



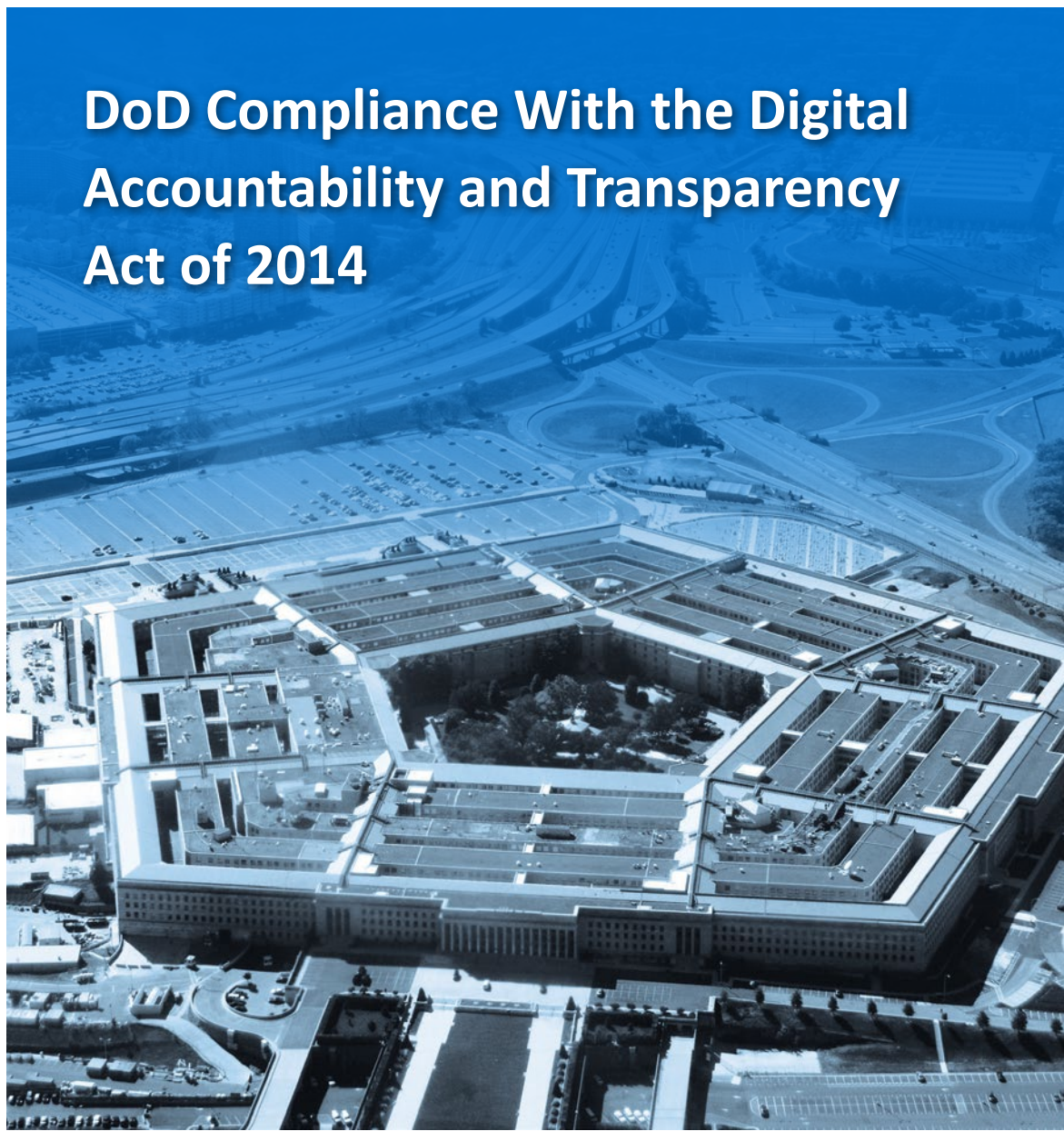
INSPECTOR GENERAL

U.S. Department of Defense

NOVEMBER 8, 2017



DoD Compliance With the Digital Accountability and Transparency Act of 2014



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Results in Brief

DoD Compliance With the Digital Accountability and Transparency Act of 2014

November 8, 2017

Objective

We determined whether the DoD complied with Public Law 113-101, “The Digital Accountability and Transparency Act of 2014” (DATA Act). Specifically, we assessed the completeness, timeliness, quality, and accuracy of the DoD second quarter FY 2017 financial and award data submitted for publication on USASpending.gov and the DoD’s implementation and use of the Government-wide financial data standards (data elements) established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury).

Background

The DATA Act was enacted to expand on previous Federal transparency legislation. The purpose of the DATA Act is to disclose and link Federal funds to increase accountability and transparency of Government spending to the public. Specifically, the DATA Act improves the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted. The DATA Act required the OMB and the Treasury to establish Government-wide financial data elements over Federal funds by May 2015. Therefore, in May 2015, the OMB and the Treasury issued standardized data elements with definitions and required Federal agencies to report financial and award data in accordance with these elements for publication on USASpending.gov by May 2017. The OMB also issued memorandum No. 2016-03 requiring agencies to designate

Background (cont’d)

a Senior Accountable Official (SAO), who, on a quarterly basis, must provide reasonable assurance that the agency’s internal controls support reliability and validity of the financial and award data submitted to the Treasury for publication on USASpending.gov.

The DATA Act also required agency Inspectors General and the Government Accountability Office to review a statistically valid sample of the data their agencies submitted under the DATA Act and report to Congress on the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the data elements.

Findings

The DoD SAO did not comply with the DATA Act. Specifically, for the second quarter of FY 2017, the DoD SAO did not certify and submit complete award data, timely award data, accurate financial and award data, and quality financial and award data for publication on USASpending.gov. These conditions occurred because the:

- DoD SAO lacked adequate internal controls to ensure the completeness, accuracy, and quality of financial and award data certified and submitted for publication on USASpending.gov;
- DoD procurement award data were not publically available in the Federal Procurement Data System until 91 days after contract or modification award;
- DoD did not update its grant award feeder systems to appropriately interface with the Federal grant reporting system;
- DoD guidance was inconsistent with OMB and Treasury guidance; and
- Treasury DATA Act Broker System experienced systems errors that resulted in Government-wide data reporting concerns.



Results in Brief

DoD Compliance With the Digital Accountability and Transparency Act of 2014

Findings (cont'd)

In addition, the DoD SAO implemented and used Government-wide data elements applicable to the financial data established by the OMB and the Treasury. However, the DoD did not implement and use the Government-wide data elements applicable to award data established by the OMB and the Treasury. Specifically, the DoD did not submit the required data elements for procurement and grant awards and did not comply with the OMB and the Treasury Government-wide data element definitions.

These conditions occurred because the Office of the Under Secretary of Defense Comptroller (OUSD[C]); the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD[AT&L]) Defense Procurement and Acquisition Policy (DPAP); and the Office of the Assistant Secretary of Defense (Research and Engineering) (OASD[R&E]) lacked adequate internal controls to ensure implementation and use of the Government-wide data elements established by the OMB and the Treasury.

As a result, DoD spending data displayed on USASpending.gov was inconsistent and unreliable to policymakers and taxpayers. Therefore, taxpayers may not be able to rely on the DoD's financial and award data display on USASpending.gov to track DoD spending effectively. Additionally, policymakers may not be able to rely on the DoD's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

Recommendations

We recommend that the DoD's SAO work with the:

- OUSD(C), OUSD(AT&L) DPAP, and OASD(R&E) personnel to allocate adequate resources for the DATA Act efforts; develop DATA Act processes and procedures ensuring DoD financial and award data

are collected, validated, reconciled, and reported in compliance with OMB Memorandum No. M-17-04; and maintain documentation as required by section 3101, title 44, United States Code, and the DoD Financial Management Regulation;

- OASD(R&E) personnel to develop a central repository for grant award documentation;
- OMB and the Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure compliance with DATA Act requirements;
- OASD(R&E) to update the grant award feeder systems to interface appropriately with the Defense Assistant Award Data System, which interfaces with the Federal grant award system;
- Treasury to develop a process for ensuring all submission issues are resolved prior to DATA Act reporting deadlines;
- OUSD(AT&L) DPAP to update DoD guidance to be consistent with OMB and Treasury guidance; and
- OUSD(C), OUSD(AT&L) DPAP, and OASD(R&E) personnel to develop DATA Act processes, procedures, and internal controls to ensure compliance with OMB and Treasury's Government-wide data elements.

Management Comments

The DoD SAO agreed or partially agreed with our findings and recommendations. Specifically, the DoD SAO agreed to:

- strengthen internal controls to improve the DoD's future DATA Act submissions;
- develop policies and procedures to require grant award documentation to be reported to the Electronic Document Access system;



Results in Brief

DoD Compliance With the Digital Accountability and Transparency Act of 2014

Management Comments (cont'd)

- work with the OMB and the Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site;
- work with the OMB and the Treasury to document Federal-wide acceptable methods for determining the data used for certain data elements;
- monitor the Treasury and the OMB progress to resolve Government-wide reporting issues. The DoD will also continue to identify and report Treasury Broker and USASpending.gov reporting issues to the Treasury; and
- work with the OMB and the Treasury to refine the 57 standard data elements and to clarify acceptable authoritative sources.

Therefore, these recommendations are resolved, but will remain open. We will close the recommendations once we verify the corrective actions the DoD SAO agreed to implement to address our findings and recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
DoD Senior Accountable Official	None	A.1.a, A.1.b, A.1.c, A.1.d, A.1.e, A.1.f, B.1	None

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

November 8, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: DoD Compliance With the Digital Accountability and Transparency Act of 2014
(Report No. DODIG-2018-020)

We are providing this report for your information and use. We performed this audit in response to Public Law 113-101, "The Digital Accountability and Transparency Act of 2014." The DoD Senior Accountable Official (SAO) did not certify and submit complete, timely, accurate, and quality DoD second quarter FY 2017 financial and award data for publication on USASpending.gov. Although, the DoD SAO implemented and used applicable Government-wide financial data elements, the DoD SAO did not implement and use the Government-wide award data elements established by the Office of Management and Budget and the Department of the Treasury. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. Comments from the DoD SAO conformed to the requirements of DoD Instruction 7650.03; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945 (DSN 329-5945).

A handwritten signature in cursive script that reads "Lorin T. Venable".

Lorin T. Venable, CPA
Assistant Inspector General
Financial Management and Reporting

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Introduction

Objective

We determined whether the DoD complied with Public Law 113-101, “The Digital Accountability and Transparency Act of 2014” (DATA Act). Specifically, we assessed the completeness, timeliness, quality, and accuracy of the DoD’s second quarter FY 2017 financial and award data submitted for publication on USASpending.gov and the DoD’s implementation and use of the Government-wide financial data standards (elements) established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury). See Appendix A for a discussion of the scope and methodology and Appendix B for a discussion of prior audit coverage.

Background

The Government Accountability Office’s (GAO) prior work on Federal data transparency found persistent challenges related to the completeness and accuracy of data agencies reported to USASpending.gov.¹ Therefore, Congress enacted the DATA Act on May 9, 2014, to expand on previous Federal transparency legislation.^{2,3} The purpose of the DATA Act is to disclose and link Federal funds to increase accountability and transparency of Government spending to the public. The DATA Act enables taxpayers and policy makers to track these funds at multiple points in the Federal spending life cycle.

The DATA Act also required Federal agencies to report financial and award data in accordance with Government-wide data elements by May 2017. Federal agencies are not required to report classified or sensitive data. However, agencies are required to provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policymakers on USASpending.gov. In addition, the DATA Act is intended to improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted.

¹ GAO Report No. GAO-14-476, “Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website,” June 2014, and GAO Report No. GAO-15-241T, “Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight,” December 3, 2014.

² Digital Accountability and Transparency Act of 2014. May 9, 2014, Pub. L. No. 113-101, 128 Stat. 1146, (codified at 31 U.S.C. 6101 note).

³ Federal Funding Accountability and Transparency Act of 2006. §§ 1 to 4, September 26, 2006, as amended Pub. L. No. 110-252, § 6202(a), June 30, 2008 (31 U.S.C. § 6101 Note)

OMB and Treasury

The DATA Act requires the OMB and the Treasury to establish standardized data elements and requires agencies to comply with the elements when reporting financial and award information. Those elements specify the items to be reported under the DATA Act and define what is to be included in each element with the intention of ensuring that information will be consistent and comparable.

On May 8, 2015, the OMB issued Memorandum No. M-15-12 “Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable,” requiring agencies to designate a Senior Accountable Official (SAO). The DoD designated the Deputy Chief Financial Officer in the Office of Under Secretary of Defense (Comptroller), as the DoD Senior Accountable Official.

On May 8, 2015, the OMB and the Treasury also issued Federal Spending Transparency Data Standards for reporting Federal spending information and additional guidance to implement selected elements and clarify agency reporting requirements. Subsequently, on August 31, 2015, the OMB and the Treasury finalized the 57 standardized data elements. See Appendix C for complete list of data elements.

On April 29, 2016, the Treasury released the DATA Act Information Model Schema guidance for submitting data for display on USASpending.gov. Agencies are required to report summary-level congressional funding data and detail-level financial data.^{4,5} This guidance requires data to be submitted in the following file format to the Treasury DATA Act Broker System (Treasury Broker) (See the Figure for the Treasury Broker Flowchart):

Financial data submitted by the agencies

File A – Appropriation summary-level data

File B – Obligation and disbursement information at program activity and object class levels

File C – Financial data related to procurement and grant awards

⁴ Summary-level congressional funding data include appropriation account, object class, and program activity data. Appropriation account data include data categorized by activities and projects and placed in an account for a specific purpose. Object class data include data categorized by the items or services purchased by the Federal Government. Program activity data include data categorized by the specific activities or projects listed in the Federal budget.

⁵ Detail-level financial data include detailed financial data specific to a contract or grant award.

Award data extracted from existing award data systems

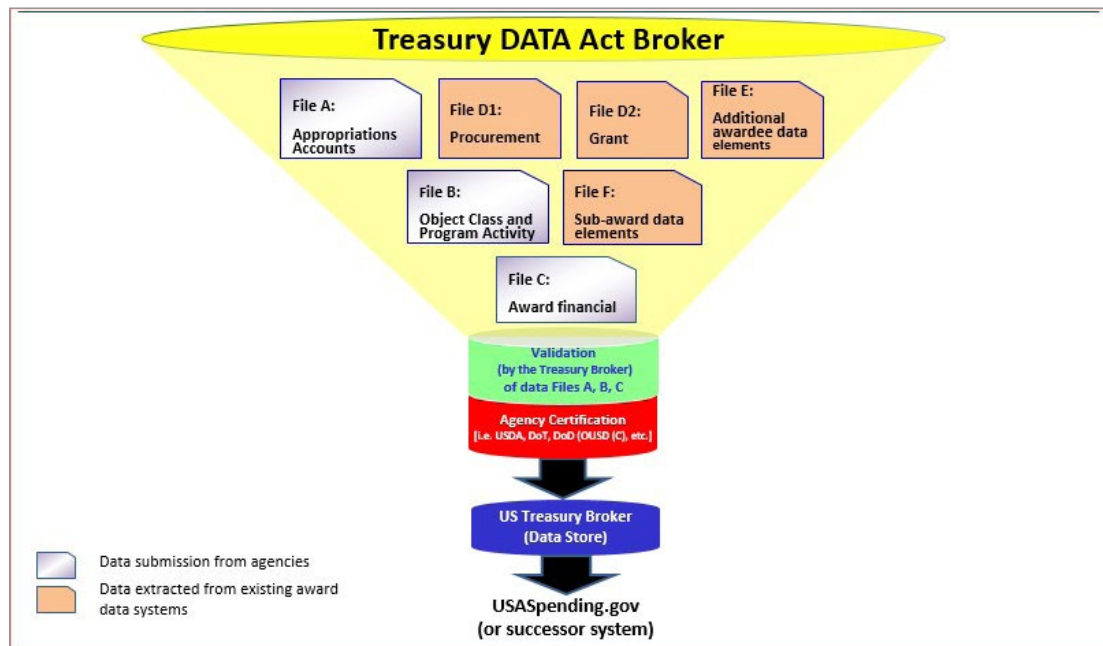
File D1 – Procurement award data

File D2 – Grant award data

File E – Additional awardee data

File F – Sub-award data

Figure. Operation of the Treasury Broker



Source: GAO Report GAO-17-176, December 2016.

On May 3, 2016, the OMB issued Memorandum No. 2016-03, “Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information,” requiring the SAO, on a quarterly basis, to provide reasonable assurance that the agency’s internal controls support the reliability and validity of the financial and award data submitted to the Treasury Broker for publication on USASpending.gov.

On November 4, 2016, the OMB issued Memorandum No. M-17-04, “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability,” which provides additional guidance for reporting intragovernmental transfers, personally identifiable information, and SAO submission to USASpending.gov.

SAO Certification

In accordance with OMB Memorandum No. M-17-04, a Federal agency's SAO assurance is submitted quarterly through an electronic certification process within the Treasury Broker. Specifically, the Federal agency uploads the appropriations summary-level data, obligation and disbursement at program activity and object class levels data, and financial data related to procurement and grant awards (if applicable). The Treasury Broker then extracts the procurement award data, grant award data, additional awardee data, and sub-award data from existing award systems. After all data are populated, the Treasury Broker performs individual and cross-file validations of all agency data. Once validations are complete and all critical errors are cleared, the SAO provides a narrative to explain any issues affecting the timeliness, accuracy, and completeness of the data. Once all submissions, validations, and narratives are complete, the SAO electronically certifies the data and submits the data for publication on USASpending.gov.

Inspectors General Guide to Compliance Under the DATA Act

To help improve the quality of the data reported on USASpending.gov, the DATA Act also required agency Inspectors General and the GAO to review a statistically valid sample of spending data and submit to Congress a report assessing the completeness, timeliness, quality, and accuracy of the data submitted by Federal agencies and the implementation and use of the data elements. To support the Inspector General community with DATA Act requirements, the Federal Audit Executive Council, a subcommittee of the Council of the Inspectors General on Integrity and Efficiency, established the DATA Act Working Group, consisting of nearly 140 auditors representing 35 Inspectors General. The Working Group developed the "Inspectors General Guide to Compliance Under the DATA Act" to assist the Inspector General community by developing a common methodology and reporting approach in accordance with the DATA Act.

Waivers Under the DATA Act

The DATA Act allowed the DoD to request up to three 6-month waivers to extend its reporting deadline for financial and award information for 18 months.⁶ The DoD submitted two consecutive 6-month waivers to extend its reporting deadline for only its award financial data for 1 year. However, the OMB and the Treasury approved one waiver, extending the deadline for 6 months to November 2017, and agreed to review the other waiver request at a later date.

⁶ Section 3 of the DATA Act amends the Federal Funding Accountability and Transparency Act of 2006 to authorize the Director of the OMB, upon request by the Secretary of Defense, to grant an extension of the reporting deadline to the DoD for a period of not more than 6 months to report financial and payment information data in accordance with the data elements established under section 4.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.⁷ We reviewed DoD's documentation describing internal controls that the DoD SAO relied on for the DATA Act certification. As a result, we identified that the DoD SAO established internal controls over the DoD's second quarter FY 2017 financial and award data. However, the internal controls were not adequate to ensure the completeness, accuracy, and quality of the DoD's second quarter FY 2017 financial and award data certified and submitted for publication on USASpending.gov. Specifically, the DoD did not independently validate or reconcile the data before the certification or after the submission of certified data. Furthermore, the DoD did not have adequate internal controls to ensure implementation and use of the Government-wide data elements established by the OMB and the Treasury. We will provide a copy of the report to the senior official responsible for the internal controls over the DoD's DATA Act submission.

⁷ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding A

DoD Did Not Comply With the DATA Act

The DoD SAO did not comply with the DATA Act. Specifically, for second quarter FY 2017, the DoD SAO did not certify and submit complete award data, accurate financial and award data, timely award data, and quality financial and award data for publication on USASpending.gov

These conditions occurred because the:

- DoD SAO lacked adequate internal controls to ensure the completeness, accuracy, and quality of financial and award data certified and submitted for publication on USASpending.gov;
- DoD procurement award data were not publically available in the Federal Procurement Data System (FPDS) until 91 days after contract or modification award;
- DoD did not update its grant award feeder systems to appropriately interface with the Federal grant reporting system;
- DoD guidance was inconsistent with OMB and Treasury guidance; and
- Treasury Broker System experienced systems errors that resulted in Government-wide data reporting issues.

As a result, taxpayers may not be able to rely on the DoD's financial and award data displayed on USASpending.gov to track DoD spending. Additionally, policymakers may not be able to rely on the DoD's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

Award Data Were Not Complete

The DoD SAO did not certify complete procurement and grant award data in accordance with the DATA Act. Specifically, the DoD did not certify 90 days of procurement data for the second quarter of FY 2017. The GAO financial audit manual defines completeness as the measure of whether all transactions and events that should have been recorded are reported in the proper period.⁸ However, the SAO certified procurement award data for only January 1, 2017, which was one day's worth of data, instead of submitting data for the complete quarter. In addition, the DoD SAO did not certify at least 341 grant awards, totaling at least

⁸ GAO Report No. GAO 08-585G, "Financial Audit Manual," July 25, 2008.

\$54.9 million, issued during the same second quarter. In addition, the DoD SAO did not certify grant award data for 11 out of 81 active Catalog of Federal Domestic Assistance grant award programs.

The DoD SAO certification did not include all required data elements for the procurement and grant award data transactions included in our statistical sample. See Appendix A for information on our statistical sample and methodology. The DATA Act requires Federal agencies and entities receiving Federal funds to report OMB and Treasury-established common data elements for financial and award information. The OMB and the Treasury established 57 Government-wide standard data elements, of which 45 were applicable for the procurement and grant award data.⁹ We reviewed the 45 applicable DATA Act elements for completeness on a statistically selected sample of 352 transactions from the 3965 procurement and grant award transactions submitted. The 352 sampled transactions included 57 procurement award transactions and 295 grant award transactions. We determined that 54 of the 57 procurement award transactions and all 295 grant award transactions tested were incomplete. Specifically, for 54 of the 57 procurement award transactions and all 295 grant award transactions tested, at least 1 of the 45 applicable Government-wide procurement and grant award data elements was missing.

Financial and Award Data Were Not Accurate

The SAO did not submit accurate financial and award data in accordance with the DATA Act. Specifically, the DoD's:

- disbursement data at program activity and object class levels did not match U.S. Treasury balances;
- obligation and disbursement data reported for three other agencies at the program activity and object class levels did not match obligation and disbursement data of those agencies reported at appropriation summary-level;
- program activity data were not consistent with the Program and Financing Schedule in the President's Budget (Program and Financing Schedule);
- object class code data were not consistent with OMB Circular No. A-11;¹⁰ and
- procurement and grant award data did not match the agency records or lacked adequate support.

⁹ Federal Spending Transparency Data Standards, issued by the OMB and the Treasury on August 31, 2015.

¹⁰ OMB Circular No. A-11 "Preparation, Submission, and Execution of the Budget," July 2016.

Appropriation, Obligation, and Disbursement Data

The DoD’s disbursement data at program activity and object class levels reported to USASpending.gov did not match the disbursement from U.S. Treasury balances. OMB Memorandum No. M-17-04 requires the SAO to provide assurance that the obligation and disbursement data at the program activity and object class levels match the U.S. Treasury balances, which are derived from the SF-133 reports of Federal agencies.^{11,12} However, out of the \$501 billion dollars in disbursements reported at the program activity and object class levels, the DoD reported \$456,818 more in disbursements than what was reported for the U.S. Treasury balances in the DoD’s SF-133 report.

Additionally, in accordance with OMB Memorandum No. M-17-04, the DoD was required to submit and assure the appropriations and program activity and object class data for other agencies’ appropriations it executed. However, obligations and disbursements that the DoD reported at the appropriation summary level on behalf of three other agencies’ appropriations were not consistent with the obligations and disbursements that the DoD reported as part of the program activity and object class levels. Table 1 summarizes the DoD’s obligations and disbursements dollar amount reported at the appropriation summary-level on behalf of three other agencies’ appropriations versus what was reported at the program activity and object class levels on behalf of three other agencies’ appropriations.

Table 1. DoD’s Obligations and Disbursements Dollar Amount Reported on Behalf of Other Agencies

Account Type	Dollar Amount Reported At The Appropriation Summary Level	Dollar Amount Reported At The Program Activity And Object Class Levels	Difference
Obligations	\$397,022	\$264,568	\$132,454
Disbursements	\$846,681	\$677,593	\$169,088

Source: The DoD OIG.

¹¹ OMB Memorandum No. M-17-04 “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability,” November 4, 2016.

¹² The Standard Form 133 (SF-133) is the Report on Budget Execution and Budgetary Resources as defined in OMB Circular No. A-11.

Program Activity Data

Program activity data were not consistent with the Program and Financing Schedule. OMB Memorandum No. M-17-04 requires the SAO to provide assurance that program activity data match the President's Budget. However, the DoD SAO certified 623 out of 874 program activity names or codes that were not consistent with the Program and Financing Schedule. Specifically, the DoD SAO certified:

- 511 program activity names and codes that were not found in the Program and Financing Schedule;
- 21 program activity names that used abbreviations instead of the complete program activity name as listed in the Program and Financing Schedule; and
- 91 program activity names or codes that did not match the program activity names and codes in the Program and Financing Schedule.

As a result, out of 22,256 program activity records certified, 7,791 records contained program activity names or codes inconsistent with the Program and Financing Schedule.

Object Class Code Data

Object class code data were not consistent with OMB Circular No. A-11. OMB Memorandum No. M-17-04 requires that the SAO provide assurance that program activity data match OMB Circular No. A-11.¹³ Specifically, the DoD submitted object class code "000" that was not listed in OMB Circular No. A-11. The DoD stated that object class code "000" is used to report undistributed funding, disbursements, or other undistributed amounts. The DoD used this code for 2,543 out of the 22,256 object class code data reported to USASpending.gov.

Procurement and Grant Award Data

Procurement and grant award data reported to USASpending.gov did not match the DoD's records or lacked adequate support. Federal law requires all Federal agencies to make and preserve records containing adequate and proper documentation of their organization, function, policies, decisions, procedures, and essential transactions.¹⁴ In addition, the DoD Financial Management Regulation (FMR) requires all agencies to maintain audit trails from source to systems to demonstrate the accuracy, completeness, completeness, and

¹³ OMB Memorandum No. M-17-04, "Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability," November 4, 2016.

¹⁴ Section 3101, title 44 United States Code, "Records management by agency heads."

timeliness of a transaction.¹⁵ However, the DoD did not adequately support the 57 procurement award transactions tested and the 295 grant award transactions tested. Specifically, the DoD did not provide support for at least one required DATA Act element on all 57 procurement transactions tested and all 295 grant award transactions tested. For example, the DoD did not provide support for the “Funding Subtier Agency Name and Funding Subtier Agency Code” elements for 54 of the 57 procurement transactions tested and the “Unique Record Identifier” element for all 295 grant award transactions tested. In addition, the DoD support documentation provided to us did not match the data submitted for publication on USASpending.gov for at least one applicable DATA Act element for all 57 procurement award transactions tested and 260 of 295 grant award transactions tested. For example, DoD used the contractor’s physical address as the “Primary Place of Performance Address” element for at least 42 out of 57 procurement award transactions. However, DoD could not provide supporting documentation to confirm that the contractor’s physical address and primary place of performance address was the same. Table 2 summarizes the results of the procurement and grant award transactions tested.

Table 2. Inaccurate and Unsupported Procurement and Grants Award Data

Award Type Transactions	Support Not Provided For At Least One Data Element	Support Did Not Match For At Least One Data Element
Procurement Award Transactions	57	54
Grant Award Transactions	295	260

Source: The DoD OIG.

Procurement and Grant Award Not Submitted in a Timely Manner

The DoD did not submit procurement and grant award data to USASpending.gov within required time. The DATA Act requires Federal agencies and their components to report Federal funds made available or expended no later than 3 years after May 9, 2014. Therefore, the DoD was required to submit DATA act procurement and grant award data by May 9, 2017. The DoD SAO initially submitted the 635 procurement award transactions and 7 grant award transactions on April 28, 2017. However, the SAO resubmitted the entire DATA Act submission on May 12, 2017, with an additional 4 procurement award transactions and 3,319 grant award transactions.

¹⁵ DoD Regulation 7000.14-R, “DoD Financial Management Regulation,” volume 6A, chapter 2, “Financial Roles and Responsibilities.”

Financial and Award Data Did Not Meet Quality Standards

The DoD SAO did not certify financial and award data that met quality standards. The OMB defines “quality” as including the elements of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity includes whether the information is being presented in an accurate, clear, complete, and unbiased manner. Lastly, the OMB defines integrity as the protection of information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification.¹⁶

The DoD SAO certified timely financial data; however, the DoD SAO did not certify timely award data. In addition, the financial and award data did not meet OMB quality standards because the DoD SAO did not certify complete or accurate data. For example, the disbursement data did not match the U.S. Treasury balances. Data elements, such as the program activity data and object class codes, were not consistent with the Program and Financing Schedule and OMB Circular No. A-11. The award data also did not match the DoD’s records or lacked adequate support. Additionally, the award data was incomplete because the DoD SAO did not report all data for the second quarter of FY 2017 that should have been reported. Furthermore, the DoD SAO did not report all required data elements for the award data.

The DoD protected the financial and award data from unauthorized access or revision to ensure that the information was not compromised through corruption or falsification within the Treasury Broker. However, before the data was submitted to the Treasury Broker, DoD personnel made manual changes to the financial data.

Duplicate Grant Award Data

The DoD grant award data reported to USASpending.gov contained duplicate transaction records. OMB Memorandum No. M-17-04 requires the SAO to provide assurance that data submitted for publication on USASpending.gov are valid and reliable based on internal controls over data quality. The DoD SAO certified 3,326 grant award records totaling \$938.7 million in obligations for submission to USASpending.gov. However, 313 of the 3,326 records totaling \$57.7 million of a total of \$938.7 million certified were duplicate records.

¹⁶ OMB “Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies; Republication,” 67 Fed. Reg. 8452 (2002).

DoD Lacked Adequate Controls Over DATA Act Submission

The DoD SAO established internal controls over the DoD's second quarter FY 2017 financial and award data. However, the internal controls were not adequate to ensure the completeness, accuracy, and quality of the DoD's second quarter FY 2017 financial and award data certified and submitted for publication on USASpending.gov. OMB Memorandum No. M-17-04, requires agency DATA Act SAOs or their designees to provide quarterly assurance that their agency's internal controls support the reliability and validity of the agency account-level and award-level data reported for display on USASpending.gov.¹⁷ Personnel from the OUSD(C); the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD[AT&L]) Defense Procurement and Acquisition Policy (DPAP); and the Office of the Assistant Secretary of Defense (Research and Engineering) (OASD[R&E]) relied on the Treasury Broker internal controls to identify problems with the DATA Act data submitted. However, OUSD(C); OUSD(AT&L) DPAP, and OASD(R&E) personnel did not independently validate or reconcile the financial and award data either before the certification or after the submission of certified data.

In addition, OUSD(C) personnel stated that they did not develop adequate processes and procedures for the DATA Act submission to ensure the collection, validation, reconciliation, and reporting of DoD financial and award data in compliance with OMB and Treasury guidance. Furthermore, due to limited resources of grant staff, the OASD(R&E) relied on personnel no longer employed by the OASD(R&E) to confirm grant award processes and procedures as well as contact active grant personnel to obtain requested supporting documentation. The SAO should work with OUSD(C), OUSD(AT&L) DPAP, and OASD(R&E) personnel to allocate adequate resources for the DATA Act efforts; develop DATA Act processes and procedures ensuring DoD financial and award data are collected, validated, reconciled, and reported in compliance with OMB Memorandum No. M-17-04; and maintain documentation as required by section 3101, title 44, United States Code and DoD Financial Management Regulation. In addition, the OASD(R&E) does not have a central repository for grant award documentation. The SAO should work with OASD(R&E) personnel to develop a central repository for grant award documentation.

The DoD did not establish internal controls to ensure the completeness of all required standard data elements submitted for SAO certification. The DoD does not allow procurement award data available in the Federal Procurement Data System – Next Generation (FPDS-NG), a General Services Administration

¹⁷ OMB Memorandum No. M-17-04, "Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability", November 4, 2016.

procurement reporting system, to be released to the public until 91 days after contract or modification award. Unless the 90-day delay is addressed, DoD will not be able to comply with the DATA Act, which requires DoD to report complete data on USASpending.gov. The DoD SAO should work with the OMB and the Treasury to develop policies, procedures, and criteria to address the 90-day delay in FPDS for DoD procurement award data to ensure compliance with DATA Act requirements.

Systems Did Not Interface With Treasury Systems

The DoD did not update all of its grant award feeder systems to interface appropriately with the Defense Assistant Award Data System, which had recently undergone changes to accommodate new Treasury reporting requirements. The Defense Assistant Award Data System then interfaces with the Federal grant award system, which allows agencies to submit grant data for USASpending.gov. OASD(R&E) personnel stated that changes in the Defense Assistance Awards Data System and challenges with new Award Submission Portal data validations led to approximately 340 second quarter FY 2017 grants not being reported. The DoD SAO should work with the OASD(R&E) to update the grant award feeder systems to interface appropriately with the Defense Assistant Award Data System, which interfaces with the Federal grant award system.

DoD Guidance Was Inconsistent With OMB Guidance

In establishing 57 Government-wide standard data elements, the OMB and the Treasury defined the “Primary Place of Performance Address” as the address where the predominant performance of the award would be accomplished. However, Defense Federal Acquisition Regulation Supplement (DFARS) Procedures, Guidance, and Information (PGI) 204.606(3)(xi) instructs DoD personnel to use the contractor’s physical address when the Primary Place of Performance address is unknown.¹⁸ DoD stated that the primary place of performance address is generally not included on award documentation unless a specific place of performance is part of the government’s requirement. As a result, DoD procurement award data reported was not consistent with the Government-wide data standards as defined. The DoD SAO should work with the OUSD(AT&L) DPAP to update DoD guidance to be consistent with OMB and Treasury guidance.

¹⁸ DFARS PGI 204.6-13, “Contract Reporting”, December 22, 2016.

Government-wide Data Reporting Issues

The Treasury Broker experienced systems errors that resulted in Government-wide data issues.¹⁹ Specifically, the Treasury Broker Government-wide systems experienced errors for data elements:

- Current Total Value Amount,
- Potential Total Value Amount,
- Indefinite Delivery Vehicle (IDV) Type,
- Legal Entity City Code, and
- Primary Place of Performance County Name.

Current Total Value Amount and Potential Total Value Amount Treasury Broker Errors

The Data ACT Information Model Schema (DAIMS) Interface Definition Document defines the Current Total Value of Award element as the total amount obligated to date on a contract, including the base year and the exercised option years. In addition, the Potential Total Value of Award element is the total amount that could be obligated on a contract, if the base year and all option years are exercised. Specifically, the Current Total Value of Award element for procurement award data are extracted from FPDS-NG using the base year and exercised option years. In addition, the Potential Total Value of Award element for procurement award data are extracted using the base year and all option years. According to the Federal Acquisition Regulation, agencies are required to report contract actions and modifications to FPDS, when the reporting criteria is met. FPDS then generates the cumulative Current Total Value amount based on the Current Total Value that the agencies previously recorded.

However, the DoD reported Federal action obligation amounts for procurement award data in the Current Total Value and the Potential Total Value elements in FPDS. According to the OUSD(AT&L) DPAP, the base year and exercised option years is not the same as the total amount obligated. In the case of the Current Total Value element, only a portion of the total award amount may actually be obligated at any given time, due to incremental funding. However, Potential Total Values are deliveries and purchase orders and do not have incremental funding nor option years to be exercised; with the exception of indefinite delivery contracts,

¹⁹ The Federal Audit Executive Council DATA Act Working Group, in coordination with the Chief Financial Officers Council, determined that there are known Government-wide issues with the Treasury Broker that cause errors attributable to agency-supplied information where the agency does not have control. We discuss the errors related to information reported by the DoD.

where orders can be continuously placed, raising the Potential Total Value. As a result, data for the Current Total Value of Award and Potential Total Value of Award elements may be inconsistent with agency records.

Indefinite Delivery Vehicle Treasury Broker Errors

The values for Indefinite Delivery Vehicle (IDV) Type are duplicative of the values in the Contract Award Type element. The IDV Type should only be populated for specific Award Types such as indefinite delivery and blanket purchase agreements. Specifically, when there is an indefinite delivery type contract award, FPDS is supposed to generate 'IDV Type' in the field. However, because the Treasury Broker did not break down the data for IDV Type element, the DoD's award data certified and submitted for publication on USASpending.gov was inconsistent with agency records. The Treasury's DATA Act Program Management Office officials confirmed that they are aware of this issue and have taken steps to avoid this issue in future reporting periods.

Legal Entity City Code and Primary Place of Performance County Name Treasury Broker Errors

The DAIMS Interface Definition Document states that data for financial assistance awards for Legal Entity City Code and Primary Place of Performance County Name are extracted from the Treasury's Award Submission Portal. Data for these two fields were not certified and submitted for publication on USASpending.gov consistently. The Legal Entity City Code and the Primary Place of Performance County Name elements were not being derived by the Treasury as intended and many records for many agencies were consistently not reported. However, the DoD Office of Inspector General (DoD OIG) does not have oversight authority over the Treasury. Therefore, we did not evaluate the reasonableness of the Treasury's planned corrective action. The Treasury Office of Inspector General plans to follow up on the Treasury's Government-wide corrective action plans in future audit work. The SAO should work with the Treasury to develop a process for ensuring all submission issues are resolved prior to DATA Act reporting deadlines.

Financial and Award Data on USASpending.gov May Be Unreliable

The purpose of the DATA Act was to increase the availability, accuracy, and usefulness of Federal spending information. However, the DoD did not submit complete award data, accurate financial and award data, timely award data, and quality financial and award data. Because of the DoD's inaccurate, untimely, and incomplete DATA Act reporting, the DoD did not comply with the DATA Act. The DoD may have also reported unreliable second quarter FY 2017 financial and

award data for publication on USASpending.gov. Until weaknesses identified in this report, are addressed, any efforts to assess the quality of the DoD's data submitted for publication on USASpending.gov will be limited due to uncertainties as a result of inaccuracies. Unless data quality is improved, taxpayers may not be able to rely on the DoD's financial and award data displayed on USASpending.gov to effectively track DoD spending. Additionally, policymakers may not be able to rely on the DoD's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

Recommendations, Management Comments, and Our Responses

Recommendation A.1

We recommend that the Senior Accountable Official responsible for the DoD's Digital Accountability and Transparency Act compliance:

- a. Work with the Under Secretary of Defense (Comptroller), the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Defense Procurement and Acquisition Policy), and the Office of the Assistant Secretary of Defense (Research and Engineering) personnel to allocate adequate resources for the Digital Accountability and Transparency Act efforts; develop Digital Accountability and Transparency Act processes and procedures ensuring DoD financial and award data are collected, validated, reconciled, and reported in compliance with Office of Management and Budget Memorandum No. M-17-04; and maintain documentation as required by section 3101, title 44, United States Code, and DoD Financial Management Regulation.**

DoD Senior Accountable Official Comments

The DoD SAO agreed with the recommendation, stating that the DoD will continue to strengthen internal controls to improve its future DATA Act submissions. Specifically:

- the OASD(R&E) hired personnel to focus on grant award policy and reporting implementing independent verification and validation processes to ensure accurate, complete, and timely reporting of grant award data;
- the OUSD(AT&L) DPAP is developing additional procurement award policy instruction and will work with the OMB and the Treasury to implement corrections of the data elements contained within the Procurement Award file;

- the OUSD(C) will also continue to work with the OMB, Defense Financial and Accounting Service, and DoD Components to standardize the reporting of program activity codes and program activity titles across the DoD;
- the DoD is implementing an Enterprise Cost framework that will further reinforce the accuracy and utility of this cost related data; and
- the DoD will work with the Treasury and other agencies to eliminate critical errors and minimize warnings messages related to parent-child relationships.

Our Response

Comments from the DoD SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify updated DATA Act guidance ensuring DoD financial and award data are collected, validated, reconciled, and reported in compliance with OMB Memorandum No. M-17-04 and financial and award data documentation is maintained as required by section 3101, title 44, United States Code, and the DoD Financial Management Regulation. We expect to receive the information applicable to the new DATA Act policies and procedures no later than August 31, 2018.

- b. Work with Office of the Assistant Secretary of Defense (Research and Engineering) personnel to develop a central repository for grant award documentation.**

DoD Senior Accountable Official Comments

The DoD SAO agreed with the recommendation, stating that the OASD(R&E) will develop policies and procedures to require grant award documentation to be reported to the Electronic Document Access system. The estimated completion date is March 31, 2018.

Our Response

Comments from the DoD SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify the new OASD(R&E) policies and procedures requiring grant award documentation to be reported to Electronic Document Access system. We expect to receive the information applicable to the new policies and procedures applicable to the updated grant award central repository no later than April 30, 2018.

- c. **Work with the Office of Management and Budget and Department of the Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure compliance with the Digital Accountability and Transparency Act requirements.**

DoD Senior Accountable Official Comments

The DoD SAO partially agreed with the recommendation, stating that the 90-day delay in releasing FPDS data to the public has been in place for over 10 years, with OMB and Treasury knowledge and is documented on the FPDS website. However, the DoD will work with the OMB and the Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site. The estimated completion date is March 31, 2018.

Our Response

Although the DoD SAO partially agreed with the recommendation, comments from the DoD SAO addressed all specifics of the recommendation. Therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify the updated DoD, the OMB, or the Treasury policies and procedures addressing the 90-day delay in FPDS for the DoD procurement award data to ensure compliance with the DATA Act requirements. We expect to receive the information applicable to the 90-day delay in FPDS for procurement award data no later than April 30, 2018.

- d. **Work with the Office of the Assistant Secretary of Defense (Research and Engineering) to update the grant award feeder systems to interface appropriately with the Defense Assistant Award Data System, which interfaces with the Federal grant award system.**

DoD Senior Accountable Official Comments

The DoD SAO agreed with the recommendation, stating that in July 2017, all of the DoD feeder systems sending grant data to the Defense Assistant Award Data System had completed the necessary modifications to accommodate the Defense Assistant Award Data System changes.

Our Response

Comments from the DoD SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we receive and analyze evidence supporting that grant award feeder systems have been updated to appropriately interface

with the Defense Assistant Award Data System. We expect to receive the information applicable to the updated grant award feeder systems no later than December 31, 2017.

- e. **Work with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Defense Procurement and Acquisition Policy) to update DoD guidance to be consistent with Office of Management and Budget and Department of the Treasury guidance.**

DoD Senior Accountable Official Comments

The DoD SAO agreed with the recommendation, stating that the DPAP and the Comptroller will work with the OMB and the Treasury to document Federal-wide acceptable methods for determining the data used for certain data elements, such as primary place of performance address. Estimated completion date is March 31, 2018.

Our Response

Comments from the DoD SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify the DoD guidance is consistent with the OMB and the Treasury guidance. We expect to receive the information applicable to the updated guidance no later than April 30, 2018.

- f. **Work with the Department of the Treasury to develop a process for ensuring all submission issues are resolved prior to Digital Accountability and Transparency Act reporting deadlines.**

DoD Senior Accountable Official Comments

The DoD SAO agreed with the recommendation, stating that the DoD will continue to monitor Treasury and OMB progress to resolve Government-wide reporting issues. The DoD will also continue to identify and report Treasury Broker and USASpending.gov reporting issues to the Treasury. Estimated completion date will be provided following consultation with the Treasury and the OMB.

Our Response

Comments from the DoD SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify that the Government-wide Treasury data reporting issues have been resolved. We expect to receive the information applicable to Government-wide data reporting issues following the DoD consultation with the Treasury and the OMB or no later than April 30, 2018, whichever comes first.

Finding B

DoD Did Not Implement and Use Government-Wide Data Elements Applicable to the Award Data

The DoD implemented and used Government-wide data elements applicable to the financial data established by the OMB and the Treasury, such as appropriation account, program activity, object class code, outlays, and unobligated balance. However, the DoD did not implement and use the Government-wide data elements applicable to the award data. Specifically, the DoD :

- did not submit all required data elements for procurement and grant awards;
- had 11 procurement and grant award data elements out of the 45 applicable procurement and grant award data elements that were inaccurate in more than half of the sample transactions tested; and
- did not comply with the OMB and Treasury Government-wide data element definitions.

These conditions occurred because the OUSD(AT&L) DPAP and OASD(R&E) did not establish adequate internal controls to ensure implementation and use of the Government-wide data elements applicable to the award data established by the OMB and the Treasury.

As a result, DoD spending data displayed on USASpending.gov was inconsistent and unreliable to policymakers and taxpayers.

DoD Implemented and Used Government-Wide Data Elements Applicable to the Financial Data

As required by the DATA Act, the DoD implemented and used Government-wide data elements applicable to the financial data as established by the OMB and the Treasury. The OMB and the Treasury established 57 Government-wide data elements, of which 10 apply to the financial data. The OMB and the Treasury established the following 10 Government-wide financial data elements.

1. Parent Award Identification Number,
2. Award Identification Number,
3. Object Class,
4. Appropriation Account,
5. Budget Authority Appropriated,

6. Obligation,
7. Unobligated Balance,
8. Other Budgetary Resources,
9. Program Activity, and
10. Outlay.²⁰

The DoD implemented and used 8 of the 10 Government-wide data elements applicable to the financial data. The DoD was not required to submit two of the applicable data elements, Parent Award Identification Number and Award Identification Number, due to a waiver for the DoD financial award data approved by the OMB.

DoD Did Not Implement and Use Government-Wide Procurement and Grant Award Data Elements

The DoD did not implement and use the Government-wide data elements applicable to the procurement and grant awards data established by the OMB and the Treasury. Specifically, the DoD did not submit 2 of the 45 data elements applicable for the procurement and grant awards data. In addition, 11 procurement and grant award data elements out of the 45 applicable procurement and grant award data elements were inaccurate in more than half of the sample transactions tested. The DoD also submitted data elements that did not comply with the OMB and Treasury Government-wide data element definitions.

Procurement and Grant Award Data Elements Not Submitted

The DoD did not implement and use the applicable Government-wide procurement and grant award data elements established by the OMB and the Treasury. The OMB and Treasury established 45 data elements applicable to the procurement and grant award data. See Appendix C for a complete list of procurement and grant award data elements. We reviewed the 45 applicable data elements to procurement and grant award data for implementation and use on the statistically selected sample of 57 procurement award transactions and 295 grant award transactions. We determined that the DoD did not implement and use 1 of the 45 applicable DATA Act elements for 54 of the 57 procurement award transactions tested. In addition, the DoD did not implement and use 1 of the 45 applicable DATA Act elements for all of the 295 grant award transactions tested. For Example, “Primary Place of Performance Location Code” which is a part of the “Primary Place of Performance”

²⁰ See definitions of these 10 Government-wide financial data elements in Appendix C.

element was a required DATA Act element not submitted for 54 of the 57 procurement award transactions tested, and the “Legal Entity City Code” which is a part of the “Legal Entity Address” element was not submitted for 162 of the 295 grant award transactions tested.

Procurement and Grant Award Data Element Errors

The DATA Act requires Federal agencies to submit accurate award data on USASpending.gov. However, we determined that 11 procurement and grant award data elements out of the 45 applicable procurement and grant award data elements in our statistical sample were inaccurate or unsupported in more than half of the sample transactions tested. Table 3 summarizes the procurement and grant award data elements that were inaccurate in more than 50 percent of the sample transactions.

Table 3. Inaccurate and Unsupported Procurement and Grant Award Data Elements

Award Data Act Element	Inaccurate/ Unsupported Procurement Award Transactions	Inaccurate/ Unsupported Grant Award Transactions
Ultimate Parent Unique Identifier ¹	57	N/A
Type of Transaction Code ²	57	N/A
Primary Place of Performance Congressional District ¹	57	295
Primary Place of Performance Country Code	57	294
Primary Place of Performance Address ³	57	295
Funding Sub tier Agency Code	55	N/A
Funding Sub tier Agency Name	55	N/A
North American Industrial Classification System (NAICS) Code	48	N/A
NAICS Description	48	N/A
Period of Performance Start Date	N/A	155
Award Identification Numbers ⁴	N/A	295

¹ Ultimate Parent Unique Identifier and Primary Place of Performance Congressional District are FPDS-generated data elements.

² The Type of Contract Pricing element is comprised of the Type of Contract Pricing, Contract Award Type, and Indefinite Delivery Vehicle data elements. The Indefinite Delivery Vehicle data element is a Treasury Broker error discussed in Finding A.

³ The Primary Place of Performance Address element consist of the Primary Place of Performance ZIP+4, Primary Place of Performance Location Code, Primary Place of Performance State Code, and Primary Place of Performance City Name for procurement data elements and Primary Place of Performance Code, Primary Place of Performance State Name, Primary Place of Performance County Name, Primary Place of Performance City Name, and Primary Place of Performance ZIP+4 for procurement data elements.

⁴ The Award Identification Number element consists of the of Unique Record Identifier and Federal Award Identification Number data elements.

Source: The DoD OIG.

OMB and Treasury Award Data Element Compliance

The DoD did not comply with Government-wide data elements definitions established by the OMB and the Treasury. In addition, the DATA Act Information Model Schema provided additional guidance for submitting the Government-wide procurement and grant award data elements and definitions to the Treasury Broker for publication on USASpending.gov. We reviewed the 45 applicable procurement and grant award data elements for our statistically selected sample of 57 procurement award transactions and 295 grant award transactions. We determined that two procurement and grant data elements did not comply with OMB and Treasury definition guidance. Table 4 summarizes the procurement and grant award data elements that did not comply with OMB and Treasury data element definitions.

Table 4. Procurement and Grant Award Data Element Definitions Not In Compliance with OMB and Treasury Guidance

Data Act Element	OMB Definition	What We Found
Primary Place of Performance Address	Address where predominant performance of the award will be accomplished.	The DoD submitted Legal Entity Address data instead of Primary Place of Performance Address data.
Total Funding Amount	The sum of the Federal Action Obligation and the Non-Federal Funding Amount.	The DoD did not consistently submit award funding from the correct sources.

Source: The DoD OIG.

DoD Lacked Adequate Controls Over Data Elements

The DoD SAO established internal controls over the DoD's second quarter FY 2017 financial and award data. However, the internal controls were not adequate to ensure the implementation and use of the Government-wide data elements applicable for the procurement and grant awards data established by the OMB and the Treasury. For example, OUSD(C) performed a data inventory to identify the systems and sources of the data elements and identify data quality issues that could impact completeness of the data elements. However, we determined that the DoD did not implement and use 1 of the 45 applicable DATA Act elements for the 57 procurement award transactions tested. In addition, the DoD did not implement and use 1 of the 45 applicable DATA Act elements for the 295 grant award transactions tested. The SAO should work with the OUSD(AT&L) DPAP, and OASD(R&E) personnel to develop DATA Act processes, procedures, and internal controls to ensure compliance with OMB and Treasury Government-wide data elements.

DoD Award Data on USASpending.gov Are Inconsistent and Unreliable

The purpose of the DATA Act was to increase the availability, accuracy, and usefulness of Federal spending information. However, the DoD did not submit complete award data, accurate financial and award data, timely award data, and quality financial and award data. As a result, the DoD reported inconsistent and unreliable second quarter FY 2017 award data for publication on USASpending.gov. Unless data quality is improved, taxpayers may not be able to rely on the DoD's financial and award data displayed on USASpending.gov to effectively track DoD spending. Additionally, policymakers may not be able to rely on the DoD's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

Recommendations

Recommendation B.1

We recommend that the Senior Accountable Official work with the Office of the Under Secretary of Defense (Comptroller), the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Defense Procurement and Acquisition Policy), and the Office of the Assistant Secretary of Defense (Research and Engineering) personnel to develop Digital Accountability and Transparency Act processes, procedures, and internal controls to ensure compliance with Office of Management and Budget and Department of the Treasury Government-wide data elements.

DoD Senior Accountable Official Comments

The DoD SAO agreed with the recommendation, stating that the OUSD(AT&L) DPAP, OASD(R&E), and OUSD(C) will work with the OMB and the Treasury to refine the 57 standard data elements and to clarify acceptable authoritative sources. The DoD will advocate for corrections to be made to future releases of the DAIMS and other associated authoritative documents. The DoD will also work with the OMB and the Treasury to further document Government-wide acceptable methods for determining the data to be used for certain data elements, such as primary place of performance. Estimated completion date is March 31, 2018.

Our Response

Comments from the DoD SAO addressed specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we receive and analyze updated OUSD(AT&L) DPAP, OASD(R&E), and OUSD(C) processes, procedures, and internal controls that ensure

compliance with OMB and Treasury Government-wide data elements. We expect to receive the information applicable to updated OUSD(AT&L) DPAP, OASD(R&E), and OUSD(C) processes, procedures, and internal controls that ensure compliance with the OMB and the Treasury Government-wide data elements no later than April 30, 2018.

Appendix A

Scope and Methodology

We conducted this performance audit from March 2017 to November 2017 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 conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit focused on second quarter FY 2017 financial and award data the DoD submitted for publication on USASpending.gov and any applicable procedures, certifications, documentation, and controls to achieve this process. To understand the DoD's systems, processes, and internal controls over data management, we interviewed personnel at Defense Finance and Accounting Service–Columbus, Defense Finance and Accounting Service–Indianapolis, and Defense Finance and Accounting Service–Cleveland. We also interviewed OUSD(C) personnel to understand the DoD's systems, processes, and internal controls over financial and award data reported to USASpending.gov. We reviewed policy and criteria, including guidance issued by the OMB and the Treasury, to understand any regulatory criteria related to the DoD's responsibilities to report financial and award data under the DATA Act. Furthermore, we collaborated with the DATA Act Working Group from the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council to develop the Inspectors General Guide to Compliance Under the DATA Act. We adopted the common methodology and reporting approach detailed in the Inspectors General Guide to Compliance Under the DATA Act to perform this audit.

We obtained the second quarter FY 2017 financial and award data the DoD submitted for publication on USASpending.gov. Subsequently, we compared the appropriation summary-level data and obligation and disbursement information at program activity and object class levels to the U.S. Treasury balances derived from the DoD SF-133 reports to determine any variances. We also assessed the DoD's implementation and use of the applicable 57 data elements established by the OMB and the Treasury.

We statistically selected 57 of 639 procurement award transactions and 295 of 3,326 grant award transactions from the second quarter FY 2017 financial and award data the DoD submitted for publication on USASpending.gov to determine the completeness, timeliness, quality, and accuracy of the financial and award data sampled. For each transaction, if one applicable element was inaccurate,

the entire transaction failed. In addition, we used the statistically selected procurement award transactions and grant award transactions to assess the DoD's implementation and use of the applicable 57 data definition elements established by the OMB and the Treasury.

Scope Limitation on Testing the Additional Awardee and Sub-Award Attribute Data Files

Per the DATA Act information model schema, the additional awardee attribute data is extracted from the System for Award Management (SAM) through the Treasury Broker. In addition, the sub-award attribute information is extracted from the Federal Funding Accountability and Transparency Act Sub-Award Reporting System (FSRS) through Treasury Broker. The data reported from these two systems are generated in the Treasury Broker for display on USASpending.gov. However, the prime awardee (award recipient) is responsible for reporting sub-award and executive compensation information in SAM and FSRS. As outlined in the OMB's Management Procedures Memorandum No. 2016-03, the authoritative source for the data reported in the additional awardee attribute data file and sub-award attribute data file are SAM and FSRS respectively with no additional action required of Federal agencies.²¹ As a result, we did not fully assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS through the Treasury Broker.

Use of Computer-Processed Data

We used second quarter FY 2017 financial and award data submitted for publication on USASpending.gov that we extracted from the Treasury Broker. Although we could not assess the reliability of the Treasury Broker because it is not a DoD system, we identified some issues that impacted the results of the testing. We discuss these issues in one of the cause sections in Finding A. We compared the financial information extracted from the Treasury Broker to the appropriation summary level and obligation and disbursement at the program activity and object class levels balances reported in the DoD SF-133 report downloaded from the U.S. Treasury Central Accounting and Reporting System and identified variances. Furthermore, we reviewed documentation supporting system errors in the Defense Assistance Awards Data System, which resulted in the DoD not submitting at least 341 grants, totaling more than \$54.9 million. We discuss these deficiencies in Finding A. The Defense Assistance Awards Data System was not reliable; therefore, we used authoritative source documents to accomplish the audit objectives and draw audit conclusions.

²¹ OMB Management Procedures Memorandum No. 2016-03, "Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information," May 3, 2010.

Use of Technical Assistance

The DoD OIG Quantitative Methods Division assisted with a statistical sampling method for testing financial and award data submitted for publication on USASpending.gov.

Appendix B

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the DoD Office of Inspector General (DoD OIG) issued 10 reports discussing DATA Act efforts. Unrestricted GAO reports can be accessed at <http://www.gao.gov>. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

GAO

Report No. GAO-17-496, “DATA ACT: As Reporting Deadline Nears, Challenges Remain That Will Affect Data Quality,” April 2017

Internal control weaknesses and other challenges pose risks to data quality. Specifically, Inspector General readiness review reports identified several widespread and longstanding issues: (1) accounting and financial management, (2) financial management systems, and (3) information technology security and controls. The GAO has also reported weaknesses and challenges in Government-wide financial management systems used for DATA Act reporting.

Challenges with guidance will impact data quality. Specifically, challenges related to how agencies report certain intragovernmental transactions, reconcile recipient address information, and align required DATA Act files with missing data continue to present risks to the quality of data displayed on USASpending.gov. According to the OMB and the Treasury, these challenges will not be resolved before the May 2017 reporting deadline. Unresolved challenges affecting data quality could lead policymakers and the public to draw inaccurate conclusions from the data.

Report No. GAO-17-460, “DATA ACT: Office of Inspector General Reports Help Identify Agencies Implementation Challenges,” April 2017

As of January 31, 2017, 30 Inspectors General (IGs) had completed DATA Act readiness reviews. The IGs reported on their agency’s readiness to meet the DATA Act requirements as follows.

- Three of the 30 IGs reported that their agency was not on track to meet DATA Act requirements.
- Two of the 30 IGs reported that their agency would not submit complete data by May 2017 reporting deadline.

- Twelve IGs did not specifically reported whether their agency would meet requirements and reported that its agency faces challenges.
- Thirteen IGs reported that their agency would meet DATA Act requirements.

Report No. GAO-17-156, “DATA ACT: OMB and Treasury Have Issued Additional Guidance and Have Improved Pilot Design but Implementation Challenges Remain,” December 2016

The OMB and the Treasury have taken the initial step of convening a committee to maintain established standards and identify new standards. Although this represents progress, more needs to be done to establish a data governance structure. The lack of a data governance structure for managing efforts going forward jeopardizes the ability to sustain progress as priorities shift over time.

The GAO identified four categories of challenges reported by agencies that may impede their ability to implement the DATA Act: (1) systems integration issues, (2) lack of resources, (3) evolving and complex reporting requirements, and (4) inadequate guidance.

The OMB issued additional guidance; however, this guidance does not provide sufficient detail in areas such as the process for providing assurance on data submissions or addresses how agencies should operationalize the definitions for data elements. The Treasury also released a new version of the DATA Act Broker and made minor adjustments to its functionality.

Report No. GAO-16-698, “DATA ACT: Improvements Needed in Reviewing Agency Implementation,” July 2016

OMB and Treasury have not designed and implemented controls or fully documented processes related to the review and use of agency implementation plans for the DATA Act. In addition, as of July 2016, the OMB had not determined the complete population of agencies that are required to report spending data under the DATA Act and submit implementation plans to the OMB. Lacking fully documented controls and processes as well as a complete population of agencies increases the risk that the purposes and benefits of the DATA Act may not be fully achieved, and could result in incomplete spending data being reported.

Based on OMB and Treasury guidance, the GAO identified 51 plan elements in four separate categories—timeline, cost estimate, narrative, and project plan—to be included in agency implementation plans. None of the 42 implementation plans the GAO received and reviewed contained all 51 plan elements described in OMB and Treasury guidance. Due to the lack of consistent and complete

agency implementation plans, it may be difficult for the OMB and the Treasury to determine whether agencies will be able to implement the data standards finalized by the OMB and the Treasury in August 2015.

Report No. GAO-16-438, "DATA ACT: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden," April 2016

As required by the DATA Act, the OMB is conducting a pilot program, known as the Section 5 Pilot, aimed at developing recommendations for reducing recipient reporting burden for grantees and contractors. OMB collaborated with the Department of Health and Human Services to design and implement the grants portion of the pilot, and with the General Services Administration (GSA) to implement the procurement portion. The OMB launched the Section 5 Pilot in May 2015 and expects to continue pilot-related activities until at least May 2017. If implemented according to the Department of Health and Human Services proposed plan, the grants portion of the pilot will likely meet the requirements established under the DATA Act. In contrast, the GAO has concerns with how the procurement portion of the pilot will contribute to the Section 5 Pilot's design requirements.

Report No. GAO-16-261, "DATA ACT: Data Standards Established but More Complete and Timely Guidance is Needed to Ensure Effective Implementation," January 2016

The OMB and the Treasury issued definitions for 57 Federal spending data elements. The GAO found that most definitions adhered to leading practices derived from international standards for formulating data definitions. Specifically, 12 of the 57 definitions met all 13 leading practices, and none met fewer than 9 leading practices. However, the GAO found several definitions that could lead to inconsistent reporting. In addition, the OMB and the Treasury have not issued the final technical guidance. If guidance is not aligned with agency implementation timelines, agencies may delay taking key steps or need to revise existing plans once final technical guidance is released, thereby hindering their ability to meet DATA Act requirements and timelines.

Report No. GAO-15-241, "Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight," December 2014

Initial implementation efforts are focused on obtaining public input, developing data standards and establishing plans to monitor agency compliance with DATA Act provisions. These efforts include a data transparency town hall meeting co-hosted by the Treasury and the OMB to obtain public stakeholder input on the development of data standards, and the Treasury Inspector General's efforts,

in consultation with the GAO, to develop a comprehensive audit framework to assess agency compliance and ensure new standardized data elements are effective once implemented. Effective implementation will need to address key technical issues including developing and defining common data elements across multiple reporting areas and enhancing data transparency while protecting individual privacy and national security.

Effective implementation would help promote transparency to the public and address ongoing government management challenges by expanding the quality and availability of Federal spending data. Having better data also will make it possible to gauge the magnitude of the Federal investment, help agencies make fully informed decisions about how Federal resources should be allocated, and provide agencies and the audit community with additional data analytic tools to detect and prevent improper payments and fraudulent spending.

Report No. GAO-14-476, "Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website," June 2014

Although agencies generally reported required contract information, agencies did not properly report information on assistance awards (for example, grants or loans), totaling approximately \$619 billion in FY 2012. Specifically, 33 of 37 agencies with a budget authority of at least \$400 million reported at least one contract. In addition, agencies reported required information for at least one assistance award for 1,390 of 2,183 programs listed in a federal catalog. Another 451 programs did not make an award subject to USASpending.gov reporting. However, agencies did not appropriately submit the required information for the remaining 342 programs, although many reported the information after the GAO informed them of the omission. The data element that identifies the name of the award recipient was the most consistent, while the elements that describe the award's place of performance were generally the most inconsistent. Due to incomplete or inadequate agency records, it is difficult to determine consistency of data elements. Four data elements in particular (for example, program source information and the state of performance) had inadequacies that were significant. This means that for each of the four data elements, at least 10 percent of awards contained unverifiable information.

Report No. GAO-13-758, "Federal Data Transparency – Opportunities Remain to Incorporate Lessons Learned Availability of Spending Data Increases," September 2013

Several Federal entities, including the Government Accountability and Transparency Board (GAT Board), the Recovery Accountability and Transparency Board (Recovery Board), and OMB, have initiatives underway to

improve the accuracy and availability of Federal spending data. The initiatives include standardizing data elements, linking financial management systems with award systems, and leveraging existing data to help improve oversight. While the GAT Board and the OMB are developing plans for the initiatives from Federal stakeholders, they have not developed mechanisms for obtaining input from non-Federal fund recipients. Lessons from implementing the transparency objectives of the Recovery Act could help inform the following new initiatives:

- Standardize data to integrate systems and enhance accountability.
- Obtain stakeholder involvement as reporting requirements are developed.
- Delineate clear requirements and lines of authority for implementing transparency initiatives.

DoD OIG

Report No. DODIG-2017-022, “Independent Attestation Review on the DoD’s Progress to Comply With the Digital Accountability and Transparency Act of 2014,” November 17, 2016

The DoD incorporated 8 steps established by the OMB and the Treasury into its DATA Act Implementation Plan and completed steps 1, 2, and 4 of the 8 steps; however, the DoD partially complied with the standards established by the Treasury and the OMB for step 3. In addition, the DoD planned to extend the reporting deadline for the transaction-level financial data by 1 year, or until second quarter 2018. Nothing came to the DoD OIG’s attention to indicate that the DoD did not make efforts to comply with the DATA Act.

Appendix C

DATA Act Elements and Definitions

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Awardee and Recipient Entity Data Standards			
These data elements describe the recipients/awardees of Federal funds.			
Awardee/ Recipient Legal Entity	The name of the awardee or recipient that relates to the unique identifier. For U.S.-based companies, this name is what the business ordinarily files in formation documents with individual states (when required).	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Awardee/ Recipient Unique Identifier	The unique identification number for an awardee or recipient. Currently, the identifier is the 9-digit number assigned by Dun & Bradstreet referred to as the DUNS® number.	Required Derived Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Additional Awardee Data (File E) Sub-award Data (File F)
Ultimate Parent Unique Identifier	The unique identification number for the ultimate parent of an awardee or recipient. Currently, the identifier is the 9-digit number maintained by Dun & Bradstreet as the global parent DUNS® number.	Required Required Required	Procurement Award Data (File D1) Additional Awardee Data (File E) Sub-award Data (File F)
Ultimate Parent Legal Entity Name	The name of the ultimate parent of the awardee or recipient. Currently, the name is from the global parent DUNS® number.	Required Required Required	Procurement Award Data (File D1) Additional Awardee Data (File E) Sub-award Data (File F)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Legal Entity Address	The awardee or recipient's legal business address where the office represented by the Unique Entity Identifier (as registered in the System for Award Management [SAM]) is located. In most cases, this should match what the entity has filed with the State in its organizational documents, if required. The address is made up of five components: Address Lines 1 and 2, City, State Code, and ZIP+4 or Postal Code.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Legal Entity Congressional District	The congressional district in which the awardee or recipient is located. This is not a required data element for non-U.S. addresses.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Legal Entity Country Code	Code for the country in which the awardee or recipient is located, using the ISO 3166-1 Alpha-3 GENC Profile, and not the codes listed for those territories and possessions of the United States already identified as "states."	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Legal Entity Country Name	The name corresponding to the country code.	Required Required	Procurement Award Data (File D1) Sub-award Data (File F)
Highly Compensated Officer Name	<p>First Name: The first name of an individual identified as one of the five most highly compensated "Executives."</p> <p>Middle Initial: The middle initial of an individual identified as one of the five most highly compensated "Executives."</p> <p>Last Name: The last name of an individual identified as one of the five most highly compensated "Executives."</p> <p>"Executive" means officers, managing partners, or any other employees in management positions.</p>	Required Required	Additional Awardee Data (File E) Sub-award Data (File F)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Highly Compensated Officer Total Compensation	The cash and noncash dollar value earned by the one of the five most highly compensated “Executives” during the awardee’s preceding fiscal year and includes the following (for more information see 17 C.F.R. § 229.402(c) 2)): salary and bonuses, awards of stock, stock options, and stock appreciation rights, earnings for services under non-equity incentive plans, change in pension value, above-market earnings on deferred compensation which is not tax qualified, and other compensation.	Required Required	Additional Awardee Data (File E) Sub-award Data (File F)
Award Amount Data Standards			
These data elements describe characteristics that apply to amount information for financial assistance and/or procurement awards.			
Federal Action Obligation	Amount of Federal Government’s obligation, de-obligation, or liability, in dollars, for an award transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Non-Federal Funding Amount	For financial assistance, the amount of the award funded by non-Federal source(s), in dollars. Program Income (as defined in 2 C.F.R. § 200.80) is not included until such time that Program Income is generated and credited to the agreement.	Optional	Grant Award Data (File D2)
Current Total Funding Obligation/ Amount of Award	The cumulative amount obligated by the Federal Government for an award, which is calculated by USASpending.gov or a successor site. For procurement and financial assistance awards except loans, this is the sum of Federal Action Obligations. For loans or loan guarantees, this is the Original Subsidy Cost.	Derived Required	Procurement Award Data (File D1) Sub-award Data (File F)
Current Total Value of Award	For procurement, the total amount obligated to date on a contract, including the base and exercised options.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Potential Total Value of Award	For procurement, the total amount that could be obligated on a contract, if the base and all options are exercised.	Required	Procurement Award Data (File D1)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Award Characteristic Data Standards			
These data elements describe characteristics that apply to specific financial assistance and/or procurement awards.			
Award Type	Description (and corresponding code) that provides information to distinguish type of contract, grant, or loan and provides the user with more granularity into the method of delivery of the outcomes.	Required Required	Procurement Award Data (File D1) Grant Award Data (File D2)
North American Industrial Classification System (NAICS) Code	The identifier that represents the North American Industrial Classification System (NAICS) Code assigned to the solicitation and resulting award identifying the industry in which the contract requirements are normally performed.	Required Required	Procurement Award Data (File D1) Sub-award Data (File F)
North American Industrial Classification System (NAICS) Description	The title associated with the NAICS Code.	Required Required	Procurement Award Data (File D1) Sub-award Data (File F)
Catalog of Federal Domestic Assistance (CFDA) Number	The number assigned to a Federal area of work in the Catalog of Federal Domestic Assistance.	Required	Grant Award Data (File D2)
Catalog of Federal Domestic Assistance (CFDA) Title	The title of the area of work under which the Federal award was funded in the Catalog of Federal Domestic Assistance (CFDA).	Required Required	Grant Award Data (File D2) Sub-award Data (File F)
Treasury Account Symbol (TAS)	Treasury Account Symbol (TAS): The account identification codes assigned by the Department of the Treasury to individual appropriation, receipt, or other fund accounts. All financial transactions of the Federal Government are classified by TAS for reporting to the Department of the Treasury and the Office of Management and Budget.		

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Award Description	A brief description of the purpose of the award.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Award Modification/ Amendment Number	The identifier of an action being reported that indicates the specific subsequent change to the initial award.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Parent Award Identification Number	The identifier of the procurement award under which the specific award is issued, such as a Federal Supply Schedule. This data element currently applies to procurement actions only.	Derived Required Required	Award Financial Data (File C) Procurement Award Data (File D1) Sub-award Data (File F)
Action Date	The date the action being reported was issued/signed by the Government or a binding agreement was reached.	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Period of Performance Start Date	The date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Period of Performance Current End Date	The current date on which, for the award referred to by the action being reported, awardee effort completes or the award is otherwise ended. Administrative actions related to this award may continue to occur after this date. This date does not apply to procurement indefinite delivery vehicles under which definitive orders may be awarded.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Period of Performance Potential End Date	For procurement, the date on which, for the award referred to by the action being reported if all potential pre-determined or prenegotiated options were exercised, awardee effort is completed or the award is otherwise ended.	Required	Procurement Award Data (File D1)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Ordering Period End Date	For procurement, the date on which, for the award referred to by the action being reported, no additional orders referring to it may be placed. This date applies only to procurement indefinite delivery vehicles (such as indefinite delivery contracts or blanket purchase agreements). Administrative actions related to this award may continue to occur after this date. The period of performance end dates for procurement orders issued under the indefinite delivery vehicle may extend beyond this date.	Required	Procurement Award Data (File D1)
Primary Place of Performance Address	The address where the predominant performance of the award will be accomplished. The address is made up of six components, Address Lines 1 and 2, City, County, State Code, and ZIP+4 or Postal Code.	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Primary Place of Performance Congressional District	U.S. congressional district where the predominant performance of the award will be accomplished. This data element will be derived from the Primary Place of Performance Address.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Primary Place of Performance Country Code	Country code where the predominant performance of the award will be accomplished.	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Primary Place of Performance Country Name	Name of the country represented by the country code where the predominant performance of the award will be accomplished.	Required	Sub-award Data (File F)
Award Identification Number	The unique identifier of the specific award being reported. Federal Award Identification Number (FAIN) for financial assistance and Procurement Instrument Identifier (PIID) for procurement.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Record Type	Code indicating whether an action is an individual transaction or aggregated.	Required	Grant Award Data (File D2)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Type of Action/ Action Type	Description (and corresponding code) that provides information on any changes made to the Federal prime award. There are typically multiple actions for each award. (Note: This definition encompasses current data elements 'Type of Action' for financial assistance and 'Reason for Modification' for procurement.)	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Business Type	A collection of indicators of different types of recipients based on socio-economic status and organization / business areas.	Required	Grant Award Data (File D2)
Funding Entity Data Standards			
These data elements describe the characteristics of the entity that provided the funding for an award			
Funding Agency Name	Name of the department or establishment of the Government that provided the preponderance of the funds for an award.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Agency Code	Instrument Identifier (PIID) for procurement.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Sub-Tier Agency Name	Name of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Sub-Tier Agency Code	Identifier of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Office Name	Name of the level n organization that provided the preponderance of the funds obligated by this transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Office Code	Identifier of the level n organization that provided the preponderance of the funds obligated by this transaction.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Awarding Entity Data Standards			
These data elements describe the characteristics of the entity that made the award.			
Awarding Agency Name	A department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Agency Code	The name associated with a department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Sub-Tier Agency Name	Name of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Sub-Tier Agency Code	Identifier of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.	Required Required	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Office Name	Name of the level n organization that awarded, executed, or is otherwise responsible for the transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Office Code	Identifier of the level n organization that awarded, executed, or is otherwise responsible for the transaction.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Account Level Data Standards			
These data elements describe the appropriations accounts from which agencies fund Federal awards.			
Object Class	Categories in a classification system that presents obligations by the items or services purchased by the Federal Government. Each specific object class is defined in OMB Circular A-11 § 83.6.	Required Required	Program Activity Data (File B) Award Financial Data (File C)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Appropriation Account	<p>The basic unit of an appropriation generally reflecting each unnumbered paragraph in an appropriation act. An appropriations account is represented by a TAFS created by the Treasury in consultation with the OMB.</p> <p>Treasury Appropriation Fund Symbol (TAFS): The components of a Treasury Account Symbol—allocation agency, agency, main account, period of availability and availability type—that directly correspond to an appropriations account established by Congress.</p>	<p>Required</p> <p>Required</p> <p>Required</p>	<p>Appropriation Summary Level Data (File A)</p> <p>Program Activity Data (File B)</p> <p>Award Financial Data (File C)</p>
Budget Authority Appropriated	A provision of law (not necessarily in an appropriations act) authorizing an account to incur obligations and to make outlays for a given purpose. Usually, but not always, an appropriation provides budget authority.	Required	Appropriation Summary Level Data (File A)
Obligation	A binding agreement that will result in outlays, immediately or in the future. An agency incurs an obligation when it enters into an agreement to purchase goods or services. The agency pays the provider upon receipt of the goods or services; in Federal budgeting and financial management, that payment is an outlay. There are many actions that trigger obligations; these include procurements, awarding grants, compensating Federal workers, and making social security payments.	<p>Required</p> <p>Required</p> <p>Optional</p>	<p>Appropriation Summary Level Data (File A)</p> <p>Program Activity Data (File B)</p> <p>Award Financial Data (File C)</p>
Unobligated Balance	Unobligated balance means the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts at a point in time. The term “expired balances available for adjustment only” refers to unobligated amounts in expired accounts. Additional detail is provided in OMB Circular A-11.	<p>Required</p> <p>Required</p> <p>Optional</p>	<p>Appropriation Summary Level Data (File A)</p> <p>Program Activity Data (File B)</p> <p>Award Financial Data (File C)</p>
Other Budgetary Resources	New borrowing authority, contract authority, and spending authority from offsetting collections provided by Congress in an appropriations act or other legislation, or unobligated balances of budgetary resources made available in previous legislation, to incur obligations and to make outlays.	Required	Appropriation Summary Level Data (File A)

Data Element Name	Data Element Definition	Required ¹ / Optional ² / Derived ³	Applicable Data File
Program Activity	A specific activity or project as listed in the program and financing schedules of the annual budget of the U.S. Government.	Required Optional	Program Activity Data (File B) Award Financial Data (File C)
Outlay	The spending or disbursement of money. Outlays are the measure of Government spending.	Required Required Optional	Appropriation Summary Level Data (File A) Program Activity Data (File B) Award Financial Data (File C)

¹ Required – Element must be present.

² Optional – Element may be included but is not required.

³ Derived – Element content is obtained from the content of another element. For example, ZIP code is used to derive city and state.

Management Comments

Office of the Under Secretary of Defense



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

NOV 06 2017

COMPTROLLER

MEMORANDUM FOR PROGRAM DIRECTOR, FINANCIAL MANGEMENT AND
REPORTING, DEPARTMENT OF DEFENSE OFFICE OF
INSPECTOR

SUBJECT: "DoD Compliance With the Digital Accountability and Transparency Act of 2014"
(Project No. D2017-D000FE-0109.000), November 2, 2017

As the DoD Senior Accountable Official for DoD implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act), I have reviewed the subject report. We concur or partially concur with your recommendations.

The DATA Act provided for implementation extensions, if DoD efforts to achieve audit readiness took precedence. Despite this flexibility, we leaned forward, emplaced necessary infrastructure, and reported as much data as possible to enable compliance with the law at the earliest possible time. We also maximized the use of existing processes and systems to minimize implementation costs. As a result, in April 2017, DoD provided an initial submission of six of the seven required DATA Act files. As DoD begins its initial agency-wide financial audit, we acknowledge the need to strengthen our internal controls over all aspects of financial reporting. In time, this will improve the quality and integrity of DATA Act submissions.

Feedback from this current audit will inform our future efforts to improve DoD data. It is important to recognize that while DoD accepts full responsibility for the accuracy, quality, and completeness of the information reported, some data is provided or derived by sources outside of DoD, a fact that makes timely and cost effective validation of our data particularly challenging.

Although your report may be technically accurate, it lacks useful context that might better inform the average reader or taxpayer. For example, the report does not acknowledge that this is an initial implementation using new and beta versions of tools employed by the Department of the Treasury, nor does it acknowledge the ongoing evolution of Office of Management and Budget and Department of the Treasury guidance specific to data schemas, definitions, and validation processes. In a broader context, while the report directly highlights numerous data quality shortcomings and indirectly highlights shortcomings in the federal software used to report and consolidate the data, it does not highlight the fact that this initial implementation represents a critical milestone in providing greater transparency of federal spending data.

Finally, the government-wide audit testing methodology appears to overstate failure rates, making for potentially misleading results. For example, for each transaction reviewed, if one data element was inaccurate or unsupportable, regardless of its significance or materiality, the entire transaction failed. We recommend that future DATA Act audits incorporate testing methodology designed to review and score individual data elements according to their value to users. This would provide the public with a clearer understanding of what portions of the

Office of the Under Secretary of Defense (cont'd)

available data may be less reliable than others, as well as provide agencies with a frame of reference to prioritize corrective actions.

We appreciate your audit team's cooperative efforts and rigorous evaluation of this program. Thank you for the opportunity to review and comment on the draft audit report. My staff point of contact is [REDACTED]



Mark E. Easton
Deputy Chief Financial Officer

Attachment:
DoD SAO Response

Office of the Under Secretary of Defense (cont'd)

DOD OIG DRAFT REPORT - Dated November 2, 2017
Project No. D2017-D000FE-0109.000

"DOD COMPLIANCE WITH THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014"

DOD SENIOR ACCOUNTABLE OFFICIAL RESPONSES TO RECOMMENDATIONS

Recommendation A.1. We recommend that the Senior Accountable Official responsible for the DoD's Digital Accountability and Transparency Act compliance:

Recommendation A.1.a. Work with the Under Secretary of Defense (Comptroller), the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Defense Procurement and Acquisition Policy), and the Office of the Assistant Secretary of Defense (Research and Engineering) personnel to allocate adequate resources for the DATA Act efforts; develop DATA Act processes and procedures ensuring DoD financial and award data are collected, validated, reconciled, and reported in compliance with OMB Memorandum No. M-17-04; and maintain documentation as required by section 3101, title 44, United States Code, and DoD Financial Management Regulation.

SAO RESPONSE: Concur.

General:

While we agree that stronger process controls and additional reconciliations are necessary to improve data quality, we do not agree with the need for DATA Act unique processes or procedures. The requirement in OMB M-17-04 (Appendix A), states SAOs "should leverage the existing processes and other assurances listed in the column Existing Assurances or Internal Controls over Authoritative Source Data." The DoD leveraged existing internal controls within our financial and acquisition reporting processes to ensure accurate, complete, and timely DATA Act reporting for those data elements within our control. Based on the DoD OIG findings, DoD will continue to strengthen controls to improve DoD's future DATA Act submissions relative to Files A – D2.

Consistent with our waiver and in consultation with OMB and Treasury, the DoD was able to meet the initial reporting deadline with as much information as current capabilities allowed, without additional resources. This is significant in that the Congressional Budget Office estimated that implementation would cost between \$2-\$3 million/year per agency (total of \$285 million over 2014-2018). The DoD accomplished this by building a cross functional team consisting of Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), Defense Finance and Accounting Services (DFAS), Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Defense Procurement and Acquisition Policy (DPAP), and the Office of the Assistant Secretary of Defense for Research and Engineering (OASD(R&E)) personnel.

Office of the Under Secretary of Defense (cont'd)

Allocation of Personnel and Reporting of Grants/Assistance Awards:

In September 2017, OASD(R&E) hired a full time replacement to focus on assistance award policy and reporting. This new full time employee will implement independent verification and validation processes to ensure accurate, complete, and timely reporting of assistant award data. This will include the implementation of strengthened internal controls to eliminate duplicate grant records from being reported to Treasury. Estimated completion date is July 31, 2018.

Reporting of Contract Awards:

DPAP will work to develop stronger processes and procedures to ensure contract data reported to Federal Procurement Data System (FPDS) is accurate and complete and supporting documentation is readily available. To support future DATA Act and financial audits, DPAP is developing additional policy instruction regarding the recording of underlying data used in express contract action reports provided to FPDS. Additionally, DPAP, as a member and co-chair of the Acquisition Committee for eGovernment (ACE), will work with the Office of Management and Budget (OMB) and the Department of Treasury to implement corrections to the DATA Act Information Model Schema (DAIMS) to correctly define and explain the data elements contained within the Procurement Award file. Two examples of this work include: 1) championing for the removal of the 'Primary Place of Performance Location Code' data element, which has not been collected in ten years on new awards since the standard was retired by the National Institute of Standards and Technology (NIST); and 2) promoting policy change to document acceptable methods for determining what is reported for certain data elements, such as place of performance. Estimated completion date is May 1, 2018.

Improving Program Activity Codes:

OUSD(C) will continue to work with OMB, DFAS, and DoD Components to standardize the reporting of Program Activity Codes and Program Activity Titles across the Department. This will include requesting OMB provide clarification regarding M-17-04, relative to the authoritative source to validate Program Activity Codes and Titles for specific fiscal year (FY) transactions. Per the current M-17-04, the DoD OIG validated DoD's program activity codes and titles using the President's Budget (Program and Financing Schedule) developed two years prior to the year of execution. Program Activity Codes and Titles change across, and throughout, fiscal years. The authoritative source(s) for this information should be more current and appropriately applied across transactions by fiscal year. OMB is developing a process to allow Agencies to make more frequent/real-time updates to the Program Activity Code validation listing used by the Broker. This includes maintaining separate Program Activity Code and Titles for prior fiscal years. The results of these future, more frequent/real-time updates should be considered the authoritative source for validating Program Activity Codes and Titles associated with FY 2017 and beyond Treasury Account Symbols. Estimated completion date is March 31, 2018.

Object Class Code Improvement:

OUSD(C) and DFAS will continue to monitor the implementation schedule for the Standard Accounting Budgeting and Reporting System (SABRS), a Department of Navy

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accounting system, to begin reporting object class code data to the Defense Departmental Reporting System (DDRS). SABRS is currently on schedule to begin reporting OCC data to DDRS by FY 2018, Quarter 3. This will minimize DoD's future reporting of object class code '000. More broadly, the Department is implementing an Enterprise Cost framework that will further reinforce the accuracy and utility of this cost related data. Estimated completion date for SABRS reporting deficiency is June 30, 2018.

Reporting Reallocated Funds:

DoD will continue to work with Treasury and our Agency partners to eliminate critical errors and minimize warnings messages related to re-allocated funds (Parent-Child relationships), as appropriate. Estimated completion date is December 31, 2017.

A final general comment relating to this recommendation is relevant. While we accept full responsibility for the accuracy, quality, and completeness of the information reported, two points are germane. First, some data is provided or derived by sources outside of DoD, which makes timely and cost effective validation of this data particularly challenging. Second, it is important to note that warning messages in DATA Act submissions are intended as flags for agency review, not as an indication of a critical error, or that something must be corrected before submission. Data submissions that generate a warning message prior to submission are accepted by Treasury for publication, while data that generate a critical error message are not accepted.

Recommendation A.1.b. Work with Office of the Assistant Secretary of Defense (Research and Engineering) personnel to develop a central repository for grant award documentation.

SAO RESPONSE: Concur. Currently, a large number of DoD grant activities voluntarily report grant documentation to the Electronic Document Access (EDA) system, however there are activities that do not and this caused delays, or the inability to provide supporting documentation. The Office of the Assistant Secretary of Defense for Research and Engineering (OASD(R&E)) will develop policies and procedures to require grant award documentation to be reported to EDA system. This corrective action will improve our ability to support DATA Act reporting, as well as DoD's overall financial auditability goals. Estimated completion date is March 31, 2018.

Recommendation A.1.c. Work with the Office of Management and Budget and Department of the Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure compliance with the Digital Accountability and Transparency Act requirements.

SAO RESPONSE: Partially-Concur. The DATA Act of 2014 and subsequent OMB memos simply state the agencies need to begin reporting in May 2017, and continue reporting no less than quarterly thereafter. Neither the Law, nor the official OMB memos, state that Agencies must submit and certify their monthly or quarterly data within a certain timeframe after a month or quarter close. The 90 day delay in releasing Federal

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Procurement Data System (FPDS) data to the public has been in place for over ten years, with OMB and Treasury knowledge and is documented on the FPDS website. A similar reporting delay will also apply to future DoD's DATA Act submissions in their entirety. OMB and Treasury were informed of this expanded decision in a memo for the record, issued in August 2017. DoD will work with OMB and Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site. Estimated completion date is March 31, 2018.

Recommendation A.1.d. Work with the Office of the Assistant Secretary of Defense (Research and Engineering) to update the grant award feeder systems to interface appropriately with the Defense Assistant Award Data System interface, which interfaces with the Federal grant award system.

SAO RESPONSE: Concur. In July 2017, all DoD feeder systems sending grant data to DAADS had completed the necessary modifications to accommodate Defense Assistant Award Data System (DAADS) system changes that were the result of changes in the Award Submission Portal (ASP) reporting requirements implemented in March 2017. Any previously unreported grants were subsequently reported to ASP by July 31, 2017. All required actions related to this recommendation are considered complete.

Recommendation A.1.e. Work with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Defense Procurement and Acquisition Policy) to update DoD guidance to be consistent with Office of Management and Budget and Department of the Treasury guidance.

SAO RESPONSE: Concur. DPAP and Comptroller will continue to work with OMB and Treasury to further document federal-wide acceptable methods for determining the data used for certain data elements, such as primary place of performance address. Estimated completion date is March 31, 2018.

Recommendation A.1.f. Work with the Department of the Treasury to develop a process for ensuring all submission issues are resolved prior to Digital Accountability and Transparency Act reporting deadlines.

SAO RESPONSE: Concur. The DoD will continue to monitor Treasury and OMB progress to resolve government wide reporting issues. The DoD will continue to identify and report Broker and USASpending reporting issues to Treasury. While our goal will be for issues to be resolved prior to submission, issue resolution(s) may be dependent on a multitude of factors, some of which may be outside the DoD's control. The intent of the law is to provide the public with the best information possible while continuing to improve the quality and integrity of that information. Estimated completion date will be provided following consultation with Treasury and OMB.

Recommendation B.1. We recommend that the Senior Accountable Official work with the Office of the Under Secretary of Defense (Comptroller), the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Defense Procurement and Acquisition

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Policy), and the Office of the Assistant Secretary of Defense (Research and Engineering) personnel to develop Digital Accountability and Transparency Act processes, procedures, and internal controls to ensure compliance with Office of Management and Budget and Department of the Treasury Government-wide data elements.

SAO RESPONSE: Concur.

General:

The requirement in OMB M-17-04 (Appendix A), states SAOs “should leverage the existing processes and other assurances listed in the column Existing Assurances or Internal Controls over Authoritative Source Data.” The DoD leveraged existing internal controls within our Financial and Acquisition reporting processes to ensure accurate, complete, and timely DATA Act reporting. Based on the IG findings, DoD will continue to strengthen controls and validation processes to improve DoD’s future DATA Act submissions relative to Files A – D2.

To implement DATA Act requirements, the Department of Treasury (Treasury) developed a Broker to consolidate agency data and authoritative source data to display on USASpending.gov. Treasury acknowledged the following five data elements/fields may not displaying the correct result because of issues in deriving, extracting, and displaying fields: Current Total Value Of Award, Potential Total Value Of Award, and indefinite delivery vehicle (IDV) Type on the D1 file and Legal Entity City Code and Primary Place Of Performance County Name on the D2 File. Treasury is working to resolve the Broker issues with the display of these five data elements. Therefore, these known data element issues are outside the control of the Department of Defense (DoD), and there are no actions that DoD could have taken to address these issues. Given these elements appear on all transactions and cut across both the D1 and D2 files, it is likely that all Federal agencies will have missing or incorrect data in these fields across all transactions. If Treasury errors were reported separately, it is anticipated that DoD’s error rates associated with procurement and assistance awards would be significantly reduced.

DPAP, OASD(R&E), and Comptroller will continue to work with OMB and Treasury to further refine the 57 standard data elements and to clarify acceptable authoritative sources. In addition to the federal-wide issue with data elements being incorrectly derived or displayed (as explained above), several data element definitions and descriptions within the initial DATA Act Information Model Schema (DAIMS) releases (1.0 and 1.1) are incorrect for the Procurement and Assistance Award files. DoD will advocate for corrections to be made to future releases of the DAIMS and other associated authoritative documents. Corrections will include, but are not limited to, the following data elements: “Current Total Value of Award”, “Potential Total Value of Award”, and “Primary Place of Performance Location Code”. Although policy already exists in the Defense Federal Acquisition Regulation Supplement’s Procedures, Guidance, and Information document, DoD will also work with OMB and Treasury to further document federal-wide acceptable methods for determining the data to be used for certain data elements, such as primary place of performance. Estimated completion date is March 31, 2018.

Acronyms and Abbreviations

DAIMS	DATA ACT Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DPAP	Defense Procurement and Acquisition Policy
FPDS-NG	Federal Procurement Data System-Next Generation
FSRS	Federal Funding Accountability and Transparency Act Sub-Award Reporting System
GAO	U.S. Government Accountability Office
OASD(R&E)	Office of the Assistant Secretary of Defense (Research and Engineering)
OMB	Office of Management and Budget
OUUSD(AT&L)	Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics
OUUSD(C)	Office of the Under Secretary of Defense (Comptroller)
SAM	System for Award Management
SAO	Senior Accountable Official

Glossary

Appropriation Account. Appropriation authority provides authorization by an act of Congress, which permits federal entities to incur obligations and to make payments out of the Treasury for specified purposes. Appropriation accounts for one-year or multiple year appropriations are available for obligation for a definite period of time. No-year accounts are available for obligation for an indefinite period of time.

DATA Act Working Group. Established by the Federal Audit Executive Council to assist the Inspector General community in adopting a common methodology and reporting approach in accordance with the DATA Act.

Federal Audit Executive Council. A subcommittee of the Council of the Inspectors General on Integrity and Efficiency.

Federal Records Act. A Federal law (Public Law 81-754) enacted in 1950. It provides the legal framework for federal records management, including record creation, maintenance, and disposition.

Object Class Code. Combination of digits used to further organize and identify general categories (object classes) that presents obligations by the items or services purchased by the Federal Government. They are designated by OMB Circular No. A-11.

Prime Awardee. The recipient of an award.

Program and Financing Schedule. Document printed in the President's Budget Appendix. Presents information on agency programs, the allocation of budgetary resources by activity, the status of those resources, and spending patterns.

Treasury Account Symbol (TAS). An identification code assigned by the Treasury, in collaboration with the OMB and the owner agency, to an individual appropriation, receipt, or other fund account. All financial transactions of the Federal Government are classified by TAS for reporting to the Treasury and the OMB.

Treasury DATA Act Broker. Also known as Treasury Broker - a system created by the Treasury to collect and validate agency data. The system processes Federal spending data from an agency's award and financial systems, validates it, and standardizes it in accordance with rules established by the OMB and the Treasury.

USASpending.gov. Publicly accessible, searchable website mandated by the Federal Funding Accountability and Transparency Act of 2006 to give the American public access to information on how their tax dollars are spent.

Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal. The DoD Hotline Director is the designated ombudsman. For more information, please visit the Whistleblower webpage at www.dodig.mil/programs/whistleblower.

For more information about DoD OIG reports or activities, please contact us:

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