



OFFICE OF INSPECTOR GENERAL



DEPARTMENT OF THE INTERIOR

RECOVERY OVERSIGHT ADVISORY

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RECOVERY OVERSIGHT OFFICE

Washington, DC 20240

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

From: Robert A. Knox 
Assistant Inspector General, Recovery Oversight Office

Subject: Recovery Oversight Advisory – Concerns About Catalog of Federal Domestic Assistance Numbers (ROO-ROA-MOA-1013-2009)

To safeguard taxpayer dollars, Congress provided us with funding to oversee and ensure accountability of the \$3 billion appropriated to the Department of the Interior (DOI) in the American Recovery and Reinvestment Act of 2009 (Recovery Act). We are focused on: preventing fraud, waste, and mismanagement; reducing misuse of dollars through early detection; and ensuring transparency in our oversight efforts. As part of our collaboration with the Department, this advisory addresses failures to use mandated Catalog of Federal Domestic Assistance (CFDA) numbers in public postings of financial assistance announcements which prevent accurate identification and tracking.

We make a number of recommendations intended to ensure compliance with Department policy. Please provide a written response to this advisory within 30 days of receipt detailing the corrective actions DOI will implement to meet the recommendations, including the target date for implementation.

We will post this advisory on our website (www.doiioig.gov/recovery) and on Recovery.gov. Information in this advisory may also be included in our semiannual report to Congress. Please do not hesitate to contact me if you have any questions.

Background

The CFDA number is perhaps the most essential component for identifying, reporting, and tracking federal financial assistance activities. The CFDA number promotes transparency and accountability, and helps ensure that only qualified recipients receive federal assistance funds. Each program listed in the CFDA receives a unique identification number,¹ which helps users find information on financial assistance programs. The CFDA number also assists designers of financial assistance programs identify specific programs referred to in various sources of information, such as financial assistance announcements posted on Grants.gov,²

¹ Departmental Manual 507 Chapter 1 (507DM1), Federal Assistance Programs, Program Information and Data, Catalog of Federal Domestic Assistance (Washington, DC, March 29, 2006), p. 1.

² For more information about Grants.gov, see http://www.grants.gov/aboutgrants/about_grants_gov.jsp (September 15, 2009).

“single” audit reports on financial assistance recipients,³ and in the Census Bureau’s Federal Assistance Award Data System (FAADS),⁴ among others.

We reviewed compliance with two requirements in Departmental policies and an Office of Management and Budget (OMB) requirement pertaining to the CFDA and the CFDA numbers. Departmental policy on the standard format for financial assistance opportunity announcements requires the inclusion of the applicable CFDA number.⁵ Departmental policy also requires information on financial assistance programs that are administered by the Department to be “entered into the CFDA and updated on a regular basis to provide current information on programs.”⁶ This requirement, according to the Departmental Manual (DM), helps maintain transparency and meet customer service mandates in Public Law 106-107, Federal Financial Assistance Management Improvement Act. In addition, OMB guidance on implementation of Section 1512 of the Recovery Act, which requires recipients to report on their use of funds, includes the CFDA number as a required data element.⁷

Unclear guidance about the CFDA requirements may lead to enforcement problems. For example, DOI Departmental Manual 507 DM 1 states that the heads of bureaus and offices are responsible for carrying out policies, procedures, and guidelines in the CFDA manual, but it does not identify who is responsible for ensuring Department compliance or for taking action if bureau and office heads fail to carry out their responsibilities.⁸

We assessed DOI compliance with financial assistance data reporting in an effort to ensure compliance with these policies as well as the Recovery Act’s focus on transparency. We took snapshots at various stages in the awarding and reporting process from three systems: pre-award data from the weekly Grants.gov report published by the DOI Acquisition and Property Management (PAM) Financial Assistance Program Manager; A-133 audit reports for 2008 posted to the Federal Audit Clearinghouse; and FAADS data from the second quarter of 2008.

Findings

- **Weekly reports:** DOI is not in full compliance with its policy that mandates all financial assistance programs listed on Grants.gov be annotated with the appropriate CFDA number. A review of the 652 weekly reports posted on Grants.gov on June 29, July 6, and August 10, 2009, revealed that 10 percent of the Department’s financial assistance program announcements did not contain the applicable CFDA number.

³ Office of Management and Budget, OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” (Washington, DC, June 23, 2003).

⁴ For more information on FAADS, see U.S. Census Bureau, Federal, State, and Local Governments Federal Assistance Award Data System, <http://www.census.gov/govs/www/faadsmain.html>, (July 28, 2009).

⁵ Department of the Interior, Final Policy Regarding Grants.gov FIND and Format for Financial Assistance Program Announcement (Washington, DC, undated), p. 6.

⁶ Departmental Manual Part 507, Chapter 1 (507 DM 1), Federal Assistance Programs, Program Information and Data, Catalog of Federal Domestic Assistance (Washington, DC, March 29, 2006), paragraph 1.3.

⁷ Office of Management and Budget, Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009, M-09-21, (Washington, DC, June 22, 2009), paragraph 2.3.

⁸ Department of the Interior, Departmental Manual 507 Chapter 1 (507 DM 1), Federal Assistance Programs, Program Information and Data, Catalog of Federal Domestic Assistance (Washington, DC, March 29, 2006), p. 1.

- ***The A-133 Single Audit:*** The “A-133 single audit” is often the only audit of a program. OMB Circular A-133 requires an audit for all organizations receiving \$500,000 or more in a year in federal financial assistance. The single audit means an organization that receives funding from multiple federal entities, or multiple programs from one federal entity, must undergo one audit for all of the funds. In A-133 audits, an independent auditor examines recipients’ operations and records to determine compliance with appropriate laws and regulations governing financial assistance. Bureaus use the results of the single audit to monitor recipient performance, risk, and spending throughout the life of the award.

The CFDA number is a necessary tool for recipients, program offices, and auditors to locate data when monitoring performance and conducting audits and when searching the Single Audit Clearinghouse (SAC) for program performance data. In addition, the CFDA number helps users identify financial assistance awards by program in the A-133 audit report rather than just by executive agency or department. Such identification allows monitoring of spending at a program level.

A random sampling of 273 A-133 single audits showed that 44 percent of the Department’s financial assistance programs were not identified by a CFDA number. Failure to identify a program by a CFDA number early in the awarding process can lead to omissions from single audit reports.

We discovered two additional items of concern during review of the A-133 audit reports that weaken the transparency and accountability of the Department’s financial assistance programs. Instead of using the CFDA numbers, several programs used task order numbers, which have nothing to do with federal financial assistance.⁹ In addition, review of a 2008 Cedars-Sinai Hospital A-133 audit report revealed a \$1,496,643 financial assistance award listed under a Minerals Management Service (MMS) CFDA number. When contacted, MMS officials confirmed the bureau did not grant a financial assistance award to Cedars-Sinai Hospital under that CFDA number.

- ***Federal Assistance Award Data System (FAADS):*** FAADS is a repository for federal financial assistance award transactions organized by the CFDA program name and number under which the award was made. FAADS assists compliance with applicable sections of the U.S. Code and promotes the government’s effort to provide access to information on federal assistance activities.¹⁰

We used a random sample to test the data reported by the bureaus from the second quarter, fiscal year (FY) 2008 FAADS reports for Wyoming, Montana, Michigan, Alaska, Colorado, Massachusetts, California, and the District of Columbia. Twenty-eight

⁹ Ralph C. Nash, Jr., Steve L. Schooner, Karen R. O’Brien-DeBakey, and Vernon J. Edwards, The Government Contracts Reference Book, A Comprehensive Guide to the Language of Procurement, Third Edition, Chicago: CCH, 2007), p. 565.

¹⁰ US Census Bureau, Federal Assistance Award Data System (FAADS) User’s Guide for Federal Fiscal Year <<http://ftp2.census.gov/govs/faads/guide2008.pdf>> (March 2009), p. 2-4.

percent of the Department's 344 programs listed in the FAADS reports were noncompliant with use of the CFDA numbers.

Conclusion

Congress mandated transparency for the spending of federal tax dollars, and the Recovery Act is putting more emphasis on reporting requirements, which makes accuracy of the CFDA numbers more critical. Our review of these three systems shows the Department still needs to improve on linking financial assistance programs to their CFDA numbers. Given the large amount of financial assistance provided by the Department, deficient use of the CFDA numbers requires immediate action.

Recommendations

We recommend the Department:

1. Assign responsibility to a position within the Financial Assistance Program Office for providing oversight of all the bureaus' financial assistance programs to ensure CFDA compliance.
2. Adequately staff PAM so the CFDA requests are immediately processed so that announcements can be posted in a timely and accurate manner.
3. Develop and implement a plan to obtain the CFDA program numbers for existing noncompliant programs.
4. Take steps to ensure bureaus identify, in all new announcements, the applicable CFDA program number and that they work through the process of registering their programs in the CFDA.
5. Develop and implement a policy to rectify the inappropriate use of the same CFDA numbers across other agencies or bureaus.

cc: Deputy Secretary, Department of the Interior
Acting Assistant Secretary – Policy, Management and Budget
Director, Office of Acquisition and Property Management
Director, Office of Financial Management
Departmental GAO/OIG Audit Liaison
Audit Liaison, Office of the Secretary

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