



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND LOGISTICS MANAGEMENT)
CHIEF OF NAVAL RESEARCH
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Quality Reviews of Contract, Grant and Cooperative Agreement Recipient Reports
Required by the American Reinvestment and Recovery Act

Section 1512 of the American Reinvestment and Recovery Act ("Recovery Act," Public Law 111-5) requires recipients with awards funded by Recovery Act appropriations to report quarterly on the use of those funds. In implementing this requirement, the Office of Management and Budget (OMB) issued guidance that requires Federal agencies to review recipient reports and specifies procedures for those reviews to facilitate and improve the quality of data submissions.

The attached guidance contains procedures for reviewing contracts, grants and cooperative agreements. Please ensure that the attached guidance is followed for all Recovery Act awards by your organization.

Should you have any questions regarding applicability to contracts, please contact Ms. Jennifer Martin (jennifer.martin@osd.mil, 703-695-9764). For questions regarding applicability to grants and cooperative agreements, please contact Dr. Mark Herbst (mark.herbst@osd.mil, 703-588-1377).

Alan R. Shaffer
Principal Deputy, Assistant Secretary of
Defense (Research and Engineering)

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated



DOD QUALITY ASSURANCE PROCESS FOR REVIEWING RECIPIENT REPORTS

AMERICAN RECOVERY AND RE-INVESTMENT ACT OF 2009

1. Overview:

The American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) imposes transparency and accountability requirements on Federal awarding agencies and their recipients (contractors and recipients of grants and cooperative agreements). As required by Section 1512 of the Recovery Act, recipients are required to submit reports on the use of Recovery Act funding through an electronic data collection process (www.federalreporting.gov) to include estimates on the number of jobs created and retained. Timely, complete, and effective reporting under Section 1512 is a term and condition of receiving Recovery Act funds.

The Office of Management and Budget (OMB) issues guidance on the process for recipient reporting, to include Government reviews of recipient reporting. This guidance may be accessed at the OMB website at: http://www.whitehouse.gov/omb/recovery_default/. The OMB website should be monitored in order to ensure compliance with all guidance updates.

This guidance provides additional detail to facilitate quality assurance of the recipient review process.

Note: This guidance applies only to Recovery Act funded awards.

2. Quality Assurance and Surveillance Process:

a. Key Reporting Time frames for recipient reporting on www.federalreporting.gov:

Recipient reporting occurs every quarter in January, April, July, and October. The quarterly reporting timeframes below are provided in terms of calendar days.

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- Prior to day 1: Awarding offices must contact any recipients that were noncompliant in the prior reporting period, to remind them of the reporting requirements and consequences of non-compliance.
- Days 1 - 10: Recipients submit reports
- Days 11 – 26: Review period for recipient reports
- Day 30 – Recipient report data is published on www.Recovery.gov
- Day 31 and beyond - Continuous Correction Period

Note: Dates are subject to change. Reference www.federalreporting.gov for updates and changes to reporting timeframes.

b. Quality Assurance and Surveillance Process During Days 1- 10:

Reviewers are required to monitor submissions of recipient reports starting on Day 1. Recipients that have not filed a report at least 3 business days prior to the reporting deadline must be contacted (through phone call or e-mail) to ascertain the recipient's ability to submit its report and to ensure timely filing. Monitoring of report submissions may occur directly on the Federal Reporting website or via downloaded reports (extracts) from the website.

If the recipient failed to file a report during a previous reporting period, reviewers are required to consistently follow-up with recipients throughout the 10 day period (not just during the last 3 days).

Documentation of all contact with non-reporting recipients is required and must be maintained within the award/contract file documentation.

Non-Reporting Recipients:

Once the reporting period closes, contracting/grants officers are required to perform the following when a contractor fails to report:

- Inform the recipient in writing, to include potential consequences of current and continued non-compliance with the Recovery Act, Section 1512 reporting responsibilities.
- Determine the specific reason(s) a recipient failed to submit a report.
- Provide appropriate outreach and assistance for recipients experiencing technical challenges or other situations where direct assistance or appropriate referral will assist in avoiding similar problems during the next reporting period.
- Increase monitoring and surveillance on recipient's progress to overcome challenges for future reporting periods.
- If a recipient is non-responsive, take appropriate actions, which may include restricting access to awarded funds and/or implementing additional sanctions and remedies as deemed appropriate. Remedies for a grant or cooperative agreement

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recipient's material failure to comply with the award term in subpart A of 2 CFR Part 176 are provided in sections 32.62(a), 33.43(a), and 34.52(a) of the DoD Grant and Agreement Regulations (DoD 3210.6-R). Sanctions and remedies for contracts are provided under FAR Section 4.1501(c) and (d) and, when determined appropriate, the processes identified within the termination clause.

If a recipient fails to report for two or more consecutive reporting periods, appropriate action by the contracting/grants officer is required within 20 business days. Actions include (but are not limited to) enforcement of terms and agreement provisions contained within relevant awarding documents such as:

- Increasing award monitoring and surveillance regarding reporting, such as requiring frequent progress reports.
- Including the recipient's failure to comply with reporting requirements as part of the recipient's performance record.
- Formally elevating the failure to perform in accordance with the terms and conditions of the award within the recipient's organization or company.
- Withholding payments until the recipient becomes fully compliant with Section 1512 reporting requirements.
- Initiation of other sanctions or remedies, as deemed appropriate.

c. Quality Assurance and Surveillance Process During Days 11-26:

A review is required for each recipient report. Quality assurance and surveillance of recipient reports may occur directly on the Federal Reporting website or via downloaded reports (extracts) from the website. However, all errors and omissions identified must be communicated to the recipient using the comments function on www.federalreporting.gov.

When errors and omissions are identified, reviewers should encourage recipients to make corrections to ensure accurate data reporting during the review period.

The information reported by the recipient in www.federalreporting.gov for the following data fields should match the data the DoD Component reported for the prime award in the: (1) Federal Procurement Data System (FPDS), if the prime award is a contract; or (2) the Defense Assistance Awards Data System (DAADS), if the prime award is a grant or cooperative agreement.

- Award Type (i.e. contract vs. grant)
- Award Number
- Task/Delivery Order Number (for contracts only, if applicable)
- DUNS
- Recipient Name
- Recipient Congressional District

- Funding Agency Code
- Awarding Agency Code
- Treasury Account Symbol (TAS)
- Contracting Office Code (for contracts only)
- Award (Obligation) Amount
- Award Date
- NAICS Code (Activity Code) (for contracts only)
- CFDA Number (for grants and cooperative agreements only)
- Country (Place of Performance)
- State (Place of Performance)
- Congressional District (Place of Performance)
- Award Description (Recovery Act Project Title)

Reviews should include the identification of inconsistent data or data anomalies, such as:

- Final Report vs. Project Status – Inconsistency between the Final Report data field and the Project Status data field
- Final Report vs. Funds Invoiced (for contracts) or Funds Received (for grants and cooperative agreements) – Inconsistency between the Final Report data field and the Funds Invoiced or Funds Received data field
- Project Status vs. Funds Invoiced (for contracts only) or Funds Received (for grants and cooperative agreements) – Inconsistency between the Project Status data field and the Funds Invoiced or Funds Received data field
- Award Date vs. Jobs Created/Retained – Inconsistency between the Award Date data field and the Jobs Created/Retained data field
- Award Date vs. Projects Completed – Inconsistency between the Award Date data field and the Projects Completed data field

Recipient Report Errors:

Review the report for data errors. If the reviewer determines a report contains errors, the reviewer is required to notify the recipient using the comment function on www.federalreporting.gov.

There are data fields that are of major concern and considered **Significant Errors**. These data fields include:

- Award (Obligation) Amount
- Number of jobs retained or created
- Award Number
- Recipient name
- Other data fields, as specified in OMB guidance for recipient reporting.

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If the recipient does not correct the significant errors during the review cycle or does not submit a reasonable explanation as to why the data is correct, then the report is considered to have significant errors.

Documentation of all contact with the recipients regarding significant errors is required and must be maintained within the award/contract file documentation.

Recipient Report Omissions:

Review the report for data omissions. If the reviewer determines a report contains omissions, the reviewer is required to notify the recipient using the comment function on www.federalreporting.gov.

There are data fields that are of major concern and considered **Material Omissions**. Material omissions include the following:

- Failure of a recipient to report on an award as required by the terms of their award.
- Data in a report that is not responsive to a specific data element. For instance, where a recipient is required to provide a narrative description, such as in “Award Description,” the description must be sufficiently clear to facilitate understanding by the general public.

If the recipient does not correct the material omissions during the review cycle or does not submit a reasonable explanation as to why the data was omitted, then the report is considered to have material omissions.

Documentation of all contact with the recipients regarding material omissions is required and must be maintained within the award/contract file documentation.

d. Publishing of Recipient Report Data on Day 30:

The Recovery Accountability and Transparency Board (RATB) will publish recipient report data on www.recovery.gov.

e. Extended Quality Assurance and Surveillance Period Starting on Day 31:

The RATB permits additional time following Day 30 for recipients to make report corrections. The time period permitted for this activity will be posted quarterly on www.federalreporting.gov. During the continuous correction period, reviewers are required to:

- Perform quality assurance and surveillance of corrections made by recipients.
- Conduct a final review of recipient data prior to the close of the continuous review period.

Once the continuous correction period ends, corrections can no longer be submitted on the www.federalreporting.gov website. If corrections are not made online, reviewers are required to instruct recipients to maintain comprehensive information on any and all necessary corrections to prior quarter data. In accordance with OMB guidance, recipients will be required, at a time and process to be specified in the future, to submit this information.

3. Monitoring of Quality Assurance and Surveillance Process:

Each DoD Component is required to monitor the quality assurance and surveillance process to ensure compliance. In order to facilitate this monitoring process, the following Certification/Assurance statements signed by the Senior Procurement Executive or by his or her designee are required:

a. Review Process Assurance Statement:

For assurance of the quality process, each DoD Component awarding Recovery Act funded projects will submit the following statement no later than the four business days prior to the start of a new reporting quarter. For example, the assurance statement for reports submitted in January 2011 is required no later than 28 March 2011. The statement will be signed by the Senior Procurement Executive or his or her designee and submitted to DPAP/PASS (for contracts), with a copy to OASD(R&E) (for grants and cooperative agreements). The Assurance Statement will be forwarded to the Senior Accountable Official in Office of the Under Secretary of Defense (Comptroller).

ASSURANCE STATEMENT: I hereby affirm that the [insert name of DoD Component, such as "Department of the Army" or "Department of the Navy"] conducted a quality review of data reported by recipients of Recovery Act contracts, grants, and/or cooperative agreements during the [insert the reporting period covered, such as "January 2011"] reporting period. I further affirm that the review included all elements required by OMB, including:

- Identification of each material omission or significant error; and
- Contacting recipients to encourage the correction of reports to ensure complete and accurate data reporting.

b. Significant Errors and Material Omissions:

The report process, format, and due date are issued by OMB each quarter and will be provided to each DoD Component Recovery Act Point of Contact. Historically, OMB

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requires this report no later than the last business day prior to the start of a new reporting quarter. For example, the significant error and material omissions report for reports submitted in January 2011 is required by OMB no later than 31 March 2011. DoD Components must provide their submissions to DPAP/PASS, with a copy to OASD(R&E), no later than three business days prior to the OMB suspense.

c. Non-Reporting Recipients:

When a recipient fails to report by Day 10 (or a later date as established by www.federalreporting.gov) reviewers are required to determine the reason for not reporting. Allowable reasons for non-reporting are:

- Not required to report (e.g., grant less than \$25,000)
- Award deobligated
- Award cancelled or terminated
- Extension for extraordinary circumstances (e.g., natural disaster)
- Award is classified
- Micropurchases made with a purchase card
- Final report previously submitted on www.federalreporting.gov
- For contracts with FAR Clause 52.204-11 dated prior to July 2010, reports are not required until invoicing occurs
- Other (Approval by OMB required)

If the non-reporting recipient meets one or more of the above stated allowable reasons, the recipient is considered compliant.

If the non-reporting recipient does not meet one or more of the above stated allowable reasons, the recipient is considered non-compliant with reporting requirements.

The report process and format are issued by OMB each quarter and will be provided to each DoD Component Recovery Act Point of Contact. The report is due to OMB no later than five business days following the final day of the quarterly review period. The suspense date for DoD Components submissions will occur no later than three business days prior to the OMB suspense. Certification will be signed by the Senior Procurement Executive or his or her designee and submitted to DPAP/PASS, with a copy to OASD(R&E).

Certification is required for the submission of non-compliant non-reporters. The certification is provided below:

CERTIFICATION STATEMENT: In connection with recipient reporting required by Section 1512 of the Recovery Act, the undersigned [*insert title*] hereby certifies that the information contained in the attached report fairly presents the identity and other relevant information of each Recovery Act recipient who has failed to submit a Section

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1512 report as required by the terms of its contract, grant, and/or cooperative agreement award.

If a DoD component identifies zero non-compliant non-reporting recipient, the following certification statement is required:

CERTIFICATION STATEMENT: In connection with recipient reporting required by Section 1512 of the Recovery Act, I hereby certify that *[insert name of DoD Component, such as “Department of the Army” or “Department of the Navy”]* has no non-compliant recipient who failed to submit a Section 1512 report in *[insert the reporting period covered, such as “January 2011”]* as required by the terms of its contract, grant, and/or cooperative agreement award.