at the Department of Commerce. The Broadband team received the Secretary's Silver Medal for effective oversight of NTIA's \$4.7-billion Broadband Technology Opportunities Program (BTOP), resulting in improved broadband infrastructure deployment across America. The Broadband team carried out its oversight in a proactive and constructive way and in the process helped the Department and NTIA build a better program. The members of our Recovery Act Task Force assigned to the Broadband program demonstrated that it is possible to deliver rigorous oversight while maintaining constructive relationships with the program office.

In addition, the team responsible for the Review of Contracts and Grants Workforce Staffing and Qualifications in Agencies Overseeing Recovery Act Funds, done under the aegis of the Board and issued in March, won a departmental Bronze Medal for Superior Federal Service for its work.

Training

We have provided ongoing consultation to the Commerce Recovery Act Steering Committee and other working groups where OIG staff serve as advisory members, facilitating open communication within the Department on Recovery Act activities. Further, since March 2009, OIG's Recovery Act Task Force and Office of Investigations have conducted more than 100 on-site and video training sessions and briefings related to the mitigation of fraud, waste, abuse, and mismanagement of Recovery Act funding. This extensive national effort has reached a combined audience of over 3,300 Department of Commerce employees involved in procurements, grants, and programs, as well as current and potential recipients of Recovery Act grants. The six training topics developed and delivered by OIG staff address grants and contract management and fraud prevention. Two others—construction cost estimating and suspension and debarment—were created and presented by private contractors. In addition to their focus on transparency and accountability, all briefings emphasize whistleblower protections and encourage reporting to OIG of concerns about the use of Recovery Act funds.

Federal government employees and the public are invited to view the training slide presentations provided at <http://www.oig.doc.gov/recovery/training.html>.

Contract Experts

We have hired experts to supplement OIG staff and provide specialized expertise for workshop training or review of pre-award, administration, and performance measurement activities for certain technical programs.

OIG Recovery Act Risk-Based Approach and Process

We have executed a risk-based approach to target OIG activities on higher-risk programs and Department processes. We completed risk assessments for each Commerce program by analyzing four areas: strategic program, operations, legal and compliance, and fraud risk. Inputs to our process included the Recovery Act, Office of Management and Budget guidance, bureau risk assessment documentation, bureau spending and program plans, and information from OIG external audit, and Department A-123 processes. These helped OIG determine high-, medium-, or low risk—by program and by risk category. We have used this risk assessment as the basis for our 2011 Recovery Act audit plan.

Thank you for this opportunity to highlight our Recovery Act oversight.

Sincerely,

A handwritten signature in black ink that reads "Todd J. Zinser". The signature is written in a cursive style with a large, stylized "Z" at the end.

Todd J. Zinser

Attachment A:

DEPARTMENT OF COMMERCE RECOVERY ACT FUNDING

(in thousands)

Economic Development Administration (EDA) \$150,000	\$ 150,000	Grants to economically distressed areas to support efforts to create higher-skill, higher-wage jobs by promoting innovation and entrepreneurship and connecting regional economies with the worldwide marketplace
Census Bureau \$1,000,000	1,000,000	Hire new personnel for partnership and outreach efforts to minority communities and hard-to-reach populations, increase targeted media purchases, and ensure proper management of other operational and programmatic risks
National Oceanic and Atmospheric Administration (NOAA) \$830,000	230,000	Habitat restoration, navigation projects, vessel maintenance
	430,000	Construction and repair of NOAA facilities, ships, and equipment; improvements for weather forecasting and satellite development
	170,000	Climate computing and modeling
National Institute of Standards and Technology (NIST) \$610,000	220,000	Laboratory research supporting economic growth and innovation through competitive grants, research fellowships, and advance measurement equipment
	360,000	Maintenance and renovation backlog
	30,000	Funds from the Department of Health and Human Services for standards-related research on medical records; from the Department of Energy to develop a framework for an interoperable smart grid for the U.S. electric power system
National Telecommunications and Information Administration (NTIA) \$4,690,000 Broadband^a \$650,000 Converter box^b	3,890,000	Broadband Technology Opportunities Program—awards to eligible entities to develop and expand broadband services to rural and underserved areas and improve access to broadband by public safety agencies
	350,000	Broadband inventory mapping
	250,000	Sustainable adoption of broadband services
	200,000	Upgrade of public computer centers
	650,000	TV converter box coupons
Office of Inspector General \$16,000	16,000	Oversight
Total	7,946,000	

^aSince subject to \$302-million rescission.

^bSince subject to \$240-million rescission.

Attachment B:

CONGRESSIONAL TESTIMONY, REPORTS, LETTERS, AND WORK IN PROGRESS ON THE RECOVERY ACT

Congressional Testimony

- Inspector General's testimony on Recovery Act oversight before Subcommittee on Investigations and Oversight, House Committee on Science and Technology (March 19, 2009)

Reports and Letters

- *Review of Recovery Act Contracts and Grants Workforce Staffing and Qualifications at the Department of Commerce* (September 2010)
- Letter to Representative Issa re: federal requirements for Recovery Act signage (July 30, 2010)
- *NIST and NOAA Monitor Their Recovery Act Programs, but Performance Metrics Need to Measure Outcomes* (May 2010)
- *NTIA Must Continue to Improve its Program Management and Pre-Award Process for its Broadband Grants Program* (April 2010)
- Letter to Senator Pryor re: Recovery Act oversight activities (February 19, 2010)
- Letter to Senators Mikulski and Shelby re: status of NTIA Broadband Technology Opportunities Program (January 22, 2010)
- *More Automated Processing by Commerce Bureaus Would Improve Recovery Act Reporting* (December 2009)
- *Improvements Recommended for Commerce Pre-Award Guidance and NIST and NOAA Processes for Awarding Grants* (December 2009)
- *Commerce Has Implemented Operations to Promote Accurate Recipient Reporting, but Improvements Are Needed* (October 2009)
- *Commerce Experience with Past Relief and Recovery Initiatives Provides Best Practices and Lessons Learned on How to Balance Expediency with Accountability* (May 2009)
- *NTIA Should Apply Lessons Learned from Public Safety Interoperable Communications Program to Ensure Sound Management and Timely Execution of \$4.7-Billion Broadband Technology Opportunities Program* (March 2009)

In-Progress Reviews of Recovery Act Activities

- Review of the Effectiveness of NTIA's Monitoring of Broadband Technology Opportunities Program Grant Awards
- Recovery Act Grant Fraud Prevention and Detection Audit
- Review of American Reinvestment and Recovery Act Recipient Reporting Analysis
- Review of NIST's Oversight of ARRA Construction Grants
- Review of NTIA's Post-award Processes for Broadband Technology Opportunities Program
- Review of 2010 Partnership Program and American Reinvestment and Recovery Act Spending