

U.S. Department of Labor

Office of Inspector General—Office of Audit

**REPORT TO THE OFFICE OF
THE CHIEF FINANCIAL
OFFICER**



**THE DEPARTMENT NEEDS TO TAKE
ACTION TO IMPROVE THE QUALITY OF
ITS DATA ACT SUBMISSIONS**

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BRIEFLY...

January 19, 2018

THE DEPARTMENT NEEDS TO TAKE ACTION TO IMPROVE THE QUALITY OF ITS DATA ACT SUBMISSIONS

WHY OIG CONDUCTED THE AUDIT

Under the Digital Accountability and Transparency Act of 2014 (DATA Act), it is critical that the Department reports accurate and reliable spending data so taxpayers and policy makers understand how the Department is spending its funds. The Act requires federal agencies to report spending data in accordance with new government-wide data standards developed by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury). The Act also requires the Inspectors General of each federal agency to conduct a review of the agency's DATA Act compliance every two years and report on the completeness, timeliness, accuracy, and quality of the agency's data.

WHAT OIG DID

We conducted a performance audit to assess: (1) the completeness, timeliness, accuracy, and quality of data submitted by the Department for publication on USAspending.gov; and (2) the Department's implementation and use of the Government-wide data standards established by OMB and Treasury.

Our audit covered Fiscal Year 2017 second quarter spending data the Department submitted for publication on USAspending.gov; and the procedures, certifications, documentation, and controls it used in this process.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <https://www.oig.dol.gov/public/reports/oa/2018/03-18-001-13-001.pdf>.

WHAT OIG FOUND

The Department effectively implemented and used the Government-wide data standards established by OMB and Treasury, but we identified a number of issues with the overall quality of the spending data it submitted for publication on USAspending.gov. Although the Department reported the data timely, it did not report all the required data elements for 19 percent of the transactions sampled. Seventy-seven percent of these errors occurred because the Department did not include Unique Record Identifiers for transactions when it was required to. This could cause issues when linking financial data with grant data on USAspending.gov.

In addition, 74 percent of the transactions sampled contained an error in one or more data elements. A significant number of errors were caused by the Treasury's DATA Act broker data extraction process. Excluding those errors, 52 percent of the transactions sampled contained inaccurate information. In addition to the errors identified by our sample testing, the Department also reported inaccurate program activity and object class codes for 5 and 7 percent of transactions, respectively, in its File B submission.

These errors in accuracy and completeness occurred because of data entry mistakes, data extraction issues, and weak data validation processes. Until corrected, these control deficiencies will have a negative impact on the quality of the data the Department reports.

WHAT OIG RECOMMENDED

We made eight recommendations to the Principal Deputy Chief Financial Officer to improve the quality of the data the Department reports to USAspending.gov in the future and to strengthen internal controls over its data management processes.

The Department concurred with our recommendations and stated it has implemented additional controls, resulting in fewer errors with each submission.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



January 19, 2018

INSPECTOR GENERAL'S REPORT

Geoffrey Kenyon
Principal Deputy Chief Financial Officer
Office of Chief Financial Officer
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

This report presents the results of our audit of the Department of Labor's (Department) Fiscal Year (FY) 2017, second quarter submission for the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act requires federal agencies to submit spending data for display on USAspending.gov, a searchable website everyone can access to see how their federal tax dollars are spent.

The DATA Act also requires each federal agency's Inspector General to review a sample of the submitted spending data and to report to Congress on the completeness, timeliness, accuracy, and quality of the data, as well as on the agency's implementation and use of data standards. Therefore, we conducted a performance audit to answer the following questions:

1. Did the Department provide complete, timely, accurate, and quality data for its FY 2017, second quarter Data Act submission?
2. Did the Department effectively implement and use the Government-wide data standards established by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury)?

Based on our audit work, we determined the Department submitted data in a timely manner and followed the government-wide data standards established by OMB and Treasury. However, the Department did not submit some data completely or accurately. Overall, for our 328 sampled transactions, we tested 15,742 individual pieces of data

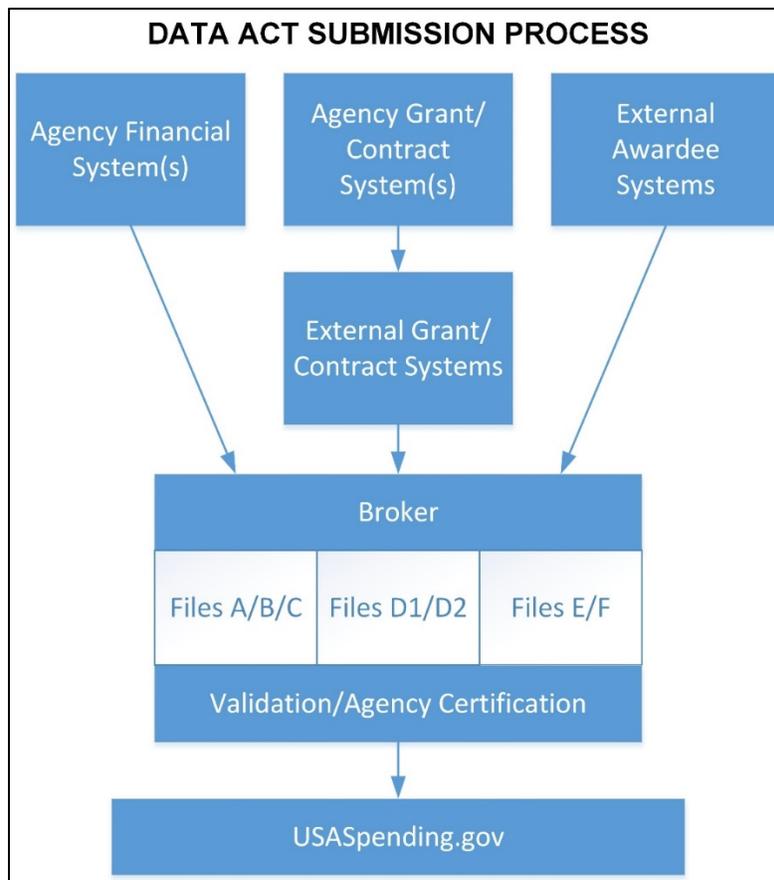
and identified 851 errors (see Exhibits A and B for the data elements tested and our results).

The Department’s FY 2017 second quarter Data Act submission included 1,495 contract transactions, totaling \$320,865,020 in obligations, and 743 grant transactions, totaling \$250,525,523 in obligations. Our audit covered these transactions and the procedures, certifications, documentation, and controls used in the submission process.

We conducted this performance audit in accordance with generally accepted government auditing standards. In planning and performing our work, including selecting our sample of spending data, we followed the Government-wide methodology developed by the Federal Audit Executive Council (FAEC) DATA Act Working Group and the Government Accountability Office (GAO).

THE DATA ACT SUBMISSION PROCESS

OMB and Treasury developed a process for collecting spending data from agencies and converting it into a format for publishing on USASpending.gov.



Each agency's DATA Act submission includes seven files labeled Files A, B, C, D1, D2, E, and F. Agencies extract data directly from their financial systems and upload three files (Files A, B, and C) directly to the broker. The broker creates the four other files by extracting data from external feeder systems used for federal grant and contract awards (Files D1, D2, E, and F).

RESULTS

While the Department effectively implemented and used the Government-wide financial data standards established by OMB and Treasury, and while it also submitted the data in a timely manner, it did not submit all data completely and accurately as follows:

- 19 percent of the sampled transactions lacked required data elements;
- 74 percent of the sampled transactions contained an error in one or more data elements; and
- The Department's File B submission reported inaccurate program activity and object class codes.

These errors occurred because of data entry mistakes, data extraction issues, and weak data validation processes. Until corrected, these control deficiencies will have a negative impact on the quality of the data the Department reports.

THE DEPARTMENT'S FY 2017, SECOND QUARTER DATA SUBMISSION WAS TIMELY, BUT NOT COMPLETE OR ACCURATE

We estimate the Department did not report all required data elements for between 339 and 519 transactions, projected to the population of 2,238 transactions in File C. In addition, we estimate between 1,539 and 1,741 transactions contained an error in one or more data elements.

We reviewed a statistical sample of 328 transactions and found the Department did not report all the required data elements for 62 transactions (19 percent). We also identified 241 transactions (74 percent) in our sample that contained inaccurate information. We found no issues with the timeliness of the transactions the Department reported. See Exhibit C for the statistical sampling results and projections.

The following table presents the overall error rates for the completeness, timeliness, and accuracy of the transactions sampled:

Table 1: Sampled Transaction Error Rates

	Completeness¹	Timeliness²	Accuracy³
Error Rate	19 %	0.0 %	74 %

In addition to the errors identified by our sample testing above, the Department also reported inaccurate program activity and object class codes for 5 and 7 percent of transactions, respectively, in its File B submission.

NOT ALL REQUIRED DATA ELEMENTS WERE REPORTED

The Department did not report all of the required data elements for 19 percent of the transactions sampled. Of the 328 transactions sampled, 62 transactions were missing at least one required data element. The most prevalent data element not reported was the Unique Record Identifier (URI), which accounted for 77 percent of the errors. Other errors occurred when the Department left one or more required data elements blank, or did not report any data elements in File D1 or D2 for a corresponding transaction reported in File C, in its DATA Act submission.

THE DEPARTMENT DID NOT REPORT URIs WHEN REQUIRED

The Department did not include a URI in its File C submission for 48 transactions in our sample. These transactions included multiple records reported under the same Federal Award Identification Number and Modification Number. The DATA Act Reporting Submission Specification, developed by OMB and Treasury, requires a URI when a combination of the Federal Award Identification Number and Modification Number is not unique. This can occur when a grant or a modification involves obligations to multiple year funds and programs, and each obligation is reported separately in Files C and D2. The only way to distinguish each obligation is through the URI. The Department reported URIs in File D2 but did not include a matching URI in its File C submission.

Department officials stated that the New Core Financial Management System (NCFMS), the system from which it extracted the data for File C, did not capture URIs because the Federal Award Identification Number was the unique identifier for grants in NCFMS. However, the Department failed to address those instances where the Federal Award Identification Number and Modification Number are not unique. In these cases, the broker would not be able to link the financial data in File C with the award data in File D2 properly without URIs.

¹ Completeness is measured as the percentage of transactions containing all data elements required by the DATA Act.

² Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.

³ Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.

For the quarter ending March 31, 2017, the Department received six Warning Reports from the broker that identified more than 1,800 instances where a submitted record did not meet the established validation rules. This included 938 records identified because a unique Federal Award Identification Number or URI from File D2 was not present in File C. These items are not considered “fatal errors” and do not prevent the broker from accepting the submitted files. However, they still indicate potential inaccuracies, and significant numbers of items that fail to meet the same validation rule suggest a potential systemic issue. The Department forwarded these Warnings Reports to the responsible parties for further research. However, it did not follow-up to ensure significant items identified on the Warnings Reports were appropriately addressed. Monitoring these items on the Warnings Reports can be an effective internal control to eliminate systemic issues, such as the lack of URI in File C. This could decrease the number of errors in the Department’s DATA Act submissions.

**ALL TRANSACTIONS WERE
REPORTED TIMELY**

The Department reported all transactions (100 percent) tested within 30 days of the end of the second quarter, as required.

**74 PERCENT OF THE SAMPLED
TRANSACTIONS CONTAINED AN ERROR
IN ONE OR MORE OF THE REPORTED
DATA ELEMENTS**

The Department reported inaccurate information for 74 percent of the transactions sampled. Of the 328 transactions sampled, 241 transactions contained an error in one or more of the data elements tested. A significant number of errors occurred in two data elements: (1) Current Total Value of the Award; and (2) Potential Total Value of Award. According to Treasury, these errors were caused by the way the broker extracted the data from the Federal Procurement Data System – Next Generation (FPDS-NG), an external feeder system for contract awards. Excluding these broker errors, 171 transactions (52 percent) contained inaccurate information. The following table contains a list of the individual data elements with significant numbers of errors:

Table 2: Data Elements With Significant Numbers of Errors

Data Element	Transactions with Errors in File D1	Transactions with Errors in File D2
Current Total Value of Award	148	-
Potential Total Value of Award	146	-
Action Date	51	-
Primary Place of Performance Code	-	66
Primary Place of Performance Congressional District	10	56
Catalog of Federal Domestic Assistance (CFDA) Number/Title	-	30

ERRORS IN CURRENT AND POTENTIAL TOTAL VALUE OF AWARD ARE DUE TO AN ISSUE WITH THE BROKER

Sixty-five percent of the 226 transactions sampled in File D1 reported incorrect Current Total Value of Award and Potential Total Value of Award⁴ data. These errors occurred because the broker extracted these data elements from FPDS-NG’s “Current” column rather than the “Total” column. For contract modifications, the “Current” column displays the modification amount and the “Total” column displays the total award value. As a result, a no-cost modification caused the Current and Potential Total Value of Award data elements to display an erroneous zero dollar balance. Contract awards that were not modified did not produce these errors. Treasury confirmed that it was aware of this issue with the broker and that it will be resolved during fall 2017.

ACTION DATES IN FPDS-NG WERE NOT APPROPRIATELY UPDATED

The Department reported incorrect Action Dates for 23 percent of 226 transactions sampled in File D1. The DATA Act Interface Definition Document developed by OMB and Treasury defines the Action Date as “...the date the action being reported was issued/signed by the government or a binding agreement was reached.” However, the Action Dates reported by the Department were not the actual date the contract or modification was signed. According to the Department, the errors occurred because Contracting Specialists, when they submitted a contracting action to a Contracting Officer for approval, entered the submission date into FPDS-NG’s “Signed Date” field. The broker extracts this field for the Action Date when creating File D1. In these cases, the Contracting Officers were not appropriately updating the “Signed Date” when they approved a transaction. Department officials stated they have corrected the data in FPDS-NG.

⁴ OMB defines the Current Total Value of Award data element as the total amount obligated to date on a contract, including the base award and exercised options. Potential Total Value of Award is defined as the total amount that could be obligated on a contract, if the base award and all options are exercised.

NEARLY TWO-THIRDS OF PRIMARY PLACE OF PERFORMANCE AND CONGRESSIONAL DISTRICT CODES WERE INACCURATELY ENTERED INTO eGRANTS

The Department reported incorrect Primary Place of Performance Codes for 65 percent, and incorrect Primary Place of Performance Congressional District Codes for 55 percent, of 102 transactions sampled in File D2. Many of the errors involved state-wide grants which were coded as city-wide grants around the state capital. Department officials stated they knew of this issue and trained staff to improve the quality of the data related to Primary Place of Performance.

The data in File D2 is derived from eGrants, the Department’s grant management system and the source for financial assistance data. The Department submits data from eGrants to the broker, through the Award Submission Portal⁵ (an external feeder system for federal grant awards), twice a month. Before submitting the data to the Award Submission Portal, a program analyst verifies that required fields are not blank and certain data generated by eGrants is accurate. As documentation of this review, the Department provided the file extracted from eGrants and the file submitted to the Award Submission Portal and stated that the difference between the two files showed what was changed. However, these files did not indicate what specific fields/data the program analyst reviewed. In addition, there was no evidence that management monitored the program analyst’s review to ensure this control functioned as intended. Ensuring adequate documentation and supervision of data reviews will allow the Department to identify and correct errors, such as the inaccurate Primary Place of Performance Codes, before submitting the data to USAspending.gov.

CFDA NUMBERS IN eGRANTS WERE NOT EXTRACTED PROPERLY

The Department reported incorrect CFDA Numbers for 29 percent of 102 transactions sampled in File D2. This resulted in corresponding errors to the CFDA Titles, which the broker derives from the CFDA Number. The errors occurred when a grant modification involved multiple programs with different CFDA Numbers. According to the Department, this issue was caused by a fault in the script it used to extract data from eGrants for DATA Act reporting. The script extracted the CFDA Number associated with the initial grant award rather than pulling the CFDA Number associated with the specific financial transaction from the grant modification. Officials stated they were working to revise the script to correct the issue.

⁵ Starting September 2017, agencies will no longer use the Award Submission Portal but will submit their files through the Financial Assistance Broker System.

THE DEPARTMENT REPORTED INACCURATE PROGRAM ACTIVITY AND OBJECT CLASS CODES IN FILE B

The Department reported inaccurate program activity codes for 5 percent, and inaccurate object class codes for 7 percent, of the 6,699 records in File B, which contains summary-level obligation and outlay information. Specifically, we identified 344 records that contained program activity codes and names that were not in the program and financing schedules of the FY 2017 budget of the United States Government. Additionally, we identified 469 records that contained object class codes not listed in Section 83 of OMB Circular A-11. The DATA Act Reporting Submission Specification requires that these codes match those in the budget and OMB Circular A-11.

According to the Department, agencies were not ensuring the accuracy of the program activity and object class codes recorded in the financial system because these codes were not used for reporting financial data prior to DATA Act. Officials stated that the Department has added steps to ensure all new transactions entered into NCFMS include valid program activity and object class codes to comply with DATA Act reporting requirements from fiscal year 2017 forward. However, the Department will continue to use older codes until they expire. Officials said fixing these codes would not be cost effective because these transactions have already been entered in multiple systems. Attempting to fix them would be labor intensive and could introduce additional errors. As the older codes from fiscal years before 2017 expire, there will be fewer invalid codes reported each year. All invalid codes should expire within five years.

THE DEPARTMENT EFFECTIVELY IMPLEMENTED AND USED DATA STANDARDS

The Department effectively implemented and reported its financial and award data using the Government-wide financial data standards established by OMB and Treasury. The Department presented all applicable data elements standardized under the DATA Act in the summary-level financial data it reported in Files A and B, and in the individual sampled transactions we tested. Each data element conformed to the standardized data definitions. We identified errors with completeness and accuracy of the data that occurred because of data entry mistakes, data extraction issues or weak validation processes. We did not find any instances where the Department reported financial or award data using data definitions that differed from the standards established by OMB and Treasury.

OIG RECOMMENDATIONS

We recommend the Principal Deputy Chief Financial Officer:

1. Review the errors identified by our audit and, where feasible, correct the errors in the Department's source systems to improve the quality of future data submissions.
2. Develop and implement a process to report URIs in File C for transactions that do not have a unique combination of Federal Award Identification Number and Modification Number.
3. Develop and implement a formal process to appropriately address significant items on the broker Warnings Reports, which could indicate systemic issues.
4. Develop and implement a process to ensure Contracting Officers appropriately update FPDS-NG "Signed Date" field when approving a contracting action.
5. Ensure that training provided to staff on coding state-wide grants effectively addresses the quality of the data related to Primary Place of Performance.
6. Develop and implement a process to ensure agencies appropriately monitor and maintain adequate documentation of any data quality reviews conducted.
7. Ensure revision of the script used to extract data from eGrants to allow for accurate reporting of CFDA Numbers.
8. Monitor the newly implemented process to ensure all new transactions entered into NCFMS include proper program activity and object class codes.

MANAGEMENT RESPONSE

The Principal Deputy Chief Financial Officer concurred with all of our recommendations. Furthermore, he stated the Department implemented monitoring procedures to ensure broker warnings were reviewed by appropriate parties and the number of errors has decreased with each submission.

Management's response to our draft report is included in its entirety in Appendix C.

We appreciate the cooperation and courtesies that the Office of the Chief Financial Officer and other agency personnel extended to the Office of Inspector General during this audit. Office of Inspector General personnel who made major contributions to this report are listed in Appendix D.



Elliot P. Lewis
Assistant Inspector General
for Audit

Exhibits

EXHIBIT A

Number of Errors by Data Element for Sampled Procurement Transactions

Data Element	Number of Errors	Percentage⁶
C: Agency Identifier	--	--
C: Beginning Period of Availability	--	--
C: Ending Period of Availability	--	--
C: Availability Type Code	--	--
C: Main Account Code	--	--
C: Procurement Instrument Identifier	--	--
C: Parent Award ID	--	--
C: Program Activity Name	1	0.4%
C: Program Activity Code	1	0.4%
C: Object Class Code	2	0.9%
C: Transaction Obligation	4	1.8%
C: GL 480100 Fiscal Year Beginning (FYB)	--	--
C: GL 480100 Current Period Ending (CPE)	--	--
C: GL 480200 FYB	--	--
C: GL 480200 CPE	--	--
C: GL 483100 CPE	--	--
C: GL 483200 CPE	--	--
C: GL 487100 CPE	--	--
C: GL 487200 CPE	--	--
C: GL 488100 CPE	--	--
C: GL 488200 CPE	--	--
C: GL 490200 CPE	--	--
C: GL 490100 FYB	--	--
C: GL 490100 CPE	--	--
C: GL 490800 FYB	--	--
C: GL 490800 CPE	--	--
C: GL 493100 CPE	--	--
C: GL 497100 CPE	--	--
C: GL 497200 CPE	--	--
C: GL 498100 CPE	--	--
C: GL 498200 CPE	--	--
C: Gross Outlay Amount by Award CPE	--	--
C: Obligations Incurred Total by Award CPE	--	--
C: Deobligations, Recoveries, Refunds by Prior Year Award by CPE	--	--
D1: Procurement Instrument Identifier	6	2.7%
D1: Awarding Subtier Agency Code	--	--

⁶ Of the 328 transactions sampled, 226 transactions were in File D1, the procurement data submission.

Number of Errors by Data Element for Sampled Procurement Transactions

Data Element	Number of Errors	Percentage⁶
D1: Awarding Subtier Agency Name	--	--
D1: Awarding Agency Code	--	--
D1: Awarding Agency Name	--	--
D1: Parent Award ID	--	--
D1: Award Modification/Amendment Number	--	--
D1: Contract Award Type	--	--
D1: North American Industrial Classification System	13	5.8%
D1: North American Industrial Classification System Description	13	5.8%
D1: Awardee or Recipient Unique Identifier	1	0.4%
D1: Ultimate Parent Legal Entity Name	5	2.2%
D1: Ultimate Parent Unique Identifier	6	2.7%
D1: Award Description	5	2.2%
D1: Primary Place of Performance ZIP	11	4.9%
D1: Primary Place of Performance Congressional District	10	4.4%
D1: Awardee or Recipient Legal Entity Name	1	0.4%
D1: Legal Entity City Name	3	1.3%
D1: Legal Entity State Description	--	--
D1: Legal Entity ZIP	5	2.2%
D1: Legal Entity Congressional District	9	4.0%
D1: Legal Entity Address Line 1	5	2.2%
D1: Legal Entity Country Code	--	--
D1: Legal Entity Country Name	--	--
D1: Period of Performance Start Date	20	8.9%
D1: Period of Performance Current End Date	15	6.6%
D1: Period of Performance Potential End Date	11	4.9%
D1: Action Date	51	22.6%
D1: Action Type	2	0.9%
D1: Federal Action Obligation	1	0.4%
D1: Current Total Value of Award	148	65.5%
D1: Potential Total Value of Award	146	64.6%
D1: Funding Subtier Agency Code	1	0.4%
D1: Funding Subtier Agency Name	1	0.4%
D1: Funding Office Code	6	2.7%
D1: Funding Office Name	14	6.2%
D1: Awarding Office Code	1	0.4%
D1: Awarding Office Name	12	5.3%
D1: Funding Agency Code	--	--
D1: Funding Agency Name	--	--
D1: Primary Place of Performance State Code	8	3.5%

Number of Errors by Data Element for Sampled Procurement Transactions

Data Element	Number of Errors	Percentage⁶
D1: Primary Place of Performance Country Code	--	--
D1: Primary Place of Performance City Name	9	4.0%

EXHIBIT B

Number of Errors by Data Element for Sampled Financial Assistance Transactions

Data Element	Number of Errors	Percentage⁷
C: Agency Identifier	--	--
C: Beginning Period of Availability	--	--
C: Ending Period of Availability	--	--
C: Availability Type Code	--	--
C: Main Account Code	1	1.0%
C: Federal Assistance Identification Number	--	--
C: URI	48	47.1%
C: Program Activity Name	--	--
C: Program Activity Code	--	--
C: Object Class Code	--	--
C: Transaction Obligation	--	--
C: GL 480100 FYB	--	--
C: GL 480100 CPE	--	--
C: GL 480200 FYB	--	--
C: GL 480200 CPE	--	--
C: GL 483100 CPE	--	--
C: GL 483200 CPE	--	--
C: GL 487100 CPE	--	--
C: GL 487200 CPE	--	--
C: GL 488100 CPE	--	--
C: GL 488200 CPE	--	--
C: GL 490100 FYB	--	--
C: GL 490100 CPE	--	--
C: GL 490200 CPE	--	--
C: GL 490800 FYB	--	--
C: GL 490800 CPE	--	--
C: GL 493100 CPE	--	--
C: GL 497100 CPE	--	--
C: GL 497200 CPE	--	--
C: GL 498100 CPE	--	--
C: GL 498200 CPE	--	--
C: Gross Outlay Amount by Award CPE	--	--
C: Obligations Incurred Total by Award CPE	--	--
C: Deobligations, Recoveries, Refunds by Prior Year Award by CPE	--	--

⁷ Of the 328 transactions sampled, 102 transactions were in File D2, the financial assistance data submission.

Number of Errors by Data Element for Sampled Financial Assistance Transactions

Data Element	Number of Errors	Percentage⁷
D2: Action Type	--	--
D2: Action Date	--	--
D2: Assistance Type	--	--
D2: Record Type	--	--
D2: Federal Assistance Identification Number	4	3.9%
D2: Award Modification/Amendment Number	--	--
D2: URI	--	--
D2: Awardee or Recipient Legal Entity Name	--	--
D2: Awardee or Recipient Unique Identifier	--	--
D2: Legal Entity Address Line 1	--	--
D2: Legal Entity Address Line 2	--	--
D2: Legal Entity City Name	--	--
D2: Legal Entity County Name	--	--
D2: Legal Entity County Code	--	--
D2: Legal Entity State Name	--	--
D2: Legal Entity State Code	--	--
D2: Legal Entity ZIP	1	1.0%
D2: Legal Entity ZIP+4	--	--
D2: Legal Entity Country Code	--	--
D2: Legal Entity Congressional District	1	1.0%
D2: Business Type	--	--
D2: Funding Agency Name	--	--
D2: Funding Agency Code	--	--
D2: Awarding Agency Name	--	--
D2: Awarding Agency Code	--	--
D2: Awarding Subtier Agency Name	--	--
D2: Awarding Subtier Agency Code	--	--
D2: CFDA Number	30	29.4%
D2: CFDA Title	30	29.4%
D2: Primary Place of Performance Code	66	64.7%
D2: Primary Place of Performance Country Code	--	--
D2: Primary Place of Performance State Name	--	--
D2: Primary Place of Performance City Name	65	63.7%
D2: Primary Place of Performance ZIP	--	--
D2: Primary Place of Performance Congressional District	56	54.9%
D2: Award Description	--	--
D2: Period of Performance Start Date	2	2.0%
D2: Period of Performance Current End Date	--	--
D2: Federal Action Obligation	--	--

EXHIBIT C

Statistical Sample Results and Projections

	Completeness	Timeliness	Accuracy
Population	2,238	2,238	2,238
Sample Size	328	328	328
Exceptions	62	0	241
Error Rate (%)	18.9	0.0	73.5
Point Estimate	423	0	1,644
Lower Limit	339	0	1,539
Upper Limit	519	23	1,741

Appendices

APPENDIX A

**OBJECTIVES, SCOPE, METHODOLOGY, AND
CRITERIA**

OBJECTIVES

We conducted a performance audit to answer the following questions:

1. Did the Department provide complete, timely, accurate, and quality data for its Fiscal Year 2017, second quarter Data Act submission?
2. Did the Department effectively implement and use the Government-wide data standards established by OMB and Treasury?

SCOPE

The audit covered FY 2017, second quarter spending data the Department submitted for publication on USAspending.gov and the procedures, certifications, documentation, and controls it used in the submission process.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Pension Benefit Guaranty Corporation (PBGC) Transactions

The Department's FY 2017, second quarter DATA Act submission included transactions from PBGC, an independent agency that is not part of the Department. We excluded these PBGC transactions from our testing. According to the Department, Treasury has since implemented an upgrade allowing separate submissions for future reporting periods and both agencies resubmitted their second quarter data to USAspending.gov separately.

Testing Limitations for Data Reported from Files E and F

Files E and F contain additional awardee and sub-awardee attribute information extracted by the broker from two systems external to the Department, the System for Award Management and the Federal Funding Accountability and Transparency Act Sub-award Reporting System. The prime awardee is responsible to report sub-award and executive compensation information in these systems. Data reported from these two systems are generated in the broker for display on USAspending.gov. As outlined in OMB's Management Procedures Memorandum 2016-03, the authoritative sources for

the data reported in Files E and F are these two systems and no additional action is required of federal agencies. As such, we did not assess the completeness, timeliness, accuracy, or quality of the data extracted from these systems via the broker.

METHODOLOGY

To achieve our objectives, we obtained an understanding of the criteria related to the Department's reporting responsibilities under the DATA Act. We also conducted interviews and reviewed documentation to assess the Department's internal controls over its source systems and DATA Act submission process. In addition, we reviewed a statistically valid, random sample of transactions from the Department's FY 2017, second quarter DATA Act submission; assessed the completeness, timeliness, accuracy, and quality of the transactions sampled; and assessed the Department's implementation and use of the government-wide data standards established by OMB and Treasury.

We conducted this audit and selected our sample of spending data in accordance with the *Inspectors General Guide to Compliance under the DATA Act*, developed by the FAEC DATA Act Working Group in consultation with GAO.

Data Reliability

To assess the reliability of the Department's DATA Act submission, we used an approach consistent with the methodology outlined in the FAEC Data Act Working Group's *Inspectors General Guide to Compliance Under the DATA Act*. For the summary-level data reported in File A, we compared the applicable data elements to the information contained in OMB's SF-133 to determine if all transactions, including all Treasury Account Symbols, were included for the reporting period. For the summary-level data reported in File B, we confirmed the data included all Treasury Account Symbols from File A and verified File B totals with File A. We also compared object class codes and program activity codes to those defined in OMB Circular A-11 and the President's Budget. For the award-level data reported in File C, we assessed the Department's process for determining which object classes contained award-level information and its methodology for ensuring File C's completeness. Based on our data reliability assessment and tests, we concluded that the data reported in File C was complete and suitable for sampling.

Sampling

To develop our sampling plan, we followed the approach outlined in the FAEC Data Act Working Group's *Inspectors General Guide to Compliance Under the DATA Act*. File C contained a population of 2,238 transactions, from which we selected a statistically valid, random sample of 328 transactions⁸ using ACL Analytics software. This allowed

⁸ Because the recommended sample size of 385 represented more than 5 percent of the population, we reduced the sample size to 328 by applying the finite correction factor using the formula outlined in the *Inspectors General Guide to Compliance Under the DATA Act*.

us to maintain a 95 percent confidence level and a sampling precision of plus or minus 5 percent, based on an expected error rate of 50 percent.

To assess completeness of the sampled transactions, we evaluated whether each sampled transaction contained all the required data elements for that particular transaction. To assess timeliness, we verified that the Department reported all sampled transactions within 30 days of the quarter end. To assess accuracy, we verified the reported data for a sampled transaction against the Department's financial and award systems — NCFMS, Acquisition Management System (AMS), and eGrants — and the underlying source documents. We assessed quality based on our individual assessments of completeness, timeliness, and accuracy.

INTERNAL CONTROLS

In planning and performing our audit of the Department's financial and award data submitted for the quarter ending March 31, 2017, we considered internal controls that were relevant to our audit objectives by obtaining an understanding of those controls, and assessing control risk for the purposes of achieving our objectives. The objective of our audit was not to provide assurance on the internal controls; therefore, we did not express an opinion on the internal controls as a whole. Our consideration of the Department's internal controls relevant to our audit objectives would not necessarily disclose all matters that might be reportable conditions. Because of the inherent limitations on internal controls, noncompliance may nevertheless occur and not be detected.

To assess the effectiveness of the Department's internal controls over source systems, we interviewed management officials; reviewed supporting documentation related to the Department's OMB A-123 internal control certifications for NCFMS, AMS, and eGrants; and reviewed assurances related to the Department's financial management systems. In addition, we interviewed the Department's financial statement auditors and reviewed the internal control assessments they performed related to grants, procurement, and other areas relevant to our objectives.

To assess the effectiveness of the Department's internal controls over its DATA Act submission, we interviewed officials and reviewed policies and procedures related to the Department's data submission process, including the Department's process for validating the data and resolving variances. We also reviewed the Senior Accountable Official's assurance over the data submitted and supporting documentation such as validation and reconciliation reports.

CRITERIA

- Digital Accountability and Transparency Act of 2014 (May 9, 2014)
- DATA Act Implementation Playbook, Version 2.0 (June 24, 2016)
- OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and*

Reliable

(May 8, 2015)

- OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* (May 3, 2016)
- OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* (November 4, 2016)
- OMB Circular A-123, *Revisions to OMB Circular A-123, Management's Responsibility for Internal Control* (December 21, 2014)
- DATA Act Information Model Schema Data Dictionary, Version 1.01
- GAO-14-704G, *Standards for Internal Control in the Federal Government (Green Book)* (September 10, 2014)

APPENDIX B

BACKGROUND

The DATA Act requires federal agencies to report spending data in accordance with new government-wide data standards and make that data available on the publicly accessible and searchable website, USAspending.gov. The information on this website is intended to increase transparency in federal spending by linking grant, contract, loan, and other financial data to program results.

In addition to the agency reporting requirements, the DATA Act also requires each agency's Inspector General to review a statistically valid sample of the spending data submitted by its federal agency. Each Inspector General must submit a publicly available report to Congress assessing the completeness, timeliness, accuracy, and quality of the data sampled and determining whether the federal agency implemented and used the Government-wide data standards.

The first set of Inspector General oversight reports were due to Congress in November 2016 with others to follow at two-year intervals. Nevertheless, Inspectors General were effectively mandated to report on data that would not exist because of anomalies in the timing of data deadlines and the reporting requirements. As a result, the Council of the Inspectors General on Integrity and Efficiency developed a plan whereby Inspectors General would provide Congress with the first required reports in November 2017 with subsequent reports following on a two-year cycle.

OMB and Treasury published government-wide data standards in May 2015 and required federal agencies to use these standards for DATA Act reporting. A Treasury-assigned broker collects agency data, validates the data, and allows the agency to submit the data for publication on USAspending.gov.

The broker collects agency data in two ways: (1) through uploads, as specified by the Reporting Submission Specification; and (2) by extractions, as specified by the Interface Definition Document.

Agencies upload the following files, extracted from their financial systems, directly to the broker per the requirements in the Reporting Submission Specification:

- File A contains appropriation summary level data aligned to the agency's quarterly SF133 reporting.
- File B includes obligation and outlay information at the program activity and object class level.
- File C reports the obligations at the award and object class level.

The broker extracts data for the following files from external and existing feeder systems as reflected in the Interface Definition Document:

- File D1 reports award and awardee attributes for procurement data pulled from the FPDS-NG. This information is linked to the financial information in File C using a unique Procurement Instrument Identifier.
- File D2 reports award and awardee attributes for financial assistance data pulled from the Award Submission Portal. This information is linked to the financial information in File C using a unique Federal Award Identification Number or URI.
- File E includes the additional prime awardee attributes pulled from the System for Award Management.
- File F includes sub-award attributes pulled from the Federal Funding Accountability and Transparency Act Sub-award Reporting System.

The Office of the Chief Financial Officer is the lead agency for the Department's DATA Act implementation. The Department uses three main systems for its DATA Act submission:

- NCFMS – the Department's financial management system and source for account level data (Files A, B, and C).
- AMS – the contracting system and source for procurement data (File D1), which is pushed into FPDS-NG before being extracted by the broker.
- eGrants – the grant management system and source for financial assistance data (File D2), which is pushed into the Award Submission Portal or, beginning September 2017 — the Financial Assistance Broker System, before being extracted by the broker.

MANAGEMENT RESPONSE

U.S. Department of Labor

Office of the Chief Financial Officer



Washington, D.C. 20210

December 22, 2017

MEMORANDUM FOR: **ELLIOT P. LEWIS**
Assistant Inspector General for Audit

FROM:  For
GEOFFREY KENYON
Principal Deputy Chief Financial Officer

SUBJECT: Response to the Office of Inspector General's Audit Report
Number: 03-18-001-13-001, *The Department Needs to Take Action
to Improve the Quality of Its DATA Act Submissions*

The Department effectively implemented and reported financial and award data using the Government-wide financial data standards established by Treasury Department and the Office of Management and Budget (OMB). However, we do recognize that there is room to improve in some areas; therefore we will implement measures to address the Office of the Inspector General (OIG) recommendations. Assessing the situation, we believe that we have a number of strong validation processes in place that enabled us to meet the DATA Act reporting deadline. For instance, although broker warnings do not hinder successfully submitting our data, we implemented monitoring procedures to ensure warnings were reviewed by the appropriate parties and the number of errors decreased with each submission. Below you will find the Department's responses to the OIG's eight (8) recommendations.

1. As previously expressed, the Department will not correct the Object Class Code (OCC) and Program Activity Code (PAC) errors identified during the audit due to the level of effort involved in doing so (FY12-FY16). The Department believes that the extent of work required to correct these issues are not of benefit to the American taxpayers. As for 2017 and beyond, we have put measures in place to ensure all new documents have accurate information. Old documents (prior to FY 17) will continue to be reported with existing codes. With regard to the issues the OIG identified in the course of its audit with specific records in the Department's D2 file, the Department will ensure the necessary corrections are made in eGrants to prevent future modifications to the identified grants from having similar reporting issues. The Department will also resubmit these records to correct the information shown on USASpending.gov for the identified grants by March 31, 2018.
2. The Department is currently working with the Shared Service Provider (SSP) to research and implement a process to report Unique Record Identifiers (URIs) in File C for transactions

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that do not have a unique combination of Federal Assistance Identification Number (FAIN) and modification numbers.

3. The Department will develop a more formalized process for providing broker warning reports to the appropriate agencies for review and response by predetermined due dates. The Department will have agencies certify that all appropriate corrections have been made within the source systems, to the extent such corrections are possible.
4. The Department will provide guidance/training to Contracting Officers to ensure that the signed date on the Federal Procurement Data System – Next Generation (FPDS-NG), award document, and within the Acquisition Management System (AMS), all agree.
5. As of May 2017, the Department has provided training to Grants Management Specialists on how to review the information that is provided by the grant applicant (which is imported into eGrants from grants.gov), and to verify the accuracy of this information and/or correct it prior to a grant award made.
6. As it relates to DATA Act reporting, the Department will ensure that adequate documentation is maintained for data quality reviews conducted.
7. The Department is currently manually adjusting the extract file to address the Catalog of Federal Domestic Assistance (CFDA) number issue. A revision to the script is currently in process with an anticipated completion date of March 31, 2018.
8. The Department currently monitors and will continue to monitor new transactions for appropriate OCCs and PACs. The SSP will be providing a monthly report of invalid OCCs and PACs for FY 2017 and FY 2018 Treasury Appropriation Fund Symbol (TAFS) to ensure compliance. Older TAFS will be eliminated as they are canceled.

If you have any further questions, or require additional information on the Department's efforts to improve DATA Act Submissions, please contact Kevin Brown at (202) 693-4488.

APPENDIX D

ACKNOWLEDGEMENTS

Key contributors to this report were: Stephen Fowler (Audit Director), Steve Sovich (Audit Manager), Yung C. Lee, Badara Kamara, and Janet Cucunato.

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U.S. Department of Labor
200 Constitution Avenue, NW
Room S-5506
Washington, DC 20210