



Office of Budget and Management

ARRA Central Reporting Audit

Audit Period: January 1, 2010 to May 14, 2010



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Executive Summary

Background

The American Recovery and Reinvestment Act (ARRA), signed into law on February 17, 2009, includes the following statement of purposes:

- To preserve and create jobs and promote economic recovery.
- To assist those most impacted by the recession.
- To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The State of Ohio has applied for over 90 ARRA programs with expected total grant awards to exceed \$8 billion during the next two years. These applications have been initiated by 21 state agencies in the form of formula, competitive, and discretionary grants. The grant awards are distributed in the following four spending categories:

- Countercyclical Funds: The two largest components of the State's budget that are exposed during a recession, while state revenues decline, are health care and education. The State has been awarded two formula grants (Medicaid and State Fiscal Stabilization) to assist the State's budget. The State Fiscal Stabilization Fund is primarily for education.
- Appropriated Funds: These grants represent additional funding for existing programs such as transportation, labor, and justice programs which will assist in job creation.
- Safety Net Funds: These grants provide relief for lower-income families in the form of supplemental nutrition assistance, child care, and extension of unemployment benefits.
- Economic Growth Funds: These awards focus on new technologies such as alternative energy, health information technology, broadband, and research initiatives.



Section 1512 of the American Recovery and Reinvestment Act of 2009 (ARRA) details the reporting requirements for each agency/ recipient of the ARRA Funds in order to ensure accountability and transparency. OBM is responsible for the creation and administration of a central reporting application (ARRA Hub) to interface with the federal reporting repository (federalreporting.gov) and ensures that data input by the agency/recipient is completely and properly collected and submitted to the federal repository on time. OIA issued a report on the adequacy of internal control for OBM's central reporting process in December 2009; however, this report focuses on the effectiveness of OBM's central reporting process.

During the audit, OIA identified opportunities for OBM to strengthen internal controls and improve business operations. Summary and detailed observations have been provided. OIA would like to thank OBM staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



Scope and Objectives

OIA staff was engaged to perform assurance work related to the ARRA Central Reporting Process. This work was completed between November 30, 2009 and May 14, 2010. The scope of this audit included the following areas:

- Administration and monitoring
 - Program oversight and monitoring
- Reporting
 - Financial reporting; and
 - Non-financial statistical reporting

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management’s internal controls.

Objective	Conclusion ¹
Evaluate the effectiveness of the controls over the monitoring process of the central reporting function.	Well-Controlled
Evaluate the effectiveness of the controls over complete, accurate, and timely reporting of financial and non-financial information.	Well-Controlled with Improvements Needed

¹ Refer to [Appendix A](#) for classification of audit objective conclusions.



Summary of Observations and Recommendations

The Summary of Observations and Recommendations includes only those risks which were deemed high or moderate. There were not high or moderate observations and recommendations identified as a result of this audit.

Low risk observations and recommendations were discussed with individual agency management and are not part of this report. However, the low risk observations and recommendations were considered as part of the audit objective conclusions above.



Appendix A – Classification of Audit Objective Conclusions

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Major Improvements Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
Improvements Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Well-controlled with Improvements Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.