

High Risk Update—American Recovery and Reinvestment Act of 2009

The California Recovery Task Force and State Agencies Could Do More to Ensure the Accurate Reporting of Recovery Act Jobs

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Our report concludes that although the federal Office of Management and Budget (OMB) and the California Recovery Task Force (task force) provide explicit guidance to Recovery Act recipients on how to calculate the jobs data each quarter—as mandated by the American Recovery and Reinvestment Act of 2009 (Recovery Act)—state agencies do not always report their jobs data accurately. Of the five state agencies we reviewed that reported recipient-level jobs data, two did not follow this guidance. For example, one state agency reported triple the actual number of jobs created and retained, which resulted in an overstatement of 71 full-time equivalent positions. In addition, that same state agency calculated its jobs data using incorrect months. Further, three of the five state agencies did not include paid time off in the total number of hours worked as specified in the task force guidance.

Additionally, we found that although OMB advises recipients to be prepared to justify their jobs data estimates and the task force provides recommendations to state agencies on how to ensure that data submitted by their subrecipients is accurate and supported, state agencies do not follow the guidance completely. Specifically, all of the state agencies conducted an analysis for reasonableness of their subrecipients' data, whereas only one state agency reviewed their subrecipients' jobs data calculation methodology, and none of the state agencies reviewed supporting documentation to ensure the accuracy of the jobs data. In one example, a state agency tripled the number of actual jobs reported by its subrecipient in addition to other errors, which resulted in a net overstatement of 545 jobs for the quarter. Furthermore, we identified jobs data errors for two of the five local subrecipients we reviewed.

In the report, the California State Auditor (state auditor) made the following recommendations to the task force. The state auditor's determination regarding the current status of recommendations is based on the task force's response to the state auditor as of June 2011. In its response, the task force indicated that the 2011–12 Governor's Budget May Revision included elimination of the task force as of January 1, 2012. It also stated that beginning in October 2011 departments will report directly to the federal reporting Web site rather than the task force's reporting system. Finally, it explained that this six-month response will be the only response to the state auditor's recommendations.

Recommendation 1.1—See pages 11 and 12 of the audit report for information on the related finding.

The task force should provide targeted technical assistance and training to state agencies that are not calculating their jobs data in accordance with OMB guidance.

Task Force's Action: Fully implemented.

The task force indicated that it individually communicated with representatives and reporting personnel from all of the programs found to have reporting errors in their jobs data. Further, the task force stated that it held a meeting with departments to review how to accurately calculate and report jobs, the logistics of the federal reporting period, and addressed questions raised by users.

Recommendation 1.2.a— See page 14 of the audit report for information on the related finding.

The task force should issue clarifying guidance to state agencies to ensure jobs are not triple-counted because monthly totals have been summed and not averaged.

Task Force's Action: Fully implemented.

On December 21, 2010, the task force issued a bulletin to agency secretaries, department directors, departmental budget officers, departmental accounting officers, and the Department of Finance budget staff communicating job calculation errors discovered by our audit. This bulletin directed state departments to review the previously released bulletins that detail the appropriate job calculation methodology. It also directed departments to ensure that their methodologies conform with the one outlined in the previous bulletins.

Recommendation 1.2.b— See pages 12—14 of the audit report for information on the related finding.

The task force should issue clarifying guidance to state agencies to ensure jobs data estimates are reported for the correct reporting months and state agencies use the correction period to revise their estimates when actual data becomes available.

Task Force's Action: Fully implemented.

The December 2010 bulletin directed departments to take advantage of the continuous quality assurance period to update and more accurately report Recovery Act data. In addition, as stated under Recommendation 1.1, the task force held a meeting with departments to review the methodology for reporting jobs data.

Recommendation 1.2.c—See page 13 of the audit report for information on the related finding.

The task force should issue clarifying guidance to state agencies to ensure state agencies understand the task force's guidance on including paid time off in the quarterly jobs estimates.

Task Force's Action: Fully implemented.

The December 2010 bulletin reiterated information outlined in its previous bulletin on the hours that should be included when calculating jobs funded by Recovery Act funds. In addition, as stated under Recommendation 1.1, the task force held a meeting with departments to review the methodology for reporting jobs data.

Recommendation 1.3—See page 17 of the audit report for information on the related finding.

The task force should instruct state agencies to review their subrecipients' methodologies for calculating jobs data and, at least on a sample basis, review supporting documentation to ensure the accuracy of the subrecipients' jobs data reported, or use alternative procedures that mitigate the same risks before certifying their jobs data report.

Task Force's Action: Fully implemented.

The December 2010 bulletin pointed out that departments were not ensuring that subrecipients calculated jobs correctly. It reiterated the steps the task force had provided in a previous bulletin that departments should take to ensure the accuracy of the reported jobs data.