



Audit Report



OIG-10-034

RECOVERY ACT: Improvement Is Needed in Treasury's Data Quality Reviews

January 28, 2010

Office of
Inspector General

Department of the Treasury

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Abbreviations

Board	Recovery Accountability and Transparency Board
BPD	Bureau of the Public Debt
CDFI Fund	Community Development Financial Institutions Fund
OFAS	Office of the Fiscal Assistant Secretary
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPE	Office of the Procurement Executive
Recovery Act	American Recovery and Reinvestment Act of 2009
SAO	Senior Accountable Official

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*The Department of the Treasury
Office of Inspector General*

January 28, 2010

Daniel Tangherlini, Assistant Secretary for Management of the Treasury, Chief Financial Officer, and Chief Performance Officer

This report presents the results of our audit of the Department of the Treasury's process for ensuring the quality of data reported by recipients of American Recovery and Reinvestment Act (Recovery Act) funds. We performed this engagement as part of our ongoing audit oversight of Treasury's non-Internal Revenue Service (IRS) programs and use of funds authorized by the Recovery Act.¹ Section 1512 requires recipients of Recovery Act funds from Federal agencies to report on the use of funds and that agencies make this information available to the public on their respective websites at the end of each calendar quarter beginning with the quarter ending September 30, 2009.² The Recovery Accountability and Transparency Board (the Board) has requested assistance from agency Inspectors General to determine whether their respective agencies have established a process for ensuring the quality of Section 1512 data reported by recipients of Recovery Act funds.

The objectives of this audit were to determine whether Treasury has policies and procedures in place for performing limited data quality reviews of Section 1512 data reported by recipients, to include whether the reviews were designed to identify material omissions and significant errors and, where necessary, a process in place for notifying recipients of misreported data for timely correction. Furthermore, since the Office of the Fiscal Assistant Secretary (OFAS) is responsible for distributing and administering

¹ Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

² Section 1512 (f) "Compliance - Within 180 days of enactment, as a condition of receipt of fund under this Act, Federal agencies shall require any recipient of such funds to provide the information required under subsection (c)".

much of Treasury's Recovery Act funds, we also determined whether OFAS has policies and procedures in place for performing data quality reviews of recipient reported data not required by Section 1512 but similar to the data required by Section 1512.³ Appendix 1 contains a more detailed description of audit objectives, scope, and methodology.

Results in Brief

We found that while data quality reviews were performed at the bureau- and program office-level, Treasury had not established written policies and procedures for its agency-wide oversight responsibilities. Specifically, there was nothing in writing to ensure consistency of data quality reviews performed across Treasury, nor did Treasury's Recovery Act team⁴ perform reviews to ensure completeness and accuracy of data reported in FederalReporting.gov.⁵ Therefore, we are recommending that Treasury establish written policies and procedures for agency-wide oversight of the data quality reviews that will ensure that delegated reviews are adequately and consistently performed. Those written policies and procedures should also ensure that all recipients awarded Recovery Act funds through Treasury programs are accurately reported in FederalReporting.gov each quarter and that recipient reports not related to Treasury programs are removed in a timely manner.

We also found that the Community Development Financial Institutions (CDFI) Fund, which distributes Recovery Act funds to recipients that fall under the Section 1512 reporting requirements and accounts for 69 of Treasury's 71 recipient reports, did not identify all errors and other discrepancies in the recipient reported

³ Programs under Division A of the Recovery Act are subject to the requirements of Section 1512 reporting. Treasury's grants in lieu of tax credit programs for low-income housing and specified energy property are under Division B. Division B programs do not require recipient reporting under Section 1512. However, OMB has determined that such data should be collected and made available upon request.

⁴ Treasury's Recovery Act team was established to carry out the day to day Recovery Act activities. It is headed by the Deputy Assistant Secretary (Management and Budget) and comprised of a program lead and four staff.

⁵ FederalReporting.gov is OMB's government-wide data collection system for Federal agencies and recipients of Federal awards to submit Recovery Act Section 1512 data. (<https://www.federalreporting.gov/federalreporting/home.do>).

data. We also found that CDFI Fund's process was not well documented, consistently applied, nor fully performed during the final review phase as required by the Office of Management and Budget (OMB). Accordingly, we are recommending that the CDFI Fund amend its policies and procedures to include detailed steps for identifying the proper source documents to review as well as the procedures to be applied so that reviews are conducted consistently. These procedures should also require that discrepancies/exceptions are documented in a central tracking system or spreadsheet to ensure their timely correction as well as to better enable final and supervisory reviews.

We found that OFAS, the office responsible for administering the grants-in-lieu-of-tax-credit Recovery Act programs, has a process for reviewing project performance reports received from recipients under the low-income housing program, but was still finalizing its system for collecting data from recipients under the specified energy property program during the time of our fieldwork. Since the data contained in the project performance reports will be used for monitoring recipients' compliance with their respective award agreements, we are recommending that OFAS ensure a system is in place for recipients to report data under the specified energy property program by January 1, 2010, to coincide with when the first reports are due.

Overall, management agreed with the recommendations contained in this report and is in the process of or already has taken steps to address them. Treasury's Recovery Act team issued a memorandum to bureaus and offices subject to Section 1512 reporting outlining the team's role at the Department level for current and subsequent reporting. Additionally, the CDFI Fund will, in accordance with our recommendation, track identified data field discrepancies in a consistent manner. That said, while the response to this report did not specifically address modifications to the CDFI Fund's policies and procedures for conducting data quality reviews, we encourage the policies and procedures be amended to address and clarify the source documents to be used in performing those reviews. Finally, OFAS management, in accordance with our recommendation, is also working on establishing a data collection system for the specified energy property program.

Although management expressed its commitment to addressing our recommendations in its written response, the response did not identify estimated dates for completing planned actions, which management will need to develop and record in the Joint Audit Management Enterprise System (JAMES), Treasury's audit recommendation tracking system. We will follow up on management's actions to address our recommendations as part of our ongoing audit oversight of Treasury's Recovery Act programs. Management's response is provided in appendix 2.

Background

The Recovery Act was enacted in response to what has been reported to be the most serious economic crisis since the Great Depression. The purposes of the Recovery Act are to preserve and create jobs and promote economic recovery; to assist those most impacted by the recession; to provide investments needed to increase economic efficiency by spurring technological advances in science and health; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and, to stabilize State and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The Recovery Act also provides that every taxpayer dollar spent on the economic recovery be subject to unprecedented levels of transparency and accountability and established new reporting requirements related to awarding and use of funds to promote transparency to help drive accountability for timely, prudent, and effective spending of Recovery Act dollars. Section 1512 requires that recipients of Recovery Act funds under Division A— *Appropriations Provisions* report on the use of those funds to awarding Federal agencies no later than 10 days after each calendar quarter. The Recovery Act does not require recipients under Division B— *Tax, Unemployment, Health, State Fiscal Relief, and Other Provisions*, to report on the use of funds as much of the relief is awarded through tax provisions.

Section 1512 specifically requires recipients to submit a report that contains the following information:

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- total amount of recovery funds received;
 - the amount of recovery funds received that were expended or obligated to projects or activities;
 - a detailed list of all projects or activities for which recovery funds were expended or obligated (name, description, evaluation of completion status, estimate of number of jobs created and retained, infrastructure investments made by states); and
 - detailed information on any sub-contracts or sub-grants awarded by the recipient to include data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006, allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of OMB.⁶

Federal agencies are also required by Section 1512 to make the information in recipients' reports publically available on their respective websites no later than 30 days after calendar quarter end.

In order for Federal agencies and recipients to fulfill their Section 1512 reporting obligations, the Board and OMB collaborated on a nationwide data collection system intended to reduce information reporting burden on recipients and simplify reporting instructions. That nationwide data collection system, known as FederalReporting.gov, allows agencies and recipients to submit, view, comment, update, and correct Section 1512 reports. The system works in conjunction with Recovery.gov to provide a comprehensive solution for recipient reporting and Recovery Act data transparency. Once awarding agencies review recipient reports in FederalReporting.gov, reports are made available on Recovery.gov to the public.

OMB also provided guidance in M-09-21 to assist prime recipients, sub-recipients, and awarding agencies implementing Section 1512

⁶ Pub. L. No. 109-282

reporting requirements.⁷ The following milestones were established for the reporting and reviewing of recipient data.

Milestones

- During days 1-10 following the end of the quarter, recipients and delegated sub-recipients prepare and enter their reporting information. Prime recipients and delegated sub-recipients that have not submitted their data reports by the end of the 10th day will be considered non-compliant with the recipient reporting requirements.⁸
- During days 11-21 following the end of the quarter, prime recipients ensure that complete and accurate reporting information is provided prior to the Federal agency comment period beginning on the 22nd day. Agencies may perform an initial review of the information in a “view-only” mode during this time period, but they will not be allowed to provide official feedback to prime recipients.⁹
- During days 22-29 following the end of the quarter, Federal agencies review and, if determined, comment on the submitted reporting information. Submitted reports will not be editable by prime recipients or delegated sub-recipients during this time period unless notified by the Federal agencies. The Federal agencies will perform a data quality review to assess the completeness and accuracy of the reporting.¹⁰

In its guidance, OMB required agencies to develop internal policies and procedures for reviewing reported data for compliance, accuracy, and consistency with Federal award data and reasonableness of additional data provided in accordance with Section 1512 reporting. Federal agencies were required to review

⁷ 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).

(http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21.pdf)

⁸ The first milestone for recipient reporting was October 1-10, 2009.

⁹ The second milestone for recipient data review was October 11-21, 2009.

¹⁰ The third milestone for agency review was October 22-29, 2009.

recipient data for material omissions and significant reporting errors.

- Material omissions are defined as instances where required data is not reported or reported information is not otherwise responsive to the data requests resulting in significant risk that the public is not fully informed as to the status of a Recovery Act project or activity.
- Significant reporting errors are defined as those instances where required data is not reported accurately and such erroneous reporting results in significant risk that the public will be misled or confused by the recipient report in question.

OMB provides that agencies should also coordinate how to apply definitions of material omissions and significant errors within and across program areas in a given agency for ensuring consistency in the manner in which data quality reviews are carried out within an agency.

Also, in its implementation guidance, OMB required that agencies designate a Senior Accountable Official (SAO) responsible for coordinating across bureaus, program offices, and programs.¹¹ Treasury designated the Assistant Secretary for Management of the Treasury, Chief Financial Officer and Chief Performance Officer as the SAO. To further assist the SAO, a Recovery Act team was established to carry out the day to day Recovery Act activities. In addition, bureau accountable officials and Recovery Act teams were established to carry out Recovery Act activities within each of the program offices that received Recovery Act funds.

Recipients of Recovery Act funds awarded through a Division A program that were required to report Section 1512 data include recipients under the CDFI Fund grant program and contractors providing support services to the CDFI Fund. The related contracts are administered by the Bureau of the Public Debt (BPD). Although Treasury's programs for the low-income housing and specified

¹¹ OMB Memorandum 09-15, "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009" (April 3, 2009).

energy property are under Division B, OFAS requires data consistent with Section 1512 to be submitted to Treasury as a condition of award.

Findings and Recommendations

Finding 1 Treasury Should Establish Written Policies and Procedures for Agency-Wide Oversight of Data Quality Reviews

Treasury has not established written policies and procedures for its agency-wide oversight responsibilities related to the data reported under its Recovery Act programs. Specifically, Treasury lacks written policies and procedures to provide for consistent reviews of data quality as well as completeness and accuracy of data reported in FederalReporting.gov. Treasury's Recovery Act team relied on the data quality reviews performed by the program offices. However, we found that the program offices did not always adequately perform their reviews.

According to OMB M-09-21, agencies are required to develop internal policies and procedures for reviewing Section 1512 reported data. Data quality reviews are intended to emphasize the avoidance of two key data problems, material omissions and significant reporting errors. Included in the guidance, Federal agencies are tasked with coordinating across their programs to ensure consistency in the manner in which data quality reviews are carried out.

We interviewed the Treasury's Recovery Act team to determine how the team planned to ensure Treasury's compliance with Section 1512 and OMB M-09-21 requirements. According to the team, they did coordinate with the program offices through discussions and written correspondence. The team, however, did not establish written policies and procedures for the performance of data quality reviews nor did it develop internal processes to provide for its own oversight responsibilities.

During the recipient review phase (days 11 – 21), we looked at FederalReporting.gov and discovered 82 reports attributed to Treasury. This was unexpected because we were informed that

only 69 CDFI Fund grant recipients were required to report Section 1512 data. Accordingly, we immediately contacted Treasury's Recovery Act team to inquire as to the validity of the 13 unexpected reports. Treasury's Recovery Act team researched the anomaly and informed us that two of the reports did relate to contracts in support of the CDFI Fund grant program and were required to be reported under Section 1512 (these contracts are administered by BPD on behalf of the CDFI Fund). We also learned that one report submitted by Alaska was erroneous and would be removed. The team also confirmed to us that the remaining 10 reports were either coded incorrectly or were not Recovery Act contracts and should not have been reported at all. The team ensured that these reports would be reassigned to the applicable agency or removed, if appropriate. At the end of the exercise, Treasury's Recovery Act team confirmed that 71 recipients were required to report Section 1512 data.

With regard to the two contracts administered by BPD on behalf of the CDFI Fund, we followed up with the Office of Procurement Executive (OPE) and BPD as to whether data quality reviews were performed. Although OPE delegated the data quality review to BPD which was responsible for administering the contracts, no written policies and procedures for reviewing recipient contract data were developed. That said, with assistance provided by OPE personnel, BPD staff did perform the reviews and no data quality issues were identified.

We found that while BPD and the CDFI Fund established processes for performing data quality reviews, the processes were not well documented. Accordingly, Treasury needs to ensure the program offices have well developed and documented policies and procedures that meet OMB M-09-21 data quality review requirements. Furthermore, while Treasury's Recovery Act team did resolve the reporting errors that were identified, Treasury needs to establish a process for tracking identified errors to ensure they are corrected properly and in a timely manner.

Recommendation

We recommend that the Senior Accountable Official:

Establish written policies and procedures for agency-wide oversight of the data quality reviews in accordance with Section 1512 of the Recovery Act and OMB M-09-21 that will ensure that delegated reviews are adequately and consistently performed. Those policies and procedures should also ensure that all recipients awarded Recovery Act funds through Treasury programs are accurately reported in FederalReporting.gov each quarter and that recipient reports not related to Treasury programs are removed in a timely manner.

Management Response

Management expressed a commitment to address our recommendation and has taken action by issuing a memorandum to bureaus and offices outlining the Recovery Act team's role in current and future recipient reporting periods.

OIG Comment

Management's action meets the intent of our recommendation if the issued memorandum addresses all items in our recommendation. We will follow up on management's actions as part of our audit oversight of Treasury's Recovery Act programs.

Finding 2

CDFI Fund's Data Quality Review Process Did Not Identify All Errors or Discrepancies in Recipient Reported Data

The CDFI Fund's process for reviewing recipient data did not identify all errors or discrepancies in recipient reports. Furthermore, while the CDFI Fund did establish a summary level policy for reviewing recipient data, we found that there were no specific written procedures for performing and documenting such reviews. For example, the policy did not provide the reviewer with clear guidance on how to verify the reported data, assess its reasonableness, or track identified discrepancies. We also found

that the reviews performed during the final agency review phase did not fully comply with OMB M-09-21.

The CDFI Fund created a team consisting of five staff focused specifically on its Recovery Act activities with four of the five staff dedicated to performing data quality reviews. Recovery Act grants were awarded to 69 qualifying CDFIs that were required to report Section 1512 data. Much of the data required under Section 1512 was already being collected by the CDFI Fund as part of its regular annual reporting requirements. The CDFI Fund took several measures to prepare recipients for the first reporting milestone of October 1-10, 2009, by encouraging early registering in the FederalReporting.gov system and providing instructions through a webinar. In addition, a Quarterly Institution Level Report (QILR) was developed by the CDFI Fund in July 2009 to capture much of the annual reporting data on a quarterly basis to aid in the data quality review process.

To prepare for the data quality review process, the CDFI Fund developed a summary policy, *Recovery Act Team QILR and FederalReporting.gov Internal Process*, that provided, among other things, a timeline for review. The CDFI Fund also provided guidelines for performing the data quality reviews in, *Internal Process for Reviewing FederalReporting.gov Data*. These guidelines addressed the need to check for the completeness, consistency, and reasonableness of recipient data. However, the policy and guidelines did not include detailed steps for performing reviews to ensure information in FederalReporting.gov was accurate. Specifically, the policy and guidelines did not identify all independent source documents to be used during the actual review process or require reviewers to document discrepancies/exceptions for follow up. For example, we found that reviewers were documenting discrepancies/exceptions individually and not in a central tracking system or spreadsheet.

The CDFI Fund reviewers started the first quarter review earlier than required by OMB (days 11 – 21). Based on this early review, three significant errors and several other minor discrepancies were discovered and recipients were notified via phone calls and e-mails to make the necessary corrections.

During the final agency review phase (days 22 – 29), however, we found that the CDFI Fund reviewers did not perform an overall data quality review of all recipient reports as required in OMB M-09-21. Instead, reviewers checked that recipients made the corrections that had been identified and communicated during the early review. If it was determined that change was not made, the CDFI Fund reviewers made formal comments in FederalReporting.gov so that the system could be unlocked, allowing the cognizant recipient(s) to make the necessary change(s). During our review of 4 of the 69 recipient reports, we found a number of discrepancies after the final lock down of data on October 30, 2009, that were not identified by reviewers during the final agency review phase. We believe that 4 of these discrepancies could be considered significant. These discrepancies related to the number of jobs created and retained, the addresses for two primary places of performance, and the use of an incorrect Treasury Account Symbol (TAS).¹²

We also noted that the CDFI Fund did not review for the accuracy of Congressional district information from source documentation. Instead, we were told that reasonableness checks were made based on what was known about the recipient.

Other discrepancies we noted resulted from FederalReporting.gov data not agreeing with the source documents identified in CDFI Fund's policy, *Internal Process for Reviewing FederalReporting.gov Data*. However, we did not consider these discrepancies significant errors since we were able to verify the data from other independent sources.

Because the errors and discrepancies that we identified resulted from a review of only 4 of the 69 recipient reports, we determined that CDFI Fund's review process was not well designed in that it allows for potentially material omissions and significant errors to be reported without detection or prevention. As a result, we did not perform additional testing to make projections across all recipient reports. Furthermore, because we did not test the other 65 recipient reports, it is possible that significant errors or material omissions could exist in the CDFI Fund's recipient reports.

¹² TAS is an identification code assigned to an appropriation, receipt, or other fund account that, in this case, was used to identify the CDFI Fund's program account.

Although CDFI Fund did establish a process for reviewing recipient reported data in accordance with Section 1512, improvement in the design of its process is needed to ensure potentially material omissions and significant errors are identified and corrected prior to the lockdown of data in FederalReporting.gov. Furthermore, CDFI Fund should also comply with OMB's requirement that agencies perform data quality reviews during the final review phase.

Recommendation

We recommend that the Senior Accountable Official ensure that the CDFI Fund do the following:

Amend its existing policies and procedures to include, among other things, steps to identify the proper source documents to review as well as the procedures to be applied so that reviews are conducted consistently. The procedures should also require that discrepancies/exceptions be documented in a central tracking system or spreadsheet to ensure their timely correction as well as to better enable final and supervisory reviews.

Management Response

Management expressed a commitment to address our recommendation and has taken action to consistently track data quality issues.

OIG Comment

Management's response meets the intent of our recommendation. However, while the response to this report did not specifically address modifications to the CDFI Fund's policies and procedures for conducting data quality reviews, we encourage the policies and procedures be amended to address and clarify the source documents to be used in performing those data quality reviews. Treasury will also need to establish estimated completion dates for its planned actions to address this recommendation and record that information in JAMES. We will follow up on management's actions as part of our audit oversight of Treasury's Recovery Act programs.

Finding 3

OFAS Should Ensure a System Is in Place for Collecting Recipient Data Under the Specified Energy Property Program

OFAS needs to ensure that a system is in place for collecting annual project performance reports from recipients under the specified energy property program no later than January 1, 2010, as the first reports are due starting that month. Currently, OFAS does not have a system in place for collecting and reviewing recipient reports. It is our understanding that an automated process for reporting will be in place for the January 2010 reporting cycle. Without a mechanism for collection, recipients will be unable to fully comply with the terms and conditions of their award agreements and OFAS will be unable to effectively monitor and report on the specified energy property program.

In accordance with the program terms and conditions for awards, recipients under both the low-income housing and specified energy property programs must submit project performance reports containing data consistent with Section 1512 requirements. Reports are to be collected quarterly for the low-income housing program and annually for the specified energy property program. Although these reports are not subject to data quality reviews required by OMB M-09-21, OMB has stated that it expects OFAS to provide Section 1512-like data upon request. Furthermore, it is our understanding that OFAS intends to use these reports as a monitoring tool for assessing recipients' compliance with the terms and conditions of their awards.

To date, 40 state recipients under the low-income housing program have submitted quarterly reports electronically to Treasury's website established for this program. OFAS staff ensured all required reports were received and that all information was reported. This data was reviewed and found by OFAS staff to be complete.

Recipient data under the specified energy property program will not be available to OFAS until January 2010 at which time OFAS plans to have an automated system in place for recipients to submit their data. To collect recipient data, OFAS plans to add a reporting

functionality to the existing application system developed and managed by Department of Energy's National Renewable Energy Laboratory. Termed "Phase 3 Reporting," the reporting functionality will allow awardees to log into the application system and enter their annual project reports and supporting documentation for any change in ownership, interruption in service, and annual energy production reports. Recipients are also required to certify that property has not been disposed of to a disqualified person, continues to qualify as specified energy property, and the recipient has not claimed the equivalent tax credit. The system will be designed to send out automated email reminders to awardees 30 days before the annual report is due, as well as, additional follow-up emails.

Once reports are received, OFAS plans to perform high level reviews to confirm that reports were completed properly, information matches applications, and documentation supports any change in ownership or interruption of service. OFAS also intends to use the information for its monitoring of recipient compliance with award agreements.

Information collected for both the low-income housing and specified energy property programs will be summarized and made available to the public on Treasury's Recovery Act website. As of the date of this report, information collected on the low-income housing program was not posted to Treasury's Recovery Act website.

Recommendations

We recommend that the Senior Accountable Official ensure that OFAS do the following:

Establish a system for recipients under the specified energy property program to submit annual project performance reports as required in the award agreements.

Management Response

Management concurred with our recommendation and is working on establishing a data collection system.

OIG Comment

Management's response meets the intent of our recommendation. Treasury will need to establish estimated completion dates for its planned actions to address this recommendation and record that information in JAMES. We will follow up on management's actions as part of our audit oversight of Treasury's Recovery Act programs.

Management's response is provided in appendix 2.

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We appreciate the courtesies and cooperation provided to our staff during this audit. If you wish to discuss this report, you may contact me at (202) 927-5400 or Joel Grover, Deputy Assistant Inspector General for Financial and Information Technology Audits, at (202) 927-5768.

Marla A. Freedman
Assistant Inspector General for Audit

In September 2009, the Recovery Accountability and Transparency Board (Board) requested assistance from agency Inspectors General to determine whether their respective agencies have established a process for ensuring the quality of Section 1512 data reported by recipients of Recovery Act funds. Based on the Board's request, we determined whether Treasury has policies and procedures in place for (1) performing data quality reviews of recipient-reported Section 1512 data designed to detect material omissions and significant reporting errors and (2) communicating problems associated with that recipient-reported data for timely correction. Furthermore, because much of Treasury's recipients have or will receive Recovery Act funds not covered by Section 1512 reporting requirements, we also determined whether the Fiscal Assistant Secretary (OFAS) has policies and procedures in place for (1) performing data quality reviews of recipient reported data not covered by Section 1512 reporting requirements designed to detect material omissions and significant reporting errors and (2) communicating problems associated with that recipient reported data for timely correction.

We conducted our audit fieldwork during October and November 2009. We reviewed applicable guidance provided by the Board for reviewing the agencies data quality process; reviewed guidance provided by OMB to agencies for implementing recipient reporting on use of funds; met with bureau and program office staff responsible for performing data quality reviews of recipient data; interviewed key Treasury personnel responsible for ensuring data quality reviews are performed; interviewed OMB officials to gain an understanding of OMB's expectations regarding the collection and reporting of recipient data not subject to Section 1512 reporting requirements; and, performed walkthroughs of program office reviews of recipient data to assess the effectiveness of Treasury's review process. We performed our work at the Community Development Financial Institutions Fund and the Office of the Fiscal Assistant Secretary.

Our audit was conducted in accordance with generally accepted government auditing standards for performance audits. 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.

Appendix 2
Management's Response




ASSISTANT SECRETARY

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

January 22, 2010

MEMORANDUM FOR: Marla A. Freedman
Assistant Inspector General for Audit

FROM: Dan Tangherlini 
Assistant Secretary for Management
and Chief Financial Officer

SUBJECT: Recipient Reporting Data Quality Audit Report

Thank you for the opportunity to review and comment on this report. As noted in the report, the American Recovery and Reinvestment Act (ARRA) is an unprecedented government response to the economic downturn associated with the financial crisis that began in the Fall of 2008. The Administration has implemented the Act with the goal of ensuring the highest levels of transparency and accountability to taxpayers over how funds are allocated and spent and the impact of this spending on the economy as a whole. The recipient reporting requirements included in Section 1512 of the Act reflect that spirit of transparency and accountability.

In light of this unprecedented effort, I am proud of the results the Treasury Department achieved in the first quarter reporting period: we were one of a small number of federal Agencies and Departments to achieve 100 percent compliance with the reporting requirements, with all reports made timely, complete, and without significant error or material omissions, as defined in OMB guidance memorandum M-09-21.

Bearing this successful result in mind, there is always room for improvement. We appreciate your feedback on Treasury's process for ensuring the quality of data reported by recipients of ARRA funds.

We also share the OIG's belief that written policies and procedures are important to ensuring consistency of data quality reviews across Treasury and completeness and accuracy of data reported in FederalReporting.gov.

Appendix 2 Management's Response

Below are our responses to your specific recommendations.

Recommendation 1. Treasury should establish written policies and procedures for agency-wide oversight of data quality reviews.

In advance of the second quarter reporting period, the Deputy Assistant Secretary for Management and Budget, who leads the Recovery Act team at the Departmental level under my direction, issued a memorandum to all Treasury bureaus and offices subject to reporting outlining the role the Department will play in data quality reviews for current and subsequent reporting periods.

Recommendation 2. CDFI should improve the design of its processes to ensure potentially material omissions and significant errors are identified and corrected prior to lockdown of the data.

As mentioned above, I am very proud of Treasury's successful result in the first quarterly reporting period. However, as part of our emphasis on continuous improvement, we have taken steps to address the issues you raise in your report related to consistency in our tracking of data quality issues. OMB issued updated guidance on December 18, 2009, with subsequent amendments and clarifications, for the second reporting period, significantly revising how jobs created/saved are to be calculated and clarifying areas of focus for data quality reviews. Several of the data quality concerns raised, including inconsistencies in the address and zip code fields, are addressed in this updated guidance as "data anomalies" which agencies should endeavor to correct, these should not be considered significant errors. The Recovery Accountability and Transparency Board has made further adjustments to FederalReporting.gov to address errors in Congressional districts, CFDA numbers, and other issues, and to allow for continuous corrections of the data after the close of the reporting period.

Recommendation 3. OFAS should ensure a system is in place for collecting recipient data under the specified energy property program.

The Cash Payment in Lieu of Tax Credit programs administered by Treasury's Office of the Fiscal Assistant Secretary (OFAS) are not subject to ARRA Section 1512 reporting requirements. However, we concur with your recommendation that OFAS establish a system to collect recipient data. OFAS has taken steps to enable collection and verification of information similar to that of recipient reporting.

For the specified energy property program, funds are disbursed after the property is placed in service; as a result, reporting cycles will vary depending on the placed into service date of each individual property. OFAS is working to establish its data collection system.

Appendix 3
Major Contributors to This Report

Donna Joseph, Director
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Erica Wardley, Auditor in Charge
Gerald Kelly, Auditor in Charge
Nicholas Slonka, Auditor
Theresa Cameron, Referencer

Department of the Treasury

Deputy Secretary
Assistant Secretary for Management of the Treasury,
Chief Financial Officer, and Chief Performance Officer
Acting Fiscal Assistant Secretary
Deputy Assistant Secretary, Management and Budget
Deputy Chief Financial Officer
Senior Procurement Executive
Director, Office of Strategic Planning and Performance
Management
Director, Community Development Financial Institutions Fund
Office of Tax Policy
Treasury Inspector General for Tax Administration
Deputy Director, Office of Performance Budgeting

Office of Management and Budget

OIG Budget Examiner

Department of Health and Human Services

Office of Inspector General

Recovery Accountability and Transparency Board

Government Accountability Office

