



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

March 2, 2009

MEMORANDUM FOR: Otto J. Wolff
Acting Secretary of Commerce

A handwritten signature in blue ink that reads "Todd J. Zinser".

FROM: Todd J. Zinser

SUBJECT: Initial Oversight of the American Recovery and
Reinvestment Act of 2009

The Office of Inspector General has prepared an initial plan identifying the key oversight activities we will undertake to carry out our responsibilities under the American Recovery and Reinvestment Act of 2009 (the Recovery Act). A copy of our plan is attached.

As part of our plan, we will work closely with the Department and bureaus receiving Recovery Act funding to provide recommendations on internal controls and best practices as the agency-wide and program-specific Recovery Act plans are being prepared. Based on the content of those plans, which must be submitted to the Office of Management and Budget (OMB) by May 1, 2009, we will develop a comprehensive audit and investigative oversight plan for how our office will provide oversight of the Recovery Act funds allocated to the Department.

A key part of our approach will be to provide advice and recommendations to the Department and bureaus upfront in order to help prevent problems, as well as issue "flash" reports on any significant problems we do identify.

As a first step in our oversight process, we will be contacting the appropriate audit liaisons to schedule meetings to discuss each agency's initial efforts and plans to implement the requirements of the Recovery Act. We would also like to discuss our oversight approach to the stimulus funding and determine the types of technical advice and assistance we can provide, particularly in establishing program requirements and disbursing stimulus funds.



We anticipate that these preliminary discussions will be the first of many exchanges between our offices as we work together to promote economic recovery and establish the transparency and accountability that are the hallmarks of the Recovery Act.

If you have any questions or would like to discuss any aspect of the Recovery Act, please contact me at (202) 482-4661, or Judith Gordon, assistant inspector general for audit and evaluation at (202) 482-2754.

Attachment

cc: Sandi Walters, Chief Financial Officer and Chief Administrative Officer,
Economic Development Administration
Dr. Patrick D. Gallagher, Deputy Director, National Institute of Standards
and Technology
Mary M. Glackin, Deputy Undersecretary for Oceans and Atmosphere
Anna Gomez, Acting Assistant Secretary for Communications and Information
Thomas L. Mesenbourg Jr, Acting Director, U.S. Census Bureau

**U.S. Department of Commerce
Office of Inspector General**

**Initial Oversight Plan for the American
Recovery and Reinvestment Act of 2009**

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 into law. The Department of Commerce received \$7.946 billion in the Act.

The Act requires an unprecedented amount of transparency and accountability and sets out specific responsibilities for the Office of Inspector General to provide oversight of the Department's activities under the Act and its spending of funds appropriated by the Act.

Five Commerce bureaus, plus the Office of Inspector General, received funds in the Recovery Act for the following purposes:

Economic Development Administration

\$150 million for "Economic Development Assistance Programs," provided that:

- \$50 million shall be for economic adjustment assistance as authorized by section 209 of the Public Works and Economic Development Act of 1965, as amended.
- In allocating the funds in the previous proviso, the Secretary of Commerce gives priority consideration to areas of the nation that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring.
- Not more than 2 percent of the funds provided may be transferred to and merged with the appropriation for "Salaries and Expenses" for purposes of program administration and oversight.
- Up to \$50 million of the funds provided may be transferred to federally authorized regional economic development commissions.

Bureau of the Census

\$1.0 billion for "Periodic Censuses and Programs"

National Telecommunications and Information Administration

\$4.7 billion for "Broadband Technologies Opportunities Program," provided that:

- Of the funds provided, \$4.35 billion shall be expended pursuant to division B of the Act¹, of which: not less than \$200 million shall be available for competitive grants for expanding public computer center capacity, including at community colleges and public libraries; not less than \$250 million shall be available for competitive grants for innovative programs to encourage sustainable adoption of broadband service; and \$10 million shall be transferred to the “Department of Commerce, Office of Inspector General” for audits and oversight of funds provided for the Broadband Technologies Opportunities Program.
- Of the funds provided, \$350 million may be expended pursuant to Public Law 110-385² and for the purposes of developing and maintaining a broadband inventory map pursuant to division B of the Act.
- Of the funds provided, amounts deemed necessary and appropriate by the Secretary of Commerce, in consultation with the Federal Communications Commission (FCC), may be transferred to the FCC for the purposes of developing a national broadband plan or for carrying out any other FCC responsibilities pursuant to division B of the Act, and only if the Committees on Appropriations of the House and the Senate are notified not less than 15 days in advance of transfer of such funds.
- Not more than 3 percent of funds provided may be used for administrative costs, and this limitation shall apply to funds which may be transferred to the FCC.

\$650 million for “Digital-to-Analog Converter Box Program” for additional coupons and related activities under the program provided that:

- Of the amount provided, \$90 million may be for education and outreach, including grants to organizations for programs to educate vulnerable populations, including senior citizens, minority communities, people with disabilities, low-income individuals, and people living in rural areas, about the transition and to provide one-on-one assistance to vulnerable populations, including help with converter box installation.

¹ Division B of the Act calls for the Assistant Secretary of Commerce for Communications and Information, in consultation with the Federal Communications Commission, to establish a Broadband Technology Opportunities Program. The purpose of the program is to provide access to broadband service to citizens residing in unserved areas of the U.S.; provide improved access to broadband service to citizens residing in underserved areas of the U.S.; provide broadband education, awareness, training, access, equipment, and support to various community support organizations; improve access to, and use of, broadband service by public safety agencies; and stimulate the demand for broadband, economic growth, and job creation.

² Public Law 110-385—the Broadband Data Services Improvement Act—was signed into law on October 10, 2008. The Law aims “to improve the quality of Federal and State data regarding the availability and quality of broadband services and to promote the deployment of affordable broadband services to all part of the Nation.”

- The amount provided in the first proviso (\$90 million) may be transferred to the FCC if deemed necessary and appropriate by the Secretary of Commerce in consultation with the FCC, and only if the Committees on Appropriations of the House and the Senate are notified not less than 5 days in advance of transfer of such funds.

National Institute of Standards and Technology

\$220 million for “Scientific and Technical Research and Services”, \$360 million for “Construction of Research Facilities”, of which \$180 million shall be for a competitive construction grant program for research science buildings, \$20 million to be transferred from the Department of Health and Human Services for continued work on advancing health care information enterprise integration through activities such as technical standards analysis and establishment of conformance testing infrastructure, so long as such activities are coordinated with the Office of the National Coordinator for Health Information Technology, and \$10 million to be transferred from the Department of Energy to implement section 1305 of Public Law 110–140, the Energy Independence and Security Act of 2007.

National Oceanic and Atmospheric Administration

\$230 million for “Operations, Research, and Facilities” and \$600 million for “Procurement, Acquisition, and Construction”

Office of Inspector General

\$6.0 million for general oversight of funds provided to Commerce bureaus under the Act. In addition, the OIG received \$10 million from funds provided to NTIA for the Broadband Technologies Opportunities Program for audit and oversight of funds provided for that program.

In addition to funds for oversight, the Recovery Act also provides other responsibilities to the Commerce OIG as follows:

- The Commerce Inspector General is a member of the Recovery Accountability and Transparency Board. The Board is to coordinate and conduct oversight of covered funds to prevent fraud, waste, and abuse.
- The OIG will investigate whistleblower/reprisal complaints from employees of non-federal employers (contractors, grantees, and state or local government) receiving funds under the Act.

The OIG will work closely with the Department and bureaus to provide recommendations on internal controls and best practices as they are preparing the agency-wide and program-specific Recovery Act plans that

must be submitted to the Office of Management and Budget (OMB) by May 1, 2009. Based on the content of those plans, the OIG will develop a comprehensive audit and investigative oversight plan for how our office will provide oversight of the Recovery Act funds allocated to the Department. The elements of OIG's initial oversight plan are as follows:

- Participate in Department Steering Committee and Working Groups to make recommendations upfront on internal controls and procedures.
- Carry out responsibilities as a member of the Transparency and Accountability Board established by the legislation.
- Track departmental and bureau compliance with OMB guidelines for transparency and accountability.
- Track departmental and bureau actions to determine whether the requirements of the legislation are being met.
- Organize and staff the OIG to provide the most effective oversight program of stimulus spending while continuing to provide oversight in existing priority areas.
- Develop and deliver fraud awareness outreach to Commerce bureaus, grantees, and contractors.
- Develop and carry out a risk based audit plan for stimulus grant-making and contracting activities.

A one-page summary of Recovery Act funds appropriated to the Department of Commerce is attached.

American Recovery and Reinvestment Act of 2009
Department of Commerce Funding

Agency	Amount	Purpose (From Joint Explanatory Statement)
EDA	\$150,000,000	Leverage private investment, stimulate employment and increase incomes in economically distressed communities.
	\$50,000,000	Economic Adjustment Assistance to help communities recover from sudden and severe economic dislocation and massive job losses due to corporate restructuring.
	\$50,000,000	May be transferred to federally authorized, regional economic development commissions.
Census	\$1,000,000,000	To hire additional personnel, provide required training, increase targeted media purchases, and improve management of other operational and programmatic risks.
	\$250,000,000	Up to \$250,000,000 shall be for partnership and outreach efforts to minority communities and hard-to-reach populations.
NTIA	\$4,700,000,000	Broadband Technology Opportunities Program (TOP), to be available until September 30, 2010. For competitive grants to accelerate broadband deployment in unserved and underserved areas and to strategic institutions that are likely to create jobs or provide significant public benefits.
	\$350,000,000	To establish the State Broadband Data and Development Grant program, as authorized by Public Law 110-385 and for the development and maintenance of a national broadband inventory map as authorized by division B of this Act.
	\$200,000,000	For competitive grants for expanding public computer center capacity.
	\$250,000,000	For competitive grants for innovative programs to encourage sustainable broadband adoption.
OIG	\$10,000,000	To be transferred to the Department of Commerce Inspector General for audits and oversight of funds provided under this heading.
NTIA	\$650,000,000	For additional implementation and administration of the digital-to-analog converter box coupon program, including additional coupons to meet new projected demands and consumer support, outreach and administration.
	\$90,000,000	Of the amounts provided, up to \$90,000,000 may be use for education, and outreach to vulnerable populations including one-on-one assistance for converter box installation.
NIST		
Scientific and Technical Research and Services	\$220,000,000	For research, competitive grants, additional research fellowships and advanced research and measurement equipment and supplies.
	\$20,000,000	Provided by transfer from the Health Information Technology (HIT) initiative within this Act. For HIT activities, NIST is directed to create and test standards related to health security and interoperability in conjunction with partners at the Department of Health and Human Services.
	\$10,000,000	Provided to implement section 1305 of Public Law 110-140 Energy Independence and Security Act of 2007. SEC. 1305. SMART GRID INTEROPERABILITY FRAMEWORK. The Director of the National Institute of Standards and Technology shall have primary responsibility to coordinate the development of a framework that includes protocols and model standards for information management to achieve interoperability of smart grid devices and systems.
Construction of Research Facilities	\$360,000,000	To address NIST's backlog of maintenance and renovation and for construction of new facilities and laboratories.
	\$180,000,000	Of the amounts provided, \$180,000,000 shall be for the competitive construction grant program for research science buildings, including fiscal year 2008 and 2009 competitions.
NOAA		
Operations, Research, and Facilities	\$230,000,000	To address a backlog of research, restoration, navigation, conservation and management activities.
Procurement, Acquisition and Construction	\$600,000,000	For construction and repair of NOAA facilities, ships and equipment, to improve weather forecasting and to support satellite development.
	\$170,000,000	Of the amounts provided, \$170,000,000 shall address critical gaps in climate modeling and establish climate data records for continuing research into the cause, effects and ways to mitigate climate change.
OIG	\$6,000,000	To remain available until September 30, 2013.