



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

RECOVERY



RECOVERY OVERSIGHT ADVISORY

Summary of Data Quality Review Efforts



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To: Chris Henderson
Senior Advisor to the Secretary for Economic Recovery and Stimulus

From: *for Robert A. Knox*
Robert A. Knox
Assistant Inspector General for Recovery Oversight

Subject: Recovery Oversight Advisory - Summary of Data Quality Review Efforts (ROO-ROA-MOA-A001-2010)

This advisory informs you of our efforts to assess the quality of data reported by recipients and is part of our ongoing efforts to oversee and ensure the accountability of funding appropriated to the U.S. Department of the Interior (DOI) in the American Recovery and Reinvestment Act of 2009 (Recovery Act).

We will post this advisory on our Web site (www.doiioig.gov/recovery/) and on Recovery.gov. Information contained in this advisory may also be included in our semiannual reports to Congress. Please contact me if you have any questions.

Phase 1 of Data Quality Review

We began a multiphase review of the quality of data reported by Recovery Act recipients on September 11, 2009. Our objective for Phase 1 of this effort was to determine whether DOI had established a process to perform limited data quality reviews intended to identify material omissions and/or significant reporting errors, and to notify the recipients of the need to make appropriate and timely changes.

This phase was completed as planned, and a report was issued on October 30, 2009.¹ We determined that DOI had a data quality review plan but had not defined specific review steps that would be taken to assess the quality of recipient reports, primarily because DOI staff was unsure as to what data (and format) would be available from www.federalreporting.gov, the site recipients use to report use of Recovery Act funds.

Phase 2 of Data Quality Review

Phase 2 of the review was designed to assess how DOI implemented their plan and processes to assess recipient reports. As we began this phase, the Recovery Accountability and Transparency Board (RATB) issued a call for Offices of Inspector General (OIG's) to participate voluntarily in their prescribed Phase 2 review plan. This review was led by the Department of

¹ ROO-IN-MOA-A001-2009 Recovery Oversight Audit - Interim Audit Report of Recovery Act Data Quality Review, October 30, 2009. Report found at <http://www.doiioig.gov/images/stories/pdf/InterimAuditReport-DataQualityF10-30-09.pdf>.

Transportation (DOT) OIG with the following objective: “To determine whether, during the first Section 1512 reporting cycle, each participating OIG's Department (1) identified inaccurate data and missing recipient reports, (2) identified the cause(s) of the inaccurate data or missing reports, and (3) mitigated the causes/errors.”

We suspended our Phase 2 effort and redirected our work to participate in the RATB initiative, which we completed by providing input to DOT OIG on January 15, 2010. Specifically, we provided anecdotal information from DOI on their data quality reviews, DOI answers to specific RATB survey questions, our validation of DOI's list of non-reporting recipients, a listing of problems encountered in the reporting process, an assessment of the reasons stated by recipients for non-reporting, and a response to inaccuracies identified by the RATB. DOT OIG issued their final report on February 23, 2010.²

Review of Job Creation Data

In parallel with our effort to respond to the RATB initiative, we began an evaluation to assess reported job creation data for the first reporting period, which ended on September 30, 2009. We chose a sample of 39 reports submitted to www.federalreporting.gov. We contacted as many of these recipients as possible to assess how they determined the numbers of jobs created by Recovery Act funds. We found significant overestimates of these numbers; in total, our sample of recipient reports overestimated jobs created by Recovery Act funds by almost 100%. In our interviews with recipients, we found that unfamiliarity with reporting requirements and the reporting system were the primary causes of the overstatement of jobs. In some cases, recipients were unaware of the method prescribed by the Office of Management and Budget (OMB) to calculate jobs created by the Recovery Act.

We enhanced this initial effort by assessing job creation data for the second reporting period ending December 31, 2009. Using a similar sampling methodology, we found better compliance with OMB guidance for job reporting (recognizing that OMB changed their definition of job creation for the second period to jobs funded by the Recovery Act and not those created or retained with Recovery Act funds). The results from our sample of 31 reports revealed a total overstatement of 37.53 Full-Time Equivalents (FTEs)³. The total number of jobs reported from these reports was 77.37 FTEs with a 37.53 FTE overstatement; the correct number that should have been reported was 39.84 FTEs. The actual number was overstated by nearly 94%. However, we found that the overestimate was primarily caused by one recipient, who reported 36 jobs but claimed that no work had started as of Dec 31, 2010; thus, this resulted in an overstatement of all 36 jobs. We also found that the number of recipients that incorrectly reported dropped from 56% in the first reporting period to 22% in the second reporting period. This improvement indicates the positive effect of DOI's efforts to support recipients by providing clear guidance on job creation reporting responsibilities.

² “Recovery Act Data Quality: Errors in Recipients' Reports Obscure Transparency” issued by DOT OIG on February 23, 2010. Report can be found at <http://www.recovery.gov/About/board/Documents/Data%20Quality%20Phase%20II%20Final%20Report%2002-23-2010%20508.pdf>.

³ The number of jobs created as a result of funding by the Recovery Act is expressed as FTEs, which are calculated cumulatively as all hours worked divided by the total number of hours in a full-time schedule, as defined by the contractor. For instance, two full-time employees and one part-time employee working half days would be reported as 2.5 FTE in each calendar quarter.

Significant Non-Compliers

In a final effort, we assessed the status of DOI significant non-compliers. On May 4, 2010, OMB issued guidance titled, “Holding Recipients Accountable for Reporting Compliance under the American Recovery and Reinvestment Act.” In addition to requiring agencies to intensify their efforts to ensure recipients report on use of Recovery Act funds, the guidance requires agencies to deal with non-compliant reporters. For a recipient who has not reported as required for two or more consecutive reporting periods (significant non-complier), the guidance suggests agencies could withhold payments until reports were properly filed.

We reviewed tables available on Recovery.gov for non-compliant reporters who failed to report for two consecutive periods as of the June 2010 quarterly reporting date. We found that two DOI recipients (National Park Service (NPS) recipient, Sunland Industries LLC; Bureau of Land Management (BLM) recipient, Pridemore Construction, Inc.) had not reported for two consecutive quarters. We contacted NPS and found they were aggressively pursuing the Sunland Industries LLC to report as required. The company was notified previously in a May 25, 2010 letter that it was delinquent in reporting. In an August 11, 2010 letter, the Contracting Officer noted “to avoid further negative actions to include suspension and debarment and termination of federal funding, you must report during the next reporting period, October 1-10, 2010.” BLM sent Pridemore Construction, Inc., an initial Non-Compliant Delinquency Notification on May 26, 2010 and followed up with a telephone call. As of October 13, 2010, neither company had fulfilled its reporting obligation for the third time. The OIG is assisting the Department in its determination as to what actions are appropriate with respect to these two companies.

cc: Deputy Secretary, Department of the Interior
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