Audit of the U.S. Census Bureau Working Capital Fund for Fiscal Year Ended September 30, 2020

FINAL REPORT NO. OIG-23-016-A

March 22, 2023

U.S. Department of Commerce

Office of Inspector General

Office of Audit and Evaluation

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

March 22, 2023

MEMORANDUM FOR: James T. Christy
Assistant Director for Field Operations and Acting Chief Financial Officer
U.S. Census Bureau

FROM: Richard Bachman
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Audit of the U.S. Census Bureau Working Capital Fund For Fiscal Year Ended September 30, 2020*
Final Report No. OIG-23-016-A

Attached for your review is the final report on the audit of the U.S. Census Bureau's (the Bureau's) working capital fund (WCF) for the fiscal year ended September 30, 2020. The audit objective was to determine whether budgetary controls over the WCF are adequate including whether the Bureau (1) appropriately determines its rates (including overhead charges), (2) appropriately accounts for advances and carryover balances, and (3) equitably distributes costs to the Bureau's customers in accordance with applicable laws, regulations, and policy.

We contracted with Ollie Green & Company (OG&C)—an independent certified public accounting firm—to perform this audit in accordance with *Government Auditing Standards* and contract terms. Our office oversaw the progress of this audit; however, OG&C is solely responsible for the attached report and conclusions expressed in it. We do not express any conclusions about the adequacy of the WCF's budgetary controls including whether the Bureau appropriately determines its rates, accounts for advances and carryover balances, and equitably distributes costs to its customers.

Overall, OG&C found that the carryover balance was sufficiently supported. However, other areas of budget controls need improvement and OG&C identified 14 related recommendations. Specifically, OG&C found the following:

- Program division overhead rate calculations not always supported in worksheets.
- Internal controls over closing expired agreement orders need improvement.
- Improvement needed on internal controls over timely refund of unused advances on reimbursable agreement orders/projects authorized to close.
- Improvement needed of internal controls over cost monitoring of reimbursable and fixed fee projects.

- Improvements needed to ensure agreement orders are consistent with appropriation law.
- Reimbursable Bureau overhead rates adjustment decisions not documented.

On January 25, 2023, we received the Bureau's response to OG&C's draft report. In response to OG&C's draft report, the Bureau concurred with all of the recommendations and described actions it has taken, or will take, to address them. The Bureau's formal response is included within the final report as an appendix.

Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. This final report will be posted on OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (recodified at 5 U.S.C. §§ 404 and 420).

We appreciate the cooperation and courtesies extended to OG&C by your staff during this audit. If you have any questions or concerns about this report, please contact me at (202) 793-3344 or Patricia McBarnette, Audit Director, at (202) 793-3316.

Attachment

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Audit of the
U.S. Census Bureau Working Capital Fund
For
Fiscal Year Ended
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I. BACKGROUND

The Census Bureau's Working Capital Fund (WCF) was established through the Omnibus Consolidated Appropriations Act of 1997 (the Act).[1] According to the Act, the WCF was established without fiscal year limitation, for expenses and equipment necessary for the maintenance and operation of such services and projects as the Director of the Bureau determines may be performed more advantageously when centralized. The Act calls for the preparation of a separate schedule of expenditures and reimbursements and a statement of the current assets and liabilities of the WCF each year. It also allows the WCF to be credited with advances and reimbursements from applicable appropriations of the Bureau and funds of other agencies or entities. According to the Bureau's *WCF Handbook*, the mission of the WCF is to support the Bureau by funding centralized services and projects, and equitably distributing costs to the beneficiaries of such services and projects, including internal stakeholders and reimbursable customers.

The Commerce Business System (CBS) is the Department-wide financial management system used by the Bureau. The WCF consists of four funds, each with a separate fund code in CBS.

Cost Allocation System (Fund Code 21) – The cost allocation system is the component of the WCF with the most annual activity and the primary mechanism for carrying out the WCF mission. It is used to collect costs for many shared Bureau-wide expenses and common services (indirect costs) that cannot be accurately, efficiently, or economically charged to specific appropriated and reimbursable accounts. These costs include a wide range of administrative and infrastructure services such as accounting, human resources, and information technology.

Cost Collection System (Fund Code 22) – The cost collection fund allows parties receiving benefits from a single activity to share in the cost, resulting in a lower administrative burden. It is a mechanism for charging common costs associated with certain surveys or work activities to a central project. Those costs are then distributed to the appropriated or reimbursable projects that are funding these activities.

Reimbursable (Fund Code 11) – The Bureau conducts reimbursable surveys and provides other statistical services, particularly for other agencies of the federal government, that are consistent with its mission and that aid the operational efficiency of the government. Advances based on cost estimates and actual reimbursements cover the actual cost of performing the work or service, including all direct costs such as salaries, travel, and indirect costs that are assessed by the WCF through the cost-allocation system.

Fixed Fee (Fund Code 12) – This is a special type of reimbursable activity in which orders are placed by outside customers for products and services provided by the Bureau, for example: age searches, map sales, and special compilations of data. The prices are determined in advance, with cost estimates that include all costs applicable to the Bureau activities required to produce the requested products or services.

[1] Dated September 30, 1996 (P.L.104-208)

II. OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether budgetary controls over the WCF were adequate including whether the Bureau (1) appropriately determines its rates (including overhead charges), (2) appropriately accounts for advances and carryover balances, and (3) equitably distributes costs to the Bureau's customers in accordance with applicable laws, regulations, and policy.

The scope of the audit focused on functions and activities of the Census Bureau WCF in fiscal year 2020 (October 1, 2019 to September 30, 2020), and included transactional level testing of WCF financial accounts that were within the context of the audit objective.

To accomplish our audit objective, we

- Obtained and reviewed the laws, regulations, and policies related to the Census WCF including: Census Bureau *Policies and Procedures Manual,* Chapter D-3 (Administrative Controls of Funds), Census Bureau *Policies and Procedures Manual*, Chapter D-5, Interagency and Other Special Agreements (IOSA), Census Bureau *Working Capital Fund Handbook, Budget Operations Manual*, and other Guidelines and Procedures.

- Interviewed the Budget Director, Finance Director and other staff in the Census Finance and Budget Divisions to gain an understanding of their oversight and monitoring policies and procedures.

- Identified and reviewed each of the four fund codes of the Census WCF and gained an understanding how each fund code functions within the WCF.

- Determined whether the services provided and accounted for in the Census WCF were within the scope of the enabling legislation.

- Obtained and reviewed Census Bureau's information system (Commerce Business System) controls to (1) identify controls significant to the audit objective (2) test controls significant to the audit objective. Our audit found the Commerce Business System to be sufficiently reliable.

- Prepared a five-year trend analysis of the Census WCF carryover balance (fund balance).

- We also tested controls significant within the context of the audit objective and reported internal control weaknesses in the "FINDINGS" section of this report.

    - Selected and tested a judgmental nonstatistical sample of 68 reimbursable and fixed fee agreement orders to determine: (1) whether the carryover balance in the Census WCF was valid and supported; (2) whether the funds received in advance on reimbursable agreements were legally available when earned; and (3) whether Census was appropriately accounting for advances and carryover balances in accordance with applicable laws, regulations, and policies.

    - Selected and tested a judgmental nonstatistical sample of 32 reimbursable unused advance orders to determine: (1) periodic status of monitoring; (2) accuracy of earned dollars; (3) availability of funding when earned; (4) mathematical accuracy of balance; (5) compliance with laws, regulations, and policies; (6) unobligated portion; (7) unliquidated portion; and (8) return to the U.S. Treasury of unused balance.

- Selected and tested a judgmental nonstatistical sample of 68 Fund Codes 11 (Reimbursable) and Fund Code 12 (Fixed Fee) Rates to determine whether: (1) the Census Bureau appropriately determines it rates, including its overhead rates; (2) the Census Bureau equitably distributes costs to the Bureau's customers in accordance with applicable laws, regulations, and policies; (3) controls were in place to develop reimburse formulas; (4) there was a logical relationship of reimbursement to client services; and (5) Census was compliant with appropriation law and direction.

- Selected and tested a judgmental nonstatistical sample of 2 cost pools and 4 directorates from the end of year (EOY) carryover balance projections for Fund Code 21 to ensure mathematical accuracy, agreement to the carryover balance as of 9/30/2020 per the SF-133,[2] agreement with supporting documentation, and preparation in compliance with the Budget Operations Manual Chapter 13 - EOY Process (WCF).

- Selected and tested a judgmental nonstatistical sample of 8 Cost Collection projects from the EOY carryover balance projections for Fund Code 22 to ensure mathematical accuracy, agreement to the carryover balance as of 9/30/2020 per the SF-133, agreement with supporting documentation, and preparation in compliance with the Budget Operations Manual Chapter 13 - EOY Process (WCF).

- Reviewed the Census WCF fund balances to determine whether Census was maintaining an appropriate level of fund balance that was compliant with applicable laws, regulations, and policies.

- Conducted inquiries of the Census WCF management and other Census Bureau officials about the risks of fraud.

Our audit did not include a statistical sample of all Census WCF components; therefore, the results should not be used as conclusive evidence of the controls in place for areas of the fund not included in our audit. Results are limited to items tested and cannot be projected to the population.

No specific instances of fraud, illegal acts, significant violations, or abuse were identified in our audit.

We conducted this audit from November 5, 2020 through November 30, 2022 at the office of Ollie Green & Company, CPA's, LLC, Louisville, Kentucky. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objective.

[2] Report on Budgetary Execution and Budgetary Resources

III. RESULTS AND CONCLUSION

As indicated in Table 1 below, our audit found that carryover balances continue to remain a significant percentage of the WCF total budgetary resources. We found that the carryover balance has averaged about 26.55 percent of total budgetary resources over the past 5-years. Carryover balances for the WCF generally consist of both unliquidated obligations and unobligated funds. Unliquidated obligations are those that have been recorded but have not yet been fully disbursed. Unobligated balances represent funds that Census has accepted, but amounts are uncommitted due to the absence of a legal obligation.

Table 1 – Five-Year Carryover Balance Trend Analysis

Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
WCF Carryover Balance By Year	**$262,003,610**	**$306,405,958**	**$287,091,789**	**$305,288,393**	**$392,987,104**
WCF Budgetary Resources By Year	**$1,067,439,112**	**$1,166,745,086**	**$1,154,595,840**	**$1,168,931,455**	**$1,270,117,575**
WCF Carryover Percentage By Year	**24.55%**	**26.26%**	**24.87%**	**26.12%**	**30.94%**

Source: Census SF- 133, Report on Budget Execution and Budgetary Resources

Our review found that program division overhead (PDO) rate calculations were not always supported in the calculation worksheets. Our review of 68 PDO Fund Code 11 (Reimbursable) and Fund Code 12 (Fixed Fee) rate calculations found that the Bureau did not have documented internal controls and policies in place to ensure that the program division management maintain documentation supporting the rates used in its rate calculation worksheets. An analysis of these conditions is discussed in **Finding 1**.

Our review found that the internal control procedures that ensure the timely closing of expired reimbursable agreement orders need improvement. Thirty of the 31 agreement orders reviewed were not closed timely in accordance with policies and procedures. Only 3% of the agreement orders reviewed were authorized for close timely based upon the PPM requirements. An analysis of these conditions is discussed in **Finding 2**.

Our review found that the internal control procedures that ensure the timely refund of unused advances on expired reimbursable agreement orders need improvement. Thirty-three percent of the 24 unused advance refunds reviewed were not submitted for payment until more than 30 days after the agreement order refund had been authorized in the Completion of Work (COW) memo. In addition, we found that 67 percent of the 24 refunds reviewed were not in compliance with the procedure to process the request for refund reimbursement within 5 business days. Thirty-seven percent were also not in compliance with the procedure requirement to be processed by the 25th day of each month. An analysis of these conditions is discussed in **Finding 3**.

Our review of reimbursable agreement orders and fixed fee projects found that internal controls over cost monitoring need improvement. The cost monitoring system in place does not consistently prevent deficits to ensure adjustments necessary for the accuracy of the project carryover balance are made timely. There were five reimbursable agreement orders with a deficit carryover balance that represented artificial deficits that were corrected after 9/30/20 totaling ($160,878.57). In addition, the cost monitoring process does not consistently ensure that expenses are not charged to projects without approved agreement orders. There were two Reimbursable agreement orders with a carryover balance as of 9/30/20 totaling $32,239.39 with expenses that were charged to an agreement order which had not been approved. The total amount charged to projects without proper approval as documented by an executed agreement order totaled $10,213.58. The current cost monitoring procedures do not specify cost monitoring procedures designed to address the unique qualities of the fixed fee projects. An analysis of these conditions is discussed in **Finding 4**.

Our review for appropriation law compliance found that reimbursable agreement orders were not always consistently in compliance with appropriation law requirements. There were two agreement orders with a carryover balance as of 9/30/20 totaling $32,239.39 which were identified where work was performed by the Census Bureau before the agreement order was approved. In addition, three of the sampled agreement orders had deficit balances as of 9/30/20 and the period of availability for the appropriation funding the order had also expired. An analysis of these conditions is discussed in **Finding 5**.

Our review of Fund Code 11 (Reimbursable) Bureau overhead (BOH) rates found that Census had not adjusted its reimbursable BOH rates since fiscal year (FY) 2015 and that there was no written documentation to support these decisions. We also found during our audit that there were no standard operating procedures in place addressing the frequency on when these reviews should be conducted. An analysis of these conditions is discussed in **Finding 6**.

Overall, our audit found that the carryover balance was sufficiently supported in the SF-133. However, we also found that other areas of budgetary controls needed improvement, as summarized above. See the "FINDINGS" section of this report for further details.

IV. FINDINGS

A. DEFICIENCIES IN INTERNAL CONTROLS

Finding 1: PDO Rate Calculations Not Always Supported in Worksheets

Condition:

We found during our review of the Bureau's PDO rates that the Bureau did not always retain sufficient underlying documentation required to support PDO rate calculations in its rate calculation worksheets. The Bureau indicated that it has been its practice in the Budget Division to consider these worksheets as source documentation for the rates covered. However, screenshots were not retained of the plan data. We requested cost pool support documentation (i.e., rent, security, telecom, etc.), required to support PDO worksheet rate calculations for 39 samples selected from FY 20 transactions. The Bureau indicated that it was able to obtain "some" of the backup that the programs had used for establishing their worksheet rates and/or a short description of their methodology and provided this information as illustrative only. The Bureau indicated that it did not consider this information to be official source documentation in response to our request.

As a result of our testing of the PDO samples, we were unable to validate the integrity of the PDO worksheet rate calculations due to lack of supporting documentation.

Criteria:

(1) The Department of Commerce Accounting Principles and Standards Handbook, chapter 6, section 6.0, requires that all transactions, processing procedures, and systems of administrative controls, as well as other controls, are to be fully documented so that a clear audit trail is established.

(2) OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, requires management to be responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Cause:

The Bureau did not have documented internal controls and policies in place to ensure that Program Division Management maintain documentation supporting the rates used in its rate calculation worksheets as required by The Department of Commerce Accounting Principles and Standards Handbook, and OMB Circular A-123.

Effect:

The Bureau was unable to provide documentation to support PDO worksheet rate calculations as required by The Department of Commerce Accounting Principles and Standards Handbook, chapter 6, section 6.0. This section requires that all transactions, processing procedures, and systems of administrative controls, as well as other controls, are to be fully documented so that a clear audit trail is established.

Finding 2: Internal Controls over Closing Expired Agreement Orders Need Improvement

Condition:

Our review found that the internal control procedures that ensure the timely closing of expired reimbursable agreement orders need improvement. The PPM, Chapter D-5*, Subject: Interagency and Other Special Agreements (IOSA),* effective November 2, 2016*, Section 12. What Takes Place Once the Project is Complete?, Pre-closing Review*, states that the Sponsoring Division is responsible for notifying the Finance Division of final completion of a project (agreement order) by transmitting a COW memo to Finance within 30 days of the expired period of performance (POP). Thirty of the 31 agreement orders reviewed were not closed timely in accordance with policies and procedures. Only 3% of the agreement orders reviewed were authorized for close timely based upon the PPM requirements.

Reimbursable agreement orders are managed as projects at the Census Bureau by using a project code number. The sponsoring division initiates the reimbursable agreement closing process by submitting to Finance the COW Memo, approved by the Division Chief, which authorizes Finance to close the agreement order and to refund the unused advance balance, when applicable.

We selected a sample of 68 reimbursable and fixed fee agreements. Twenty-seven of the 68 samples selected were not tested because the POP end date was after the audit period. Three of the samples selected were Fund Code 12 where close out procedures did not apply, and one sample was an accounting error sample and was not tested. Six of the agreement orders were not tested because the COW memo was pending.

We found that 30 of the 31 remaining agreement order samples reviewed were not closed timely in accordance with policies and procedures. Only 3% of the agreement order samples reviewed were authorized for close timely based upon the PPM requirements. See Table 2 below:

Table 2 – Timeline for Closing Authorization of Agreements Orders

No. of Days From POP End to COW Memorandum	No. of Agreement Orders	% of Agreement Orders	Carryover Balance as of 9/30/20
30 Days or Less	1	3%	$4,781.50
31 to 90 Days after POP End	2	7%	$32,935.07
91 to 365 Days after POP End	14	45%	$681,662.07
366 to 600 Days after POP End	8	26%	$859,299.58
More than 600 Days after POP End	6	19%	$10,177.42
TOTAL	31	100%	$1,588,855.64

Source: Census reimbursable agreement orders, COW memos, and reimbursable project management reports

The audit results shown in the Table 2 above show that only 3% of the agreement orders reviewed were authorized to close timely based upon the PPM requirements and only 10% were authorized within 90 days of the POP end. Fifty-five percent of the agreement orders were authorized to close within 365 days of the POP end. Nineteen percent were not authorized to close for more than 600 days after the POP end and two of those agreement orders were not authorized to close for more than 700 days. Delays in the closing of agreement orders affect the timeliness of the refund of unused advance balances to the Agency/Customer/Treasury and the deobligation of unused funds.

Criteria:

(1) U.S. Department of Commerce, U.S. Census Bureau, PPM, Chapter: D-5, Effective Date: November 2, 2016, Subject: *Interagency and Other Special Agreements (IOSA)* assigns responsibilities and establishes general policies and procedures for the preparation, review, clearance, approval, monitoring, execution of and closing of an Interagency and Other Special Agreements.

(2) U.S. Department of Commerce, U.S. Census Bureau, Accounting Operations, Accounts Receivable Branch, Procedure #228 – Reimbursable Customer Refunds, Last Revision Date: June 25, 2020 provides guidance on the customer refund process for reimbursable projects**.**

(3) U.S. Department of Commerce, U.S. Census Bureau, Chapter 4, Invoice Processing for Miscellaneous Vouchers, Sub Chapter 4.1 Refunds, Effective July 25, 2016, provides instructions for successfully processing governmental and non-governmental refunds.

(4) OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control,* requires management to be responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Cause:

(1) Although the Policies and Procedures Manual, Chapter D-5, *Subject: Interagency and Other Special Agreements (IOSA)* effective November 2, 2016 does designate the timing for the closing authorization of a reimbursable agreement order, the designated time does not appear to be reasonable based upon the sponsoring division's inability to meet that deadline. During the audit, the Census Bureau reported that the program office strives to submit COW memos to the Finance within 45 days of the period of performance expiration. However, delays are experienced when there are undelivered orders (UDO), reconciliation issues with partner agencies, or include charges that cause deficits that need to be corrected.

(2) The policies and procedures do not clearly address the operating procedures that would be applicable when delays such as UDOs, reconciliation issues with partner agencies, charges that cause deficits that need correcting or incorrect vendor information occur to ensure the timely resolution of the issues that caused the delay.

Effect:

The unobligated balance for Reimbursable-Fund Code 11 would be overstated. Refunds/of unused advances/deobligation of unused funds on expired agreements would not be issued on a timely basis.

Finding 3: Improvement Needed on Internal Controls over Timely Refund of Unused Advances on Reimbursable Agreement Orders/Projects Authorized to Close

Condition:

Our review of reimbursable agreements with unused advances found that the internal control procedures that ensure the timely refund of unused advances on expired orders need improvement. The issuance of the COW memo by the sponsoring division provides the Finance with the authorization to close an agreement order and to refund any unused advance. Although the U.S. Census Bureau, Accounting Operations Procedure #228 – *Reimbursable Customer Refunds*, last revised June 25, 2020 clearly documents the necessary accounting procedures to ensure that refunds are accurately and properly recorded, this procedure does not designate any completion time guidelines. The absence of completion time guidance contributed to delays in the authorization of refunds for payments once the COW memo had been issued. Thirty-three percent of the 24 unused advance refunds reviewed were not submitted for payment until more than 30 days after the agreement order refund had been authorized in the COW memo. For one agreement order with a refund due of $32,741.91, the Request for Refund form was not prepared until 479 days after the COW memo.

In addition, U.S. Census Bureau, Chapter 4, *Invoice Processing for Miscellaneous Vouchers*, Sub Chapter 4.1 *Refunds*, effective July 25, 2016 states that all requests for refund reimbursement must be processed in five business days and that all refunds must be processed prior to close of business the 25th day of each month. Sixty-seven percent of the 24 refunds reviewed were not in compliance with the procedure to process the request for refund reimbursement within 5 business days and were processed for payment anywhere from 9 to 295 business days. Thirty seven percent were also not in compliance with the procedure requirement to be processed by the 25th day of each month. See Tables 3 and 4 below:

Table 3 – Number of Days from Request for Refund Payment Date to Date Paid

No. of Days from Request for Refund Payment Date to Date Paid	No. of Agreement Orders	Refund Per COW Memo	% of Agreement Orders	Carryover Balance as of 9/30/20
Within 5 Business Days or Less	8	$217,098.50	33%	$223,208.72
Within 6 to 10 Business Days	3	82,531.42	13%	82,529.06
Within 11 to 15 Business Days	3	5,922.49	13%	-20,307.48
Within 16 to 20 Business Days	1	5,830.44	4%	-16,750.73
More Than 20 Business Days	9	516,795.06	37%	508,704.03
TOTALS	24	$828,177.91	100%	$777,383.60

Source: Census COW memos, Request for Refund Payment forms, proof of payment date documentation, and reimbursable project management reports

Table 4 – Refund Processing Compliance Summary

Compliance Status	No. of Agreement Orders	Refund Per COW Memo	% of Agreement Orders	Carryover Balance as of 9/30/20
COMPLIANCE – Refunds Processed by the 25th of the Month	**15**	**$343,167.26**	**63%**	**$326,638.48**
NONCOMPLIANCE – Refunds Not Processed by the 25th of the Month	**9**	**485,010.65**	**37%**	**450,745.12**
TOTALS	**24**	**$828,177.91**	**100%**	**$777,383.60**

Source: Census COW memos, Request for Refund Payment forms, proof of payment date documentation, and reimbursable project management reports

Criteria:

(1) U.S. Department of Commerce, U.S. Census Bureau, Policies and Procedures Manual (PPM), Chapter:D-5, Effective Date: November 2, 2016, Subject: *Interagency and Other Special Agreements (IOSA)* assigns responsibilities and establishes general policies and procedures for the preparation, review, clearance, approval, monitoring, execution of and closing of an Interagency and Other Special Agreements.

(2) U.S. Department of Commerce, U.S. Census Bureau, Accounting Operations, Accounts Receivable Branch, Procedure #228 – *Reimbursable Customer Refunds*, Last Revision Date: June 25, 2020 provides guidance on the customer refund process for reimbursable projects.

(3) U.S. Department of Commerce, U.S. Census Bureau, Chapter 4, *Invoice Processing for Miscellaneous Vouchers*, Sub Chapter 4.1 *Refunds*, Effective July 25, 2016 provides instructions for successfully processing governmental and non-governmental refunds.

(4) OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control,* requires management to be responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Cause:

(1) The current procedure for initiating/authorizing the refund process do not include time completion guidance for the reimbursable management team (RMT) accountant to prepare the Request for Refund Payment form/Refund Package and submit it to the Finance Invoice Claim Submission mailbox.

(2) Supervisory control procedures and review of the work of the RMT Accountant and the Finance Payment Team in this area appears nonexistent.

Effect:

The unobligated balance for Reimbursable would be overstated. Refunds/of unused advances/deobligation of unused funds on expired agreements would not be issued on a timely basis. A lack of compliance with procedures that are designed to ensure the timely issuance of refunds.

Finding 4: Improvement Needed of Internal Controls Over Cost Monitoring of Reimbursable and Fixed Fee Projects

Condition:

Our review of Reimbursable agreement orders and Fixed Fee projects found that Internal controls over cost monitoring need improvement. The cost monitoring system in place does not consistently prevent deficits or detect trends that indicate a project will go into a deficit balance to ensure adjustments necessary for the accuracy of the project carryover balance are made timely. We found that the deficit is researched by the Sponsoring Division after the fact and corrections are made after the order POP ends. For Fund Code 11 (Reimbursable), there were five agreement orders with a deficit carryover balance that represented artificial deficits that were corrected after 9/30/20 totaling ($160,878.57). In one instance, the order POP ended 9/30/19, the agreement order still had a deficit balance as of 9/30/20 which was not resolved until July 2022.

From the sample of 68 agreement orders, there were nine orders with a deficit carryover balance as of 9/30/20. An analysis of these deficit balances is shown in Table 5 below:

Table 5 – Reimbursable Agreement Orders and Fixed Fee Projects With Deficit Balances

Fund Code	Project Code	Carryover Balance as of 9/30/20	Agreement Order POP	Classification of Deficit
11	7154019	-$33,062.86	11/01/19 to 10/31/20	Deficit – Order POP end after 9/30/20
11	7403019	-19,227.54	10/01/18 to 09/30/19	Artificial Deficit – Reported as resolved as of 7/21/22
11	7491016	-41,480.20	08/13/15 to 09/30/20	Artificial Deficit – Reported as resolved as of 7/21/22
11	7539021	-11,549.92	09/01/19 to 10/30/20	Deficit – Order POP end after 9/30/20
11	7225002	-16,229.18	08/27/14 to 09/30/15	Accounting Error – Advance refund when no advance paid
11	7470020	-25,216.00	09/30/19 to 09/30/20	Artificial Deficit – Corrected after 9/30/20
11	7481001	-58,204.10	02/06/19 to 09/30/20	Artificial Deficit – Corrected after 9/30/20
11	7534019	-16,750.73	09/01/18 to 09/30/20	Artificial Deficit – Corrected after 9/30/20
12	9047000	-103,596.67	10/01/19 to 09/30/20	Deficit – Cost Overrun
TOTAL		-$325,317.20		

Source: Census reimbursable agreement orders, advanced funding authorization memos, reimbursable project management reports, COW memos, and accounting transaction documents

The analysis in Table 5 above shows that for the Reimbursable, there were five agreement orders totaling ($160,878.57) which were determined to be artificial. An "artificial" deficit is caused when project posting errors create the deficit and once corrected the agreement order balance is positive. For two deficit carryover balances totaling ($44,612.78), the agreement order POP end was after 9/30/20 and one deficit with a balance of ($16,229.18) was an accounting error that occurred March 2016 because an unused advance refund was processed on a no advance agreement order.

As noted in Table 5 above, for the order POP ended 9/30/19, the agreement order still had a deficit balance as of 9/30/20 which was not resolved until July 2022. The Cost Monitoring system should have prevented and or detected and corrected these posting errors timely.

There was one deficit carryover balance as of 9/30/20 totaling ($103,596.67) for Fund Code 12 (Fixed Fee). The current cost monitoring procedures do not specify cost monitoring procedures designed to address the unique qualities of the Fixed Fee projects.

Additionally, we found that the cost monitoring process does not consistently ensure that expenses are not charged to projects without approved agreement orders. Our review found two Reimbursable agreement orders with a carryover balance as of 9/30/20 totaling $32,239.39 with expenses that were charged to an agreement order which had not been approved. See Table 6 below. The total amount charged to projects without proper approval as documented by an executed agreement order totaled $10,213.58.

Table 6 – Review of Accounting History

Project Code	Carryover Balance as of 9/30/20	Agreement Order POP	Charged Before/ After POP	Dates Expenses Charged	Amounts Charged with No Approved Orders	Description
7041002	**$27,153.39**	**10/01/19 to 09/30/20**	**Before**	**10/22/19 to 02/03/20**	**$5,127.58**	**Although the POP started 10/01/19, the Order was not approved until 03/09/20**
8850005	**5,086.00**	**02/01/20 to 02/08/20**	**No Approved Order**	**02/01/20 to 02/08/20**	**5,086.00**	**Retroactive Agreement Order signed 02/28/20**
Total	**$32,239.39**				**$10,213.58**	

Source: Census reimbursable agreement orders, reimbursable project management reports, and project accounting history

Criteria:

(1) U.S. Department of Commerce, U.S. Census Bureau, PPM, Chapter:D-5, Effective Date: November 2, 2016, Subject: *Interagency and Other Special Agreements (IOSA)* assigns responsibilities and establishes general policies and procedures for the preparation, review, clearance, approval, monitoring, execution of and closing of an interagency and other special agreements.

(2) OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control,* requires management to be responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Cause:

(1) Policies and Procedures Manual, Chapter D-5, Subject: Interagency and Other Special Agreements (IOSA) effective November 2, 2016 does not clearly address specific procedures needed in the cost monitoring process such as 1) the frequency of the review of the billing statement, 2) the specific documents to be reviewed when comparing performance to the billing statement and any additional steps necessary as a result of this review, 3) procedures to be performed once insight into the expenditure rate occurs and the possibility of an adjustment is identified to ensure that, when necessary, adjustments are made timely on agreement orders, 4) types of discrepancies that routinely occur during the reconciliation with Expense Reports and the necessary follow-up procedures in collaboration with Finance and the Participating division for the timely resolution of these discrepancies.

(2) The cost monitoring process outlined in Chapter D-5 do not address any unique procedures needed for Fixed Fee projects.

(3) System controls do not prevent charges to projects that do not have approved agreement orders.

Effect:

(1) Expenses without prior written authorization, as documented in an agreement order, or in excess of authorized levels are charged against reimbursable or fixed fee projects.

(2) Incurring costs unrelated to the purposes for which an agency has received appropriations to perform services for another in the absence of an agreement authorized by law is inconsistent with the purpose statute, 31 U.S.C. Section 1301.

Finding 5: Improvements Needed to Ensure Agreement Orders are Consistent with Appropriation Law

Condition:

Our review found that some reimbursable agreement orders were not always consistently in compliance with appropriation law requirements. During our review of the Department of Commerce, Office of General Counsel, General Law Division's clearance memo/emails for two agreement orders, we noted that the Census Bureau was cited for failing to obtain approval on the agreement orders before performing the work on these projects. The clearance documents stated that "Incurring costs unrelated to the purposes for which an agency has received appropriations to perform services for another in the absence of an agreement authorized by law is inconsistent with the purpose statute," 31 U.S.C. Section 1301.

In total, two agreement orders with a carryover balance as of 9/30/20 totaling $32,239.39 were identified where work was performed by the Census Bureau before the agreement was approved. See Table 6 above. The cost incurred on these projects without an approved agreement order were not consistent with the purpose statute 31 U.S.C. Section 1301.

In addition, three of the sampled agreement orders had deficit balances as of 9/30/20 and the period of availability for the appropriation funding the order had also expired. Therefore, an additional review was performed on these orders to ensure that there was not a violation of appropriation law 31 U.S.C. Section 1341.

The review of these agreement orders highlights the need for additional improvements in the cost monitoring system to ensure that deficit carryover balances are resolved before the agreement order POP and the period of availability for the appropriation funding the order both expire.

Criteria:

(1) U.S. Department of Commerce, U.S. Census Bureau, PPM, Chapter: D-3, Last updated on 12/11/08, Subject: *Administrative Control of Funds* describes the system for administrative control of funds made available to the Census Bureau by the OMB and the Department of Commerce.

(2) U.S. Census Bureau, Budget Operations Manual, Version 1.0, October 2016, Chapter 12, *EOY Process – Appropriated Funds* provides step-by-step procedures on preparing EOY Projections of the Appropriated Funds. Projections are essential to (bullet 4) avoiding Anti-deficiency Act violations (ensuring funds are not obligated in excess of appropriated and apportionment ceilings).

(3) Appropriation Law 31 U.S.C. Section 1301. Application

(4) Appropriation Law 31 U.S.C. Section 1341. Limitations on expending and obligating amounts

Cause:

(1) System controls do not prevent charges to projects that do not have approved agreement orders.

(2) Procedures that ensure that approved agreement orders are in place before the Sponsoring Division is directed to begin performance of the work do not appear to exist.

Effect:

(1) Expenses without prior written authorization, as documented in an agreement order, are charged against Reimbursable agreement orders. Incurring costs unrelated to the purposes for which an agency has received appropriations to perform services for another in the absence of an agreement authorized by law is inconsistent with the purpose statute, 31 U.S.C. Section 1301.

Finding 6: Reimbursable Bureau Overhead Rates Adjustment Decisions Not Documented

Condition:

Our review of Fund Code 11 (Reimbursable) BOH rates found that Census had not adjusted its Reimbursable BOH rates since FY 2015. Upon our request for the FY 2020 Reimbursable BOH Rate calculation Worksheet, Census provided a copy of the FY 2013 BOH calculation worksheet which had later been adjusted to reflect the FY 2015 reimbursable BOH rate. We requested documentation to support the decisions not to adjust the BOH rate from FY 2015 to FY 2020. Census indicated that there was no written documentation to support these decisions. Census also indicated that it has been the Budget Division's practice to periodically review the Fund Code 11 BOH rate and if there was a decision not to adjust the rate, no action was taken. However, if a decision was made to adjust the reimbursable BOH rate, proposed changes are recommended to the WCF Customer Board who has the final authority to adjust the reimbursable BOH rate. Census further indicated that these reimbursable BOH rate reviews have been held on an ad-hoc/as-need basis and were not documented. We also found during our audit that there were no standard operating procedures in place addressing the frequency on when these reviews should be conducted.

Criteria:

(1) The Department of Commerce Accounting Principles and Standards Handbook, chapter 6, section 6.0, requires that all transactions, processing procedures, and systems of administrative controls, as well as other controls, are to be fully documented so that a clear audit trail is established.

(2) OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, requires management to be responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Cause:

(1) The Bureau did not have documented internal controls / policies in place to ensure that management maintain documentation supporting reimbursable BOH rate adjustment review meetings.

(2) The Bureau did not have documented internal controls / policies in place to establish the frequency of reimbursable BOH rate adjustment review meetings.

Effect:

(1) The periodic reimbursable BOH rate adjustments review meetings were not documented by Census.

(2) The Frequency of the reimbursable rate adjustment meetings has not been established.

B – RECOMMENDATIONS

Recommendation Related to Finding No. 1

We recommend that the Census Bureau:

(1) Implement internal controls / policies and procedures to ensure that worksheet rate calculations are documented with sufficient support to ensure that a clear audit trail is established.

(2) Implement internal controls / policies and procedures to ensure that documentation required to support PDO rates is retained for a reasonable period.

Recommendation Related to Finding No. 2

We recommend the Census Bureau:

(1) Revise the timing for the issuance of the Completion of Reimbursable Work Projects memo in the Policies and Procedures Manual, Chapter D-5, *Interagency and Other Special Agreements* based upon a reassessment and reevaluation of the time period to ensure the required time period for authorizing the closing of an agreement order can be reasonably met.

(2) Revise the current policies and procedures in the Policies and Procedures Manual, Chapter D-5, *Interagency and Other Special Agreements* or develop other appropriate policies and procedures to identify resolution steps and timeline for completion delays caused by UDO, reconciliation issues with partner agencies, charges that cause deficits that need to be corrected or incorrect vendor information. These procedures should include timeline guidance for completion.

Recommendation Related to Finding No. 3

We recommend the Census Bureau:

(1) Revise U.S. Census Bureau, Accounting Operations, Accounts Receivable Branch, Procedure #228 – *Reimbursable Customer Refunds* to include completion time guidelines for the RMT Accountant to prepare and submit the Request for Refund Payment form/Refund Package and a management supervisory review of this process.

(2) Revise the U.S. Census Bureau, Chapter 4, *Invoice Processing for Miscellaneous Vouchers*, Sub Chapter 4.1 *Refunds* to require supervisory review and control procedures over the Finance Payment Team to ensure payments are processed timely in accordance with procedure requirements.

Recommendation Related to Finding No. 4

We recommend the Census Bureau:

(1) Revise the current policies and procedures in the Policies and Procedures Manual, Chapter D-5, *Interagency and Other Special Agreements* or develop other appropriate policies and procedures to provide the sponsoring division additional guidance for the cost monitoring

process, including procedures for 1) the frequency of the review of the billing statement, 2) the specific documents to be reviewed, 3) steps for any adjustments needed, 4) types of discrepancies that routinely occur and the necessary follow-up procedures.

(2) Develop trend analysis reports to assist the Sponsoring Division in identifying the need for adjustments of agreement orders so corrections can be made timely.

(3) Revise Chapter D-5, Section 11 (b) *Cost Monitoring* to address any unique procedures necessary for Fixed Fee projects.

Recommendation Related to Finding No. 5

We recommend the Census Bureau:

(1) Implement additional procedures, such as checklist sign-off requirements, etc., to ensure that work is not performed before an agreement order is approved.

(2) Develop additional cost monitoring procedures and management reports to ensure that deficit carryover balances are resolved before the agreement order POP and the period of availability both expire.

(3) Establish timeline guidance for the sponsoring division to resolve deficits on project agreement orders.

Recommendation Related to Finding No. 6

We recommend that Census Bureau:

(1) Implement internal controls / policies and procedures to ensure that Reimbursable BOH Rate adjustment meetings are documented and maintained.

(2) Implement internal controls / policies and procedures to establish the frequency of the Reimbursable BOH Rate adjustment review meetings.

V. SUMMARY OF AGENCY RESPONSE

On January 25, 2023, the U.S. Census Bureau's Chief Financial Officer (Acting) provided a response to our draft report on behalf of the Census Bureau's Working Capital Fund. The Bureau's response agreed with our findings and recommendations and described actions they have taken, or will take to address the recommendations. The response is included within this report as an appendix.

APPENDIX

MANAGEMENT RESPONSE TO REPORT

UNITED STATES DEPARTMENT OF COMMERCE
U.S. Census Bureau
Washington, DC 20233-0001

January 25, 2023

MEMORANDUM FOR: Richard Bachman
Assistant Inspector General
for Audit and Evaluation
Office of Inspector General

FROM: James Christy
Chief Financial Officer (Acting)
U.S. Census Bureau

JAMES CHRISTY Digitally signed by JAMES CHRISTY Date: 2023.01.24 15:02:02 -05'00'

SUBJECT: *"Audit of the Census Bureau Working Capital Fund for Fiscal Year Ended September 30, 2020"*

Thank you for the opportunity to provide comments to the Office of Inspector General's draft report titled, *"Audit of the Census Bureau Working Capital Fund for Fiscal Year Ended September 30, 2020"* dated January 11, 2023. The U.S. Census Bureau respectfully submits the attached comments.

Attachment

United States Census Bureau

census.gov

U.S. Census Bureau Comments on Office of Inspector General Draft Report:
"Audit of the Census Bureau Working Capital Fund for Fiscal Year Ended September 30, 2020"
January 2023

General Comments

The U.S. Census Bureau appreciates the opportunity to comment on this draft report. The report notes that the auditing team engaged by the Office of Inspector General, Ollie Green & Company (OG&C) did not find any specific instances of fraud, illegal acts, significant violations, or abuse in their audit. The report further notes that the carryover balance in the fund was sufficiently supported.

However, the report found areas of internal controls that need improvement and OG&C identified 14 related recommendations. While the Census Bureau would not characterize these as purely budget controls, the Census Bureau agrees that the areas identified by the auditors would benefit from the recommendations that OG&C offered. As specified in the report, OG&C found the following:

- Program division overhead rate calculations not always supported in worksheets.
- Internal controls over closing expired agreement orders need improvement.
- Improvement needed on internal controls over timely refund of unused advances on reimbursable agreement orders/projects authorized to close.
- Improvement needed of internal controls over cost monitoring of reimbursable and fixed fee projects.
- Improvements needed to ensure agreement orders are consistent with appropriation law.
- Reimbursable Bureau overhead rates adjustment decisions not documented.

The Census Bureau has a robust system of internal controls and is committed to continuous improvements in our internal control environment. The Bureau views internal controls as key activities supporting our stewardship of the resources entrusted to the agency. We would like to take this opportunity to thank OG&C for their recommendations, which we believe will enhance our internal control environment and will, upon release of final report, develop an action plan for implementing the 14 recommendations. Meanwhile, we offer the following comments on the findings of the audit.

We have the following comments regarding the 6 findings and 14 recommendations in your draft report.

FINDING: PDO Rate Calculations Not Always Supported in Worksheets

The auditors found during their review that the Bureau did not always retain what the auditors would consider sufficient documentation to support the rates in the PDO worksheets. We do support the PDO rates with documentation and noted during the audit that has been our practice to consider the worksheets themselves the source documentation, as they are prepared by divisions with PDO rates contemporaneously with preparing their overall operating budgets. We agree, however, that additional supporting documentation, including the underlying plan data, would improve the evidence supporting our PDO rates.

RECOMMENDATION #1: Implement internal controls/policies and procedures to ensure that worksheet rate calculations are documented with sufficient support to ensure that a clear audit trail is established.

The Census Bureau concurs with this recommendation, and it is consistent with efforts already underway for FY23. We have instructed program areas with PDO rates to supply the underlying budget operating plan data which supports the calculations in the PDO worksheets for FY23. This will inform development and implementation of internal controls, policies and/or procedures going forward.

RECOMMENDATION #2: Implement internal controls/policies and procedures to ensure that documentation required to support PDO rates is retained for a reasonable period.

The Census Bureau concurs with this recommendation. We will implement controls and procedures to ensure that documentation is retained consistent with relevant records schedules established by the National Archives and Records Administration and/or the Census Bureau.

FINDING: Internal Controls over Closing Expired Agreements Orders Need Improvement.

The Census Bureau agrees with this finding and that the designated time by which an agreement is required to be closed should be reviewed.

RECOMMENDATION #3: Revise the timing for the issuance of the Completion of Reimbursable Work Projects memo in the Policies and Procedures Manual, Chapter D-5, Interagency and Other Special Agreements based on a reassessment and reevaluation of the time period to ensure the required time period for authorizing the closing of an agreement can be reasonably met.

The Census Bureau concurs with this recommendation. We will conduct an assessment of the time period to ensure it can be reasonably met and adjust the Policies and Procedures Manual, Chapter D-5 accordingly.

RECOMMENDATION #4: Revise the current policies and procedures in the Policies and Procedures Manual, Chapter D-5, Interagency and Other Special Agreements or develop other

appropriate policies and procedures to identify resolution steps and timeline for completion delays caused by UDO, reconciliation issues with partner agencies, charges that cause deficits that need to be corrected or incorrect vendor information. These procedures should include timeline guidance for completion.

The Census Bureau concurs with this recommendation and will work to make revisions or develop other appropriate policies and procedures associated with the items detailed in the recommendation.

FINDING: Improvement needed On Internal Controls over Timely Refund of Unused Advances on Reimbursable Agreement Orders/Projects Authorized to Close.

The Census Bureau agrees with this finding and has already put in place initial actions to address it. We have included the status of refunds as a monthly requirement of key performance indicators since April 2022 to provide additional oversight of this process.

RECOMMENDATION #5: Revise U.S. Census Bureau, Accounting Operations, Accounts Receivable Branch, Procedure #228 – Reimbursable Customer Refunds to include completion time guidelines for the RMT Accountant to prepare and submit the Request for Refund Payment form/Refund Package and a management supervisory review of this process.

The Census Bureau concurs with this recommendation. We will review Procedure #228 and make revisions consistent with the recommendation.

RECOMMENDATION #6: Revise the U.S. Census Bureau, Chapter 4, Invoice Processing for Miscellaneous Vouchers, Sub Chapter 4.1 Refunds to require supervisory review and control procedures over the Finance Payment Team to ensure payments are processed timely in accordance with procedure requirements.

The Census Bureau concurs with this recommendation. We will review Chapter 4, Sub Chapter 4.1 and make revisions consistent with the recommendation.

FINDING: Improvement Needed of Internal Controls over Cost Monitoring of Reimbursable and Fixed Fee Projects.

The Census Bureau concurs with this finding, though we would note that only 3 of the 68 agreements reviewed represented actual deficits, with an additional 6 that were the result of posting or accounting errors. Still, the Census Bureau appreciates the need to ensure robust monitoring of costs to prevent deficits wherever possible and to resolve them as quickly as possible when they do occur.

RECOMMENDATION #7: Revise the current policies and procedures in the Policies and Procedures Manual, Chapter D-5, Interagency and Other Special Agreements or develop other appropriate policies and procedures to provide the sponsoring division additional guidance for the cost monitoring process, including procedures for 1) the frequency of the review of the billing statement, 2) the specific documents to be reviewed, 3) steps for any adjustments needed, 4) types of discrepancies that routinely occur and the necessary follow-up procedures.

The Census Bureau concurs with this recommendation, and we will revise current policies and procedures consistent with the recommendation.

RECOMMENDATION #8: Develop trend analysis reports to assist the Sponsoring Division in identifying the need for adjustments of agreement orders so corrections can be made timely.
The Census Bureau concurs with this recommendation and have already initiated efforts to implement it. We have developed and released to internal customers several new dashboards and data visualizations that make spending data more accessible to internal and external stakeholders to facilitate the monitoring of reimbursable costs.

RECOMMENDATION #9: Revise Chapter D-5, Section 11 (b) Cost Monitoring to address any unique procedures necessary for Fixed Fee projects.
The Census Bureau concurs with this recommendation and will review the Policies and Procedures Manual, Chapter D-5 for any appropriate revisions to Section 11 (b) to address any unique procedures necessary for Fixed Fee projects.

FINDING: Improvements Needed to Ensure Agreement Orders are Consistent with Appropriation Law.
The auditors found that some reimbursable agreements were not always consistent with appropriations law guidance in that they were not signed timely. Specifically, the auditors found that two agreements were not finalized prior to the commencement of the work. The auditors also found three sampled agreements that had deficits as of 9/30/20 and that the period of availability of the funding for the orders had also expired. The Census Bureau agrees that this presents a risk to compliance with the Purpose Statute, and thus, agrees with the recommendation that internal control procedures can be strengthened to reduce this risk. The Census Bureau offers the following comments regarding the agreements mentioned in the report.

Specifically, regarding the two agreements that the auditors found were not fully executed before work was performed, the Census Bureau notes the work performed was covered by a fully approved agreement, the late approvals notwithstanding. As to the agreements with deficits for which the period of availability of the underlying funds had expired, the Census Bureau notes that after the period of availability of funds has expired, adjustments can be made to obligations incurred during the period of availability of funds for a period of five years after the expiration of the funds. As such, the mere presence of a deficit for these agreements does not necessarily indicate that there is an appropriations law issue. All three agreements were within their cancellation dates as of 9/30/20 and two are still within their cancellation dates as of January 2023, meaning that the funds would still be available for adjustments if they were necessary. We will review relevant procedures and implement any necessary adjustments to ensure that agreements continue to be executed consistent with legal requirements.

RECOMMENDATION #10: Implement additional procedures, such as checklist sign-off requirements, etc., to ensure that work is not performed before an agreement order is approved.

The Census Bureau concurs with this recommendation and will review relevant procedures and implement any necessary additional procedures to ensure that work is not performed before an agreement order is approved.

RECOMMENDATION #11: Develop additional cost monitoring procedures and management reports to ensure that deficit carryover balances are resolved before the agreement order POP and the period of availability both expire.

The Census Bureau concurs with this recommendation and will develop additional cost monitoring procedures and management reports to ensure that deficit carryover balances are resolved timely. However, the Census Bureau reiterates that funds are available for adjustment after the period of availability expire and until they are cancelled, which is generally five years after expiration. As noted above, we have developed new reports and dashboards making monitoring data more accessible to internal and external stakeholders to enhance cost monitoring of reimbursable agreements.

RECOMMENDATION #12: Establish timeline guidance for the sponsoring division to resolve deficits on project agreement orders.

The Census Bureau concurs with this recommendation and will establish timeline guidance for the sponsoring divisions of reimbursable agreements with deficits to resolve them.

FINDING: Reimbursable Bureau Overhead Rates Adjustment Decisions Not Documented.

The Census Bureau concurs with this finding and will take actions consistent with the recommendations below.

RECOMMENDATION #13: Implement internal controls/policies and procedures to ensure that Reimbursable BOH Rate adjustment meetings are documented and maintained.

The Census Bureau concurs with this recommendation, and we will document reimbursable rate adjustment decisions as part of our internal governance process where those decisions are made. We will also implement controls and procedures to ensure that this documentation is retained consistent with relevant records schedules established by the National Archives and Records Administration and/or the Census Bureau.

RECOMMENDATION #14: Implement internal controls/policies and procedures to establish the frequency of the Reimbursable BOH Rate adjustment review meetings.

The Census Bureau concurs with this recommendation, and we will document reimbursable rate adjustment decisions as part of our internal governance process where those decisions are made. We have initiated a review of reimbursable BOH rates in anticipation of establishing a routine schedule for reimbursable BOH adjustment reviews.