



Department of Homeland Security Office of Inspector General

Review of the Department of Homeland Security's Master List of Recovery Act Contracts and Grants



American Recovery and Reinvestment Act of 2009



Homeland
Security

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MEMORANDUM FOR: Thomas Mason
American Recovery and Reinvestment Act Coordinator
Department of Homeland Security

FROM: Anne L. Richards *Anne L. Richards*
Assistant Inspector General for Audits

SUBJECT: *Final Letter Report: Review of the Department of
Homeland Security's Master List of Recovery Act
Contracts and Grants*

At the request of the Recovery Accountability and Transparency Board, we reviewed the Department of Homeland Security's (DHS) Master List of Recovery Act Contracts and Grants to determine whether the contract and grant award amounts in the Master List were accurate. With minor exceptions, the DHS Master List of Recovery Act Contracts and Grants was accurate for the period ending March 31, 2010.

We recommend that DHS implement controls to ensure that updates to the Master List are made correctly. You concurred with the recommendation. We consider the recommendation resolved and open and will close it when implementation is complete.

Consistent with our responsibility under the *Inspector General Act, as amended*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. The report will be posted on our website.

Should you have any questions, please call me, or your staff may contact Mr. Roger LaRouche, Director of Recovery Act Audits, at (202) 254-4100.

Background

The *American Recovery and Reinvestment Act of 2009 (Recovery Act)* made available to federal agencies approximately \$787 billion for preserving and stimulating economic growth in the United States. Section 1512 of the *Recovery Act* requires recipients of this Federal financial assistance to submit quarterly reports on the amount of funds received and expended, projects sponsored, and jobs created or retained. According to Recovery.Gov, the U.S. Government's official website for access to Recovery Act spending, Federal agencies distributed \$275 billion through grants, contracts, and loans as of March 31, 2010.

To improve the quality of data reported by recipients, the Office of Management and Budget (OMB) instructed¹ Federal agencies to submit a comprehensive list of all awards subject to the reporting requirement in Section 1512 of the *Recovery Act*. Federal agencies must submit the list to the Recovery Accountability and Transparency Board to assist the Board in its oversight of *Recovery Act* funds. On April 16, 2010, the Board sent to us a copy of the Department of Homeland Security's (DHS) Master List of Recovery Act awards for the quarter ending March 31, 2010, and said it "would be interested in learning of any data quality issues you may discover with regard to this list."

DHS updated the Master List it initially submitted to the Board and forwarded a copy of the corrected list to us. The updated DHS list of April 26, 2010, contained 458 contracts and grants with a total value of \$1,565,227,328.

Results of Review

The DHS Master List of Recovery Act Contracts and Grants was generally accurate for the period ending March 31, 2010. The Master List included all awards. However, our review identified 11 discrepancies in which recipient award amounts differed from amounts reported by DHS components or by recipients. For example, the Coast Guard awarded a recipient five contracts totaling \$525,012; however, the contract amounts reported by DHS totaled \$499,386 and did not reflect contract modifications. DHS Recovery Act officials made adjustments to the list based on discussions with our office.

According to a DHS official, the main reasons for the discrepancies were that they did not have the supporting documentation to compare against the amounts reported to them by DHS components and that they were not always aware of subsequent modifications components made to the recipient awards.

¹ Memorandum 10-08, dated December 18, 2009, provides guidance to Federal agencies to improve the quality of data reported and establishes a process for Federal agencies to calculate control totals for the number of awards issued and the total dollars associated with such awards. Memorandum 10-14, dated March 22, 2010, instructs Federal agencies to submit on a systematic basis a detailed master list of all awards issued to include award date, recipient, and amount.

Recommendation

We recommend that DHS implement controls to ensure that updates to the Master List of Recovery Act contracts and grants are accurate.

Management Comments and OIG Analysis

In response to a preliminary version of this report, DHS advised that they have taken steps to mitigate the issues associated with compiling and updating the Master List. Specifically, DHS established a data quality working group of members from applicable DHS components. The group meets bi-monthly to address gaps in reporting on all data elements and developing potential solutions. DHS also plans to build a data warehouse of recipient information based on weekly inputs of all necessary data fields from the DHS components. DHS will be able to automatically run reports on the data fields which will eliminate the type of errors that previously occurred during manual compilation of the master list.

We consider the recommendation resolved, but not implemented. Please provide a response to this memorandum within 30 days on the status of implementation of your corrective actions.

Appendix A

Purpose, Scope, and Methodology

Our objective was to determine whether the contract and grant awards in the Master List were complete and accurate. To accomplish our objective, we:

- ✓ Reviewed OMB guidance in M-10-08 and M-10-14;
- ✓ Discussed with a DHS Recovery Act official the process used for compiling the Master List;
- ✓ Examined DHS updates to the March 31, 2010, list;
- ✓ Compared Master List awards for selected grants to grant awards;
- ✓ Compared Master List awards for contracts and grants with awards reported by recipients in Recovery.Gov and with award amounts in weekly status reports submitted by DHS components.

We performed our review in May and June 2010 in Washington D.C. We conducted our review in accordance with the "Quality Standards for Inspections" issued by the President's Council on Integrity and Efficiency, currently known as the Council of the Inspectors General on Integrity and Efficiency.

We appreciate the cooperation by DHS management and staff in providing the information and access necessary to accomplish this review.

Appendix B
Major Contributors to this Report

Roger LaRouche, Director
William Gillies, Audit Manager
Jerome Fiely, Desk Officer
Kendra Loper, Auditor

Appendix C
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