



**INSPECTOR GENERAL**  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

**JUL 23 2013**

MEMORANDUM FOR DISTRIBUTION

**SUBJECT:** Reliability of Recipient's Reported Jobs Data for DoD Programs Resulting From the American Recovery and Reinvestment Act of 2009 (Project No. D2012-D000FE-0146.000)

We are providing this memorandum for your information and use. We determined that DoD Components' internal controls did not ensure that recipient reporting of jobs created or retained at [FederalReporting.gov](http://FederalReporting.gov) for 2011 was timely, complete, or accurate. This occurred because DoD Components relied on OMB and Under Secretary of Defense (Acquisition, Technology, and Logistics) guidance, which did not provide specific procedures to validate recipient reported jobs data. Although we could not determine whether recipient-reported information was complete or accurate, we determined that the recipients did not submit 9 of the 55 recipient reports at [FederalReporting.gov](http://FederalReporting.gov) in a timely manner.

## **Objective**

Our objective was to determine whether DoD established effective internal controls over the reporting of the Recovery Act jobs information to [FederalReporting.gov](http://FederalReporting.gov). Specifically, we determined whether the internal controls were effective to ensure the timely, complete, and accurate reporting of the jobs information for 2011.

## **Scope and Methodology**

At the request of the Recovery Accountability and Transparency Board (RATB),<sup>1</sup> we performed a nonaudit service to DoD. However, before we performed the nonaudit service, we determined that it would not impair our independence to perform audits, evaluations, attestation engagements, or any other future or ongoing reviews of the subject.

OMB Circular 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, requires recipients to submit quarterly reports that include the number of jobs created or retained using Recovery Act funding at [FederalReporting.gov](http://FederalReporting.gov). We obtained a universe of 7,826 DoD Recovery Act recipient reports for 2011. We found that these recipient reports were assigned to 284 contracting offices under the Departments of the Army, Navy, and Air Force; U.S. Army Corps of Engineers (USACE); and other Defense agencies. We statistically selected 55 recipient reports associated with 39 contracting offices. We conducted interviews with DoD contracting officers and specialists at 35 of the 39 contracting offices from August 16, 2012, through November 26, 2012.

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<sup>1</sup> Public Law 111-5, "American Recovery and Reinvestment Act of 2009," (Recovery Act), February 17, 2009, established the Recovery Accountability and Transparency Board.

Additionally, we gathered relevant information on the policies and procedures used to ensure that recipients reported timely, complete, and accurate Recovery Act information at [FederalReporting.gov](http://FederalReporting.gov). The remaining four contracting offices did not respond to our requests for an interview.

## **DoD Components' Internal Controls Over Recipient Reporting**

DoD Components' internal controls did not ensure that recipient reporting of jobs created or retained at [FederalReporting.gov](http://FederalReporting.gov) for 2011 was timely, complete, or accurate. This occurred because DoD Components relied on OMB and Under Secretary of Defense (Acquisition, Technology, and Logistics) guidance, which did not provide specific procedures to validate recipient reported jobs data.

### **Recipient Reporting Not Always Timely**

Recipients did not always submit job information for 2011 in a timely manner. Specifically, recipients did not timely submit 9 of the 55 recipient reports at [FederalReporting.gov](http://FederalReporting.gov). OMB Circular 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, requires recipients to report the number of jobs created or retained within 10 days after the end of the quarter and provides an additional 20 days to make corrections to the reported information. Therefore, the reported jobs information would be made available to the public no later than the 30-day period after the end of each quarter. If a recipient submitted a report more than 30 days after the end of each quarter at [FederalReporting.gov](http://FederalReporting.gov), we considered the report untimely. Recipients submitted 9 of the 55 recipient reports more than 60 days after the end of the 30-day period required by OMB. Two of the nine recipient reports were more than 150 days late.

### **Completeness and Accuracy of Recipient Reporting Could Not Be Determined**

DoD contracting officers and specialists did not validate the completeness and accuracy of recipients' numbers of jobs created or retained. This occurred because OMB Circular M-10-08, "Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates," December 18, 2009; and Defense Procurement and Acquisition Policy memorandum, "Guidance on Reviewing Contractor Reports Required by the American Recovery and Reinvestment Act of 2009," December 16, 2009, did not require contracting officers to validate the recipient information. However, contracting officers and specialists at 32 of the 35 contracting offices we interviewed did perform limited reviews of the information reported by the recipients. They used guidance (such as OMB memorandums, DoD memorandums, the Federal Acquisition Regulation, USACE Fragmentary Orders, or [FederalReporting.gov](http://FederalReporting.gov) instructions) to review recipient-reported information. The contracting officers and specialists at the remaining three contracting offices were not aware of or did not use existing guidance to review recipient-reported information.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945 (DSN 329-5945). If you desire, we will provide a formal briefing on the results.

A handwritten signature in blue ink that reads "Lorin T. Venable". The signature is written in a cursive style with a large initial 'L' and 'V'.

Lorin T. Venable, CPA  
Assistant Inspector General  
Financial Management and Reporting

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