

Bureau of Consumer Financial Protection

Independent Accountants' Report on the Bureau's 2019 Compliance With the Digital Accountability and Transparency Act of 2014



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

MEMORANDUM

DATE: September 25, 2019

TO: Elizabeth Reilly
Chief Financial Officer
Bureau of Consumer Financial Protection

FROM: Michael VanHuysen 
Assistant Inspector General for Audits and Evaluations

SUBJECT: *Independent Accountants' Report on the Bureau's 2019 Compliance With the Digital Accountability and Transparency Act of 2014*

This memorandum transmits the subject audit report, prepared by Brown & Company CPAs and Management Consultants, PLLC. We contracted with Brown & Company to audit the Bureau of Consumer Financial Protection's (Bureau) compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) for the first quarter of fiscal year 2019.

The contract requires the audit to be performed in accordance with the auditing standards applicable to performance audits contained in *Government Auditing Standards*, which is issued by the Comptroller General of the United States. We reviewed and monitored the work of Brown & Company to ensure compliance with the contract and *Government Auditing Standards*. Brown & Company is responsible for the accompanying report, *Bureau of Consumer Financial Protection Audit Report: Independent Accountants' Report on the Compliance with the Digital Accountability and Transparency Act of 2014 Submission Requirements for Fiscal Year 2019*, dated September 23, 2019.

We appreciate the cooperation that Brown & Company received from Bureau personnel during the audit. The report will be distributed to the following organizations as suggested by the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council DATA Act Working Group:

- Senate Committee on Homeland Security and Governmental Affairs
- House Committee on Oversight and Reform
- Senate Committee on the Budget
- House Committee on the Budget

Elizabeth Reilly

September 25, 2019

- U.S. Government Accountability Office
- U.S. Department of the Treasury Office of Inspector General

Please contact me if you would like to discuss this report or any related issues.

cc: Kirsten Sutton
Kate Fulton
Joshua Galicki
Dana James
Lauren Hassouni
Carlos Villa

**Bureau of Consumer Financial Protection
Audit Report**

**Independent Accountants' Report on the
Compliance with the
Digital Accountability and Transparency Act of 2014
Submission Requirements for Fiscal Year 2019**

September 23, 2019



BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

To: Office of Inspector General
Board of Governors of the Federal Reserve System and the
Bureau of Consumer Financial Protection

From: Brown & Company CPAs and Management Consultants, PLLC

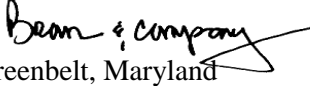
Subject: Memo to Transmit the Independent Accountant's Report of the Audit of the Bureau of Consumer Financial Protection's Compliance with the Digital Accountability and Transparency Act of 2014 Submission Requirements, for Fiscal Year 2019

Date: September 23, 2019

Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) was engaged to perform a performance audit of the Bureau of Consumer Financial Protection's (Bureau) compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act), for Fiscal Year 2019 as required by the Act. This memo serves as the transmittal memo to the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection. The audit report was released in final form on September 23, 2019 by Brown & Company.

Brown & Company provided the Bureau's management with a draft of this report for review and comment. At the exit conference held on September 12, 2019, the Bureau's management stated that they concur with the content of the report. Because we are not making formal recommendations, a written management response to this report was not required.

It was a pleasure working with the various individuals within the Office of Inspector General as well as the individuals at the Bureau who provided the information included in the audit report.


Greenbelt, Maryland
September 23, 2019

Bureau of Consumer Financial Protection - Audit Report

**Independent Accountants' Report on the Compliance with the
Digital Accountability and Transparency Act of 2014 Submission
Requirements for Fiscal Year 2019**

TABLE OF CONTENTS

Purpose.....	1
Objectives	1
Background.....	1
Scope and Methodology	3
Summary of Results.....	3
Audit Results.....	3
Objectives, Scope and Methodology	5
Glossary of Abbreviations and Acronyms	7



Bureau of Consumer Financial Protection - Audit Report

Independent Accountants' Report on the Compliance with the Digital Accountability and Transparency Act of 2014 Submission Requirements for Fiscal Year 2019

Purpose

The Digital Accountability and Transparency Act of 2014 (DATA Act), in part, requires federal agencies to report financial and award data in accordance with the established governmentwide financial data standards.

Objectives

The objectives of the audit of the Bureau of Consumer Financial Protection's (Bureau) compliance with the DATA Act were to assess the (1) completeness, timeliness, accuracy, and quality of the Bureau's Fiscal Year (FY) 2019 first quarter financial and award data submitted to the U.S. Department of Treasury (Treasury) for publication on USAspending.gov, and (2) Bureau's implementation and use of the governmentwide financial data standards established by the Office of Management and Budget (OMB) and Treasury.

Background

The DATA Act

In 2006, Congress passed, and the President signed the Federal Funding Accountability and Transparency Act of 2006 (FFATA).¹ The purpose of FFATA was to increase transparency and accountability surrounding federal contracts and financial assistance awards. In accordance with FFATA, in December 2007, OMB established a federal government website, USAspending.gov that contains obligation data on federal awards and subawards.

The DATA Act was enacted May 9, 2014, to expand the reporting requirements pursuant to FFATA. The DATA Act, in part, requires federal agencies to report financial and award data in accordance with the established governmentwide financial data standards. In May 2015, OMB and Treasury published 57 data definition standards (commonly referred to as data elements) and required federal agencies to report financial and award data in accordance with these standards for DATA Act reporting in January 2017. Subsequently, and in accordance with the DATA Act, Treasury began displaying federal agencies' data on USAspending.gov for taxpayers and policymakers in May 2017.

The DATA Act also requires Inspectors General to issue a report to Congress assessing the completeness, timeliness, accuracy, and quality of a statistical sample of spending data submitted by the agency and the agency's implementation and use of the data standards. The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the DATA

¹ Public Law 113-101 (May 9, 2014)

Act. That is, the first Inspector General reports were due to Congress in November 2016; however, federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, Inspectors General provided Congress with their first required reports in November 2017, a 1-year delay from the statutory due date, with two subsequent reports, each following on a 2-year cycle. On December 22, 2015, CIGIE's chair issued a letter memorializing the strategy for dealing with the reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform.

DATA Act's Applicability to the Bureau

The Bureau maintains two funds that it has determined fall under DATA Act reporting requirements. Under the DATA Act, federal agencies are required to disclose spending data. Section 3 of the DATA Act outlines the posting requirements pertaining to certain financial information for funds made available or spent by such agencies. Section 4 of the DATA Act provides for the establishment of governmentwide financial data standards for any federal funds made available to or spent by federal agencies. The Bureau has determined that the DATA Act applies in full to its Consumer Financial Civil Penalty Fund (Civil Penalty Fund) and in part to its Bureau Fund.

Civil Penalty Fund

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Bureau maintains a fund, the Civil Penalty Fund, into which the Bureau deposits the civil penalties it collects in judicial and administrative actions for violations of federal consumer financial law. Funds in the Civil Penalty Fund are used for payments to the victims of activities for which the civil penalties have been imposed. To the extent that such victims cannot be located or such payments are otherwise not practicable, the Bureau may use funds in the Civil Penalty Fund for the purpose of consumer education and financial literacy programs. The funds in the Civil Penalty Fund are also used for administrative costs, such as contractors' fees, associated with making payments to Civil Penalty Fund victims.

Although the Dodd-Frank Act is silent on whether funds in the Civil Penalty Fund should be construed as government funds or appropriated monies, the Bureau determined that the entirety of the DATA Act and its associated governmentwide financial data standards and guidance apply to the Civil Penalty Fund.

Bureau Fund

The Dodd-Frank Act also required the Bureau to establish the Bureau Fund. The Bureau's programs and operations are funded principally by transfers from the Board of Governors of the Federal Reserve System from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. These transferred funds are deposited into the Bureau Fund. The Dodd-Frank Act provides that funds obtained by or transferred to the Bureau Fund are not to be construed as government funds or appropriated monies.

Section 3(b) of the DATA Act requires that federal agencies post certain financial information for any funds made available or spent by that agency. The Bureau determined that subsections 3(b)(1), (2), and (3) of the DATA Act, which require the posting of "appropriations" information, do not apply to the Bureau Fund, because such funds are not to be construed as appropriated monies. The Bureau determined, however, that the posting requirements found at subsection 3(b)(4) are applicable to the Bureau Fund, because this particular DATA Act requirement is not limited to appropriations information. Although the Bureau determined that not all reportable data were covered by the act, due to system limitations, the Bureau included all reportable Bureau Fund data in its submission for the first quarter of FY 2019.

Section 4 of the DATA Act directs Treasury and OMB to establish governmentwide financial data standards for any federal funds made available to or spent by federal agencies and entities receiving such funds. The

Bureau determined that these data standards and related guidance do not apply to the Bureau Fund because the Bureau Fund is not a federal fund.

Scope and Methodology

We followed guidance from CIGIE's Federal Audit Executive Council (FAEC).² The FAEC guide documents a common methodological framework, developed in consultation with the U.S. Government Accountability Office (GAO), for Inspectors General to conduct required DATA Act reviews. We also reviewed applicable laws, regulations, Bureau policies and procedures, and other documentation related to the DATA Act. We randomly selected and analyzed a statistically valid sample of the Bureau's FY 2019 first quarter spending data submitted by the agency for publication on USAspending.gov.

We conducted our fieldwork from February through August 2019. We performed our 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Additional details on our scope and methodology are outlined in Appendix A.

Summary of Results

Data Were Complete, Timely, Accurate, and of Good Quality

We determined that data within our sample that the Bureau was required to submit for publication on USAspending.gov were complete, timely, accurate, and of good quality.

Applicable DATA Act Standards Were Used

We found that the Bureau implemented and used the governmentwide financial data standards as established by OMB and Treasury, as applicable. We found that required elements were presented in accordance with the standards.

Audit Results

We determined that data within our sample that the Bureau was required to submit for publication on USAspending.gov were complete, timely, accurate, and of good quality. We assessed these characteristics using the framework provided in the FAEC guide.

Completeness and Timeliness of the Agency Submission

We evaluated the Bureau's DATA Act submission to Treasury's DATA Act Broker and determined that the submission was complete and submitted timely.

Summary-Level Data and Linkages for Files A, B, and C

We evaluated Files A, B, and C and determined the linkages were valid between the files.

² CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act, February 14, 2019.

Record-Level Data and Linkages for Files C and D

We randomly selected a statistically valid sample of 79 records and tested for completeness, timeliness, accuracy, and quality of the data.

Completeness of the Data

All data contained the applicable elements and were complete. Data were considered complete when all records that should have been recorded were recorded in the proper reporting period.

Timeliness of the Data

All financial and award data were reported timely, i.e. before the March 20, 2019 deadline established by Treasury for the submission of FY 2019 first quarter data.

Accuracy of the Data

All data required to be submitted and published were accurate. A data element was considered accurate when amounts and other data in the broker files agreed with the authoritative source records. However, we noted isolated errors within the data that the Bureau was not required to submit for publication. This data, from the Bureau Fund, was included in the Bureau's submission because of system limitations. These isolated errors included missing or mismatched Awardee or Recipient Legal Entity Name, Potential Total Value of Award, Action Date, and Period of Performance Potential End Date. We also noted two data elements, Ultimate Parent Legal Entity Name and Ultimate Parent Unique Identifier, with errors that are not attributable to the Bureau because they are in databases outside the Bureau's control environment. We have notified the agency of these errors for their consideration.

Quality of the Data

All data were generally of good quality – that is, data were complete, timely, and accurate, and the Bureau's internal controls over source systems and the data submission gave us reasonable assurance that controls were designed, implemented, and operating effectively.

All Applicable DATA Act Standards Were Used

During our testing of the Bureau's spending data, we found that the Bureau implemented and used the governmentwide financial data standards as established by OMB and Treasury, as applicable. For the broker files tested, we generally found that the required elements were present in the file and that the record values were presented in accordance with the standards. For example, broker files contained such identifiers as main account code, subaccount code, and program activity.

Objectives, Scope and Methodology

Objectives

The objectives of the audit of the Bureau's compliance with the DATA Act audit were to assess the (1) completeness, timeliness, accuracy, and quality of the Bureau's FY 2019 first quarter financial and award data submitted to Treasury for publication on USAspending.gov and (2) Bureau's implementation and use of the governmentwide financial data standards established by OMB and Treasury.

Scope

The scope of this engagement is the Bureau's FY 2019 first quarter financial and award data submitted for publication on USAspending.gov. Work performed was in accordance with generally accepted government auditing standards, relevant DATA Act guidance and policies issued by GAO, OMB, and CIGIE, including the *Inspectors General Guide to Compliance under the DATA Act*, dated February 14, 2019.

The scope includes examining DATA Act information reported in the Bureau's FY 2019 first quarter financial and award data files listed below, as applicable:

- File A: Appropriations Account,
- File B: Object Class and Program Activity,
- File C: Award Financial,
- File D1: Award (Procurement)
- File D2: Award (Financial Assistance),
- File E: Additional Awardee Attributes, and
- File F: Sub-award Attributes

Files A, B, and C are submitted by the federal agency's internal financial system(s). Files A and B are summary-level financial data. File C is reportable award-level data. Files D1 through F contain detailed demographic information for award-level records reported in File C. Files D1 through F are submitted by external award reporting systems to Treasury's DATA Act Broker. The senior accountable official for the Bureau is required to certify these seven data files for its agency's financial and award data to be published on USAspending.gov. The Bureau did not have any required reporting data for Files D2-F.

Testing Methodology

To accomplish our objectives, we:

- obtained an understanding of any regulatory criteria related to the Bureau's responsibilities to report financial and award data under the DATA Act. (See below for a list criteria);
- assessed the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to Treasury's DATA Act Broker, in order to assess audit risk and design audit procedures;
- assessed internal controls over financial reporting for the DATA Act;
- reviewed and reconciled the FY 2019, first quarter summary-level data submitted by the Bureau for publication on USAspending.gov;
- assessed the Bureau's implementation and use of the 57 data elements/standards established by OMB and Treasury; and
- assessed the completeness, timeliness, accuracy, and quality of the financial and award data sampled; this included testing the Bureau's submission of Files A through D1.

To test the Bureau's DATA Act submission of Files A through D1, we:

- reviewed the Bureau's certification and submission process;
- determined the timeliness of the Bureau's submission;
- determined completeness of summary level data for Files A and B;
- determine whether File C is complete and suitable for sampling;
- randomly selected and examined a statistically valid sample of 79 records from a population of 115 total records in the Bureau's FY 2019 first quarter certified spending data reported in File C;
- tested detailed record-level linkages for Files C and D1;
- tested detailed record-level data elements for Files C and D1 for completeness, accuracy, timeliness, and quality; and
- analyzed results.

Criteria

During our audit, we obtained an understanding of the following criteria as applicable to the Bureau.

	Criteria Title
1	Digital Accountability and Transparency Act of 2014
2	Federal Funding Accountability and Transparency Act of 2006
3	The Federal Financial Management Improvement Act of 1996
4	The Federal Managers' Financial Integrity Act of 1982
5	OMB Circular No. A-123
6	OMB Circular No. A-123, Appendix A
7	OMB's Management Procedures Memorandum No. 2016-03
8	OMB's M-17-04, Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring DATA Reliability
9	OMB's M-10-06, Open Government Directive
10	OMB's Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies
11	OMB: Open Government Directive – Framework for the Quality of Federal Spending Information
12	DATA Act Information Model Schema (DAIMS) v 1.3 (includes Reporting Submission Specification & Interface Definition Document)
13	DAIMS v 1.3 Practices and Procedures
14	The DATA Act Online Data Dictionary
15	The Data Exchange Standard
16	Data Quality Playbook
17	Federal Spending Transparency Data Standards
18	DATA Act Broker Validation Rules
19	DATA Act Broker Submission Practices and Procedures
20	U. S. Digital Services Playbook
21	GAO Financial Audit Manual, Volumes 1, 2, and 3
22	Government Auditing Standards
23	Electronic Government: Implementation of the Federal Funding Accountability and Transparency Act of 2006

Glossary of Abbreviations and Acronyms

Bureau	Consumer Financial Protection Bureau
CIGIE	The Council of the Inspectors General on Integrity and Efficiency
Civil Penalty Fund	Consumer Financial Civil Penalty Fund
DAIMS	DATA Act Information Model Schema
DATA Act	The Digital Accountability and Transparency Act of 2014
Data elements	Data definition standards
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FAEC	Federal Audit Executive Council
FFATA	Federal Funding Accountability and Transparency Act of 2006
FY	Fiscal Year
GAO	Government Accountability Office
OMB	Office of Management and Budget
Treasury	The United States Department of the Treasury