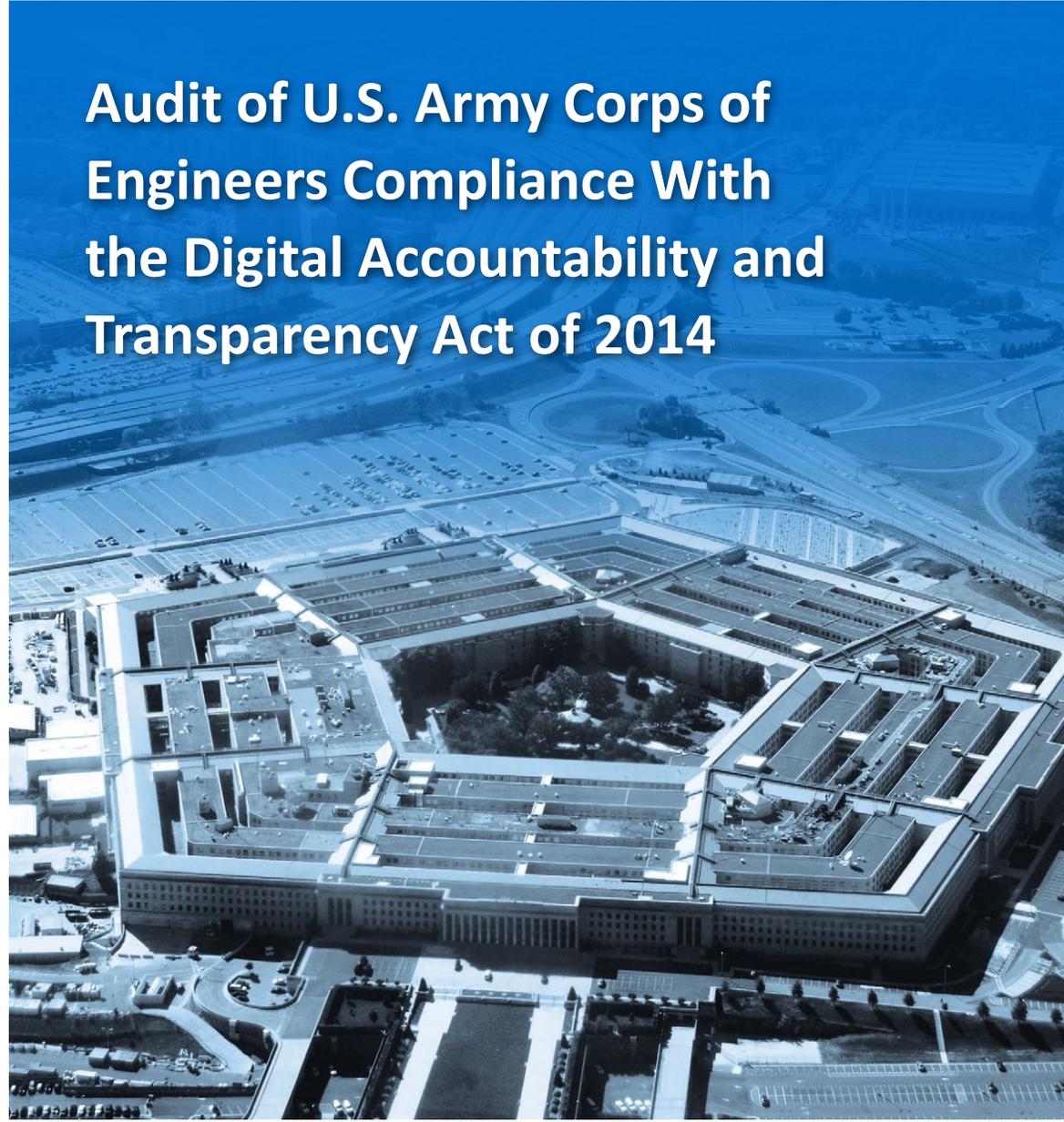




INSPECTOR GENERAL

U.S. Department of Defense

NOVEMBER 7, 2019



Audit of U.S. Army Corps of Engineers Compliance With the Digital Accountability and Transparency Act of 2014

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Audit of U.S. Army Corps of Engineers Compliance With the Digital Accountability and Transparency Act of 2014

November 7, 2019

Objective

The objective of this audit was to determine whether the U.S. Army Corps of Engineers (USACE) complied with Public Law 113-101, "Digital Accountability and Transparency Act of 2014" (DATA Act). We assessed the completeness, accuracy, timeliness, and quality of USACE's first quarter FY 2019 financial and award data submitted for publication on USAspending.gov. We also assessed the USACE 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 (the Treasury).

Background

On May 9, 2014, the President signed the DATA Act into law, expanding the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The FFATA required OMB to establish a single searchable public website that disclosed information on Federal contract and grant awards to enable the public to track how their tax dollars are spent. To meet the FFATA requirement, OMB established the website USAspending.gov, and Federal agencies began reporting their data to the website in 2008. The DATA Act expands the FFATA by requiring Federal agencies to submit their spending data quarterly and to link that data to the contract and grant award data to enable taxpayers and policy makers to track Federal spending more effectively.

OMB requires Federal agencies to designate a Senior Accountable Official, who is required to certify that the data in each DATA Act file submitted for display on USAspending.gov are valid and reliable.

Background (cont'd)

The Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, designated the Deputy Chief Financial Officer as the USACE Senior Accountable Official.

The DATA Act also directed OMB and the Treasury to develop joint Government-wide financial data standards to ensure consistent DATA Act reporting across the Federal agencies. To meet the DATA Act requirement, OMB and the Treasury developed financial data standards that define the 57 data elements that agencies must report under the DATA Act.

In addition, OMB and the Treasury developed standard reporting formats and issued guidance to Federal agencies on how to meet the DATA Act reporting requirements.

Federal agencies submit their financial and award data to the Treasury's DATA Act Broker application, which compiles agency data for publication on USAspending.gov. Agencies are required to use the DATA Act Broker to upload three files containing data from their internal financial systems and records.

- **File A – Appropriations Account.** File A contains the fiscal year cumulative appropriations account summary data.
- **File B – Object Class and Program Activity.** File B contains the appropriation account data listed in File A but is further defined by object class code and program activity name.
- **File C – Award Financial or Financial Data for Procurement and Grant Awards.** File C contains transaction-level financial data for all procurements and grants processed during the quarter.

The DATA Act Broker extracts spending data from Government-wide award reporting systems that contain data on Federal contracts, grants, and award recipients.

- **File D1 – Procurement.** File D1 contains procurement award and awardee data extracted from the Federal Procurement Data System-Next Generation.
- **File D2 – Grants.** File D2 contains grant award and awardee data extracted from the Financial Assistance Broker Submission system on grant and their financial assistance awards.



Results in Brief

Audit of U.S. Army Corps of Engineers Compliance With the Digital Accountability and Transparency Act of 2014

Background (cont'd)

- **File E – Additional Awardee Data.** File E includes information extracted from System for Award Management on the award recipients.
- **File F – Sub-award Data.** File F contains information extracted from FFATA Sub-award Reporting System on awards made to sub-recipients under a prime contract or grant award.

Finding

USACE did not comply with all DATA Act requirements. Although USACE implemented and used the required Government-wide data standards, and the USACE DATA Act submission for the first quarter of FY 2019 was timely, but not complete. In addition, File B (Object Class and Program Activity) contained 51 program activity names and codes that were inaccurate. Furthermore, although the File C data elements (Financial data elements for Procurement and Grant Awards) tested were complete, the projected error rates for accuracy and timeliness were 46.3 percent and 9.3 percent, respectively. Based on the highest projected error rate of 46.3 percent, the USACE data element quality level was low when using the Inspectors General guide developed by the Council of the Inspectors General on Integrity and Efficiency.

USACE did not comply with all DATA Act requirements because:

- the DATA Act Broker could not separate Files D1 (Procurement), D2 (Grants), E (Additional Awardee data), and F (Sub-award Data) from the DoD data submitted to the DATA Act Broker through the Government-wide award reporting systems; and
- the USACE data quality plan did not contain processes for identifying, managing, and mitigating risk related to data quality.

Recommendations

We recommend that the USACE Chief of Engineers and Commanding General revise and implement the USACE data quality plan in accordance with OMB M-18-16, “Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk.” The revised plan should include, at a minimum:

- a. assignment of roles and responsibilities for ensuring DATA Act data quality;
- b. a risk assessment process;
- c. definition of the control environment and control activities specific to the DATA Act submission;
- d. a mitigation and monitoring plan for the data elements determined to be high risk; and
- e. a testing plan for ensuring that financial and award data in Files A, B, C, D1, D2, E, and F are accurate before making USACE quarterly DATA Act submissions.

Management Comments and Our Response

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, generally agreed with our finding and recommendations but provided additional information to add context for our finding on data completeness and accuracy. The Director addressed the specifics of all recommendations; therefore, the recommendations are resolved but will remain open. We will close the recommendations once USACE provides a revised DATA Act data quality plan that addresses each of the minimum requirements identified in the recommendations.

Please see the Recommendations Table on the next page for the status of the recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
USACE Chief of Engineers and Commanding General	None	1a, 1b, 1c, 1d, and 1e	None

Please provide Management Comments by February 5, 2020.

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 7, 2019

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit of U.S. Army Corps of Engineers Compliance With the Digital Accountability and Transparency Act of 2014 (Report No. DODIG-2020-007)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. The comments are included in this report.

The U.S. Army Corps of Engineers Resource Management Director agreed to address all the recommendations presented in the report; therefore, the recommendations are considered resolved. As described in the Recommendations, Management Comments, and Our Response section of this report, the recommendations will remain open until we receive adequate documentation showing that the agreed-upon action has been completed. Once we verify that the action is complete, the recommendations will be closed. Therefore, please provide us within 90 days, documentation showing that the agreed-upon action has been completed. Your response should be sent to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

We appreciate the cooperation and assistance received during the audit. Please direct questions to me at [REDACTED].

A handwritten signature in cursive script that reads "Carol N. Gorman".

Carol N. Gorman
Assistant Inspector General for Audit
Cyberspace Operations

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Introduction

Objective

The objective of this audit was to determine whether the U.S. Army Corps of Engineers (USACE) complied with Public Law 113-101, “Digital Accountability and Transparency Act of 2014” (DATA Act).¹ We assessed the completeness, accuracy, timeliness, and quality of USACE’s first quarter FY 2019 financial and award data submitted for publication on USAspending.gov. We also assessed the USACE 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 (the Treasury). See Appendix A for a discussion of the audit scope and methodology, and Appendix B for prior audit coverage.

Background

On May 9, 2014, the President signed the DATA Act into law, expanding the Federal Funding Accountability and Transparency Act of 2006 (FFATA).² The FFATA required OMB to establish a single searchable public website that disclosed information on Federal contract and grant awards to enable the public to track how their tax dollars are spent. To meet the FFATA requirement, OMB established the website USAspending.gov, and began reporting award data in 2008. The DATA Act expands the FFATA by requiring Federal agencies to submit their spending data quarterly and to link that data to the contract and grant award data to enable taxpayers and policy makers to track Federal spending more effectively.³

The DATA Act also directed OMB and the Treasury to develop joint Government-wide financial data standards to ensure consistent DATA Act reporting across the Federal agencies. To meet the DATA Act requirement, OMB and the Treasury developed financial data standards that define the 57 data elements that agencies must report under the DATA Act.⁴ See Appendix F for a description of the 57 data elements. In addition, OMB and the Treasury developed standard reporting formats and issued guidance to Federal agencies on how to meet the DATA Act reporting requirements.

¹ Public Law 113–101, “Digital Accountability and Transparency Act of 2014,” May 9, 2014.

² Federal Funding Accountability and Transparency Act of 2006 (FFATA). Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), codified at 31 U.S.C. § 6101 note.

³ Congressional Research Service, “Tracking Federal Awards: USAspending.gov and Other Data Sources,” October 24, 2017.

⁴ Federal Spending Transparency Data Standards, August 31, 2015.

DATA Act Submission

Federal agencies submit their financial and award data to the Treasury's DATA Act Broker application, which compiles agency data for publication on USAspending.gov. Agencies are required to use the DATA Act Broker to upload three files containing data from their internal financial systems and records.

- **File A – Appropriations Account.** File A contains the fiscal year cumulative appropriations account summary data. File A contains 6 of the 57 data elements, including the amount appropriated and obligated during the fiscal year.⁵ The data in File A should match the data reported in the agency's Standard Form 133, "Report on Budget Execution and Budgetary Resources," which is submitted to the Treasury each quarter.
- **File B – Object Class and Program Activity.** File B contains the appropriation account data listed in File A but is further defined by object class code and program activity name. An object class code is a combination of digits used to identify obligations by the items or services purchased by the U.S. Government. The object class codes in File B should match the codes identified in Section 83 of OMB Circular No. A-11.⁶ A program activity name and code is a specific activity or project listed in the program and financing schedules of the annual budget of the Federal agency. The program activity names and codes should match the names and codes defined in the President's budget and the OMB MAX Collect.⁷ In addition, the total amount of File B should equal File A.
- **File C – Award Financial or Financial Data for Procurement and Grant Awards.** File C contains transaction-level financial data for all procurements and grants processed during the quarter. File C is a subset of File B and contains 8 of the 57 data elements.

The DATA Act Broker extracts spending data from Government-wide award reporting systems that contain data on Federal contracts, grants, and award recipients. Those systems include the Federal Procurement Data System-Next Generation, System for Award Management, Financial Assistance Broker Submission, and the FFATA Sub-award Reporting System. The following four files are produced with the extracted information.

⁵ According to the GAO-16-464SP report, appropriations are a Federal agency's legal authority to spend or obligate funds. According to the Fiscal Law Overview from the DoD Standards of Conduct Office, an obligation is a commitment that creates a legal liability of the Government for payment. For example, when a contract is signed, it creates a legal liability for the Government to pay the contractor in accordance with the terms of the contract.

⁶ OMB Circular No. A-11, "Preparation, Submission, and Execution of the Budget," June 2018.

⁷ The OMB Max Collect is a shared database developed by OMB for Federal agencies to update program activity data in the President's Budget.

- **File D1 – Procurement.** File D1 contains procurement award and awardee data extracted from the Federal Procurement Data System-Next Generation. The Federal Procurement Data System-Next Generation is the single authoritative repository used to collect and report on Federal procurement award data. Contracting officers are required to submit accurate contract information to the Federal Procurement Data System-Next Generation within three business days after a contract is awarded. File D1 contains 40 of the 57 data elements, including award identification number, award description, and place of performance. Transactions can be traced from File D1 to File C using the award identification number.
- **File D2 – Grants.** File D2 contains grant award and awardee data extracted from the Financial Assistance Broker Submission system on grant and other financial assistance awards. Grant officers are required to report accurate information to the Financial Assistance Broker Submission system within 30 days after grant award. File D2 contains 40 of the 57 data elements including identification number, awardee/recipient legal entity name, place of performance, and period of performance. Transactions can be traced from File D2 to File C using the award identification number.
- **File E – Additional Awardee Data.** File E includes information extracted from System for Award Management on the award recipients. The System for Award Management is a reporting website where business entities looking to do business with the U.S. Government must register, and award recipients enter information on their five most highly compensated officers, managing partners, or other employees in management positions.
- **File F – Sub-award Data.** File F contains information extracted from FFATA Sub-award Reporting System on awards made to sub-recipients under a prime contract or grant award. The FFATA Sub-award Reporting System is the reporting website where Federal prime awardees, such as prime contractors and prime grants recipients, report information on sub-award recipients and executive compensation data.

The DATA Act Broker validates the files before submitting them to USAspending.gov. The validation checks determine whether the files follow the standardized format and structure, and verify accuracy and completeness of the data.

If a validation check identifies a discrepancy, the DATA Act Broker issues a warning message or error to the agency. The DATA Act Broker will still accept the submission if a warning message is issued but will not accept the submission

if an error is issued. The agency must resolve the errors before the DATA Act Broker will accept the submission. See Appendix E, which shows the 57 data elements mapped to Files A through D2 and the linkages between the Files. See Appendix G for the DATA Act Information Flow Diagram.

According to the Treasury, Federal agencies should submit one consolidated DATA Act submission for the agency. However, Treasury will allow more than one submission from an agency, if the agency has more than one Common Government-wide Accounting Classification agency code. USACE has a Common Government-wide Accounting Classification agency code for Civil Works that is separate from the rest of the DoD.⁸

Senior Accountable Official

OMB requires Federal agencies to designate a Senior Accountable Official (SAO), who is responsible for providing reasonable assurance that the agency's internal controls support the reliability and validity of the agency data reported to the DATA Act Broker for publication on USAspending.gov.⁹ The SAO is required to certify that the data in each DATA Act file submitted for display on USAspending.gov are valid and reliable. The Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, designated the Deputy Chief Financial Officer as the USACE SAO. The Federal agencies are required to develop a data quality plan that identifies a control structure for identifying risks related to data quality and development of controls to manage that risk. The SAO certifications should be based on the controls and testing defined in the data quality plan and other internal controls documented by the agency.¹⁰

Inspector General Responsibilities Under The Data Act

The DATA Act requires that the Inspector General of each Federal agency periodically report on the completeness and timeliness of the agency's DATA Act submission. An agency's submission is complete when the transactions and events that should have been recorded are recorded in the proper period. An agency's submission is timely when it is in accordance with the schedule established by the Treasury DATA Act Project Management Office.

⁸ Civil Works include water resource development activities, including flood risk management, navigation, recreation, and infrastructure and environmental stewardship.

⁹ OMB Memorandum No. M-15-12, "Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable," May 8, 2015; and 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.

¹⁰ OMB Memorandum No. M-18-16, "Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk," June 6, 2018.

The DATA Act also requires that the Inspector General review a statistically valid sample of the data elements contained in the submission and report on the accuracy, completeness, timeliness, and quality of the data sampled and the use of the 57 data elements. The Federal Audit Executive Council (FAEC), a subcommittee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), established the DATA Act Working Group in January 2015. The Working Group developed the “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act” to assist the Inspector General community by developing a common methodology and reporting approach to meeting the DATA Act requirements.

The CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act defines accuracy, completeness, and timeliness of data elements as follows.

- **Accuracy:** When reported data elements amounts match to the source documents (such as contracts and grants).
- **Completeness:** When required data elements that should have been reported were reported in the appropriate File.
- **Timeliness:** When each of the required data elements were reported in accordance with the reporting schedules defined by the financial, procurement, and financial assistance requirements.

Quality of the data elements is determined by using the midpoint range of the error rate for accuracy, completeness, and timeliness. The highest of the three error rates is used as the determining factor of quality. The following table provides the range of error in determining the quality of the data elements.

Table 1. Range Of Error in Determining the Quality of the Data Elements

Highest Error Rate for Completeness, Accuracy, and Timeliness (Percent)	Quality Level
0 – 20	Higher
21 – 40	Moderate
41 and above	Lower

Source: The CIGIE FAEC.

To conduct the audit, we obtained the first quarter FY 2019 financial data (Files A through C) that USACE submitted to the DATA Act Broker. To determine whether the USACE DATA Act submission was complete, we reviewed whether the submission contained all required data files. To determine whether the data elements in Files A and B were accurate, we compared the data to source documentation and applicable guidance. To determine whether the data elements in File C were accurate, complete, and timely, we selected a statistical sample of 333 transactions to review from a universe of 2,491 transactions.

DATA Act Date Anomaly

CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act. That is, the first Inspector General reports were due to Congress on November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the Inspectors General provided Congress with their first required reports on November 8, 2017, 1 year after the statutory due date, with two subsequent reports to be submitted following on a 2-year cycle. On December 22, 2015, CIGIE's chair issued a letter detailing the strategy for dealing with the Inspector General reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform. See Appendix D for CIGIE's DATA Act anomaly letter.

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.¹¹ We identified internal control weakness in the extracting and reporting of USACE's first quarter FY 2019 financial and award data submitted for publication on USAspending.gov. We will provide a copy of the report to the senior official responsible for internal controls over the USACE's DATA Act submission.

¹¹ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

USACE Did Not Comply With All DATA Act Requirements

USACE did not comply with all DATA Act requirements. Although USACE implemented and used the required Government-wide data standards, the USACE DATA Act submission for the first quarter of FY 2019 was timely, but not complete. In addition, File B (Object Class and Program Activity) contained 51 program activity names and codes that were inaccurate. Furthermore, although the File C data elements (Financial data elements for Procurement and Grant Awards) tested were complete, the projected error rates for accuracy and timeliness were 46.3 percent and 9.3 percent, respectively. Based on the highest projected error rate of 46.3 percent, the USACE data element quality level was low when using the Inspectors General guide developed by CIGIE.

USACE did not comply with all DATA Act requirements because:

- the DATA Act Broker could not separate Files D1 (Procurement), D2 (Grants), E (Additional Awardee Data), and F (Sub-award Data) from the DoD data submitted to the DATA Act Broker through the Government-wide award reporting systems; and
- the USACE data quality plan did not contain processes for identifying, managing, and mitigating risk related to data quality.

The USACE DATA Act submission published on USAspending.gov cannot be relied upon. Specifically, the USACE data submitted for the first quarter of FY 2019 had low quality. The quality of the submission does not allow taxpayers and policy makers to track Federal spending effectively and undermines the DATA Act objective of providing quality and transparent Federal spending data publication on USAspending.gov.

USACE Implemented and Used the Government-Wide Data Standards

USACE implemented and reported its financial and award data using the Government-wide data standards established by OMB and the Treasury. Specifically, USACE presented all applicable data elements standardized under the DATA Act in Files A, B, and the individual transactions we tested from File C. Each data element conformed to the standardized data definitions. We did not identify any instances where USACE reported data using data definitions that differed from the standards developed by OMB and the Treasury.

USACE DATA Act Submission Was Timely but Not Complete

The USACE DATA Act submission for the first quarter of FY 2019 was timely but not complete. The Treasury generally requires that Federal agencies make their DATA Act submission within 45 days from the end of the quarter. However, the Treasury granted USACE an additional 66 days to make its DATA Act submission due to operational safety measures; therefore, USACE has a total of 111 days after the end of a quarter to make its submission. For the first quarter of FY 2019, the SAO made the USACE submission on April 20, 2019, which was exactly 111 days after the end of the first quarter of FY 2019.

The USACE DATA Act submission was not complete because the SAO submitted only Files A, B, and C, but not D1, D2, E, or F. Although USACE has a separate Common Government-wide Accounting Classification agency code and can make a separate DATA ACT submission, it is only able to submit Files A, B, and C, because the data in those files come directly from the USACE financial system. However, when compiling the data for Files D1, D2, E, and F from the Government-wide award reporting systems, the DATA Act Broker cannot identify and separate the USACE data from the rest of the DoD.

As of June 2019, USACE is testing a new system function for the separation of procurement award data and plans to submit its own File D1 to the DATA Act Broker starting in January 2020. USACE does not have an estimated date for separating the data in File D2, E, and F from the DoD data. We will continue to follow up with USACE on its efforts to close the recommendation from the previous USACE DATA Act audit report.

Program Activity Data Were Not Accurate

The program activity data were not accurate for 51 of the 1,015 transactions in the USACE File B submission for the first quarter of FY 2019. OMB M-17-04 requires that the program activity names and codes match the program names and codes defined in the President's Budget.¹² OMB MAX Collect contains updated President's Budget information, including program activity codes and names. We used the OMB MAX Collect information to verify the program activity data elements in File B. To determine whether the program activity names and codes were accurate, we reviewed the names and codes for all 1,015 File B transactions for the first quarter of FY 2019 and matched them to the names and codes defined in the OMB MAX Collect.

Of the 1,015 File B transactions, 51 transactions contained program activity codes and names that did not match the OMB MAX Collect. Specifically, 30 transactions contained program activity names or codes that were not found in the OMB MAX Collect. For example, 25 of the transactions had a program activity name of "Unknown/Other," and a program activity code of zero, instead of the names and codes as stated in the OMB MAX Collect. The remaining 21 transactions contained misspelled program activity names that did not completely match the OMB MAX Collect.

Financial Data Elements for Procurement and Grant Awards Were Complete but Not Accurate or Timely

The File C data elements tested for the first quarter of FY 2019 were complete; however, the data elements were not accurate or timely. Specifically, the projected error rates for accuracy and timeliness were 46.3 percent and 9.3 percent, respectively. To determine whether the File C data was accurate, complete, and timely, we selected a statistical sample of 333 transactions to review from a universe of 2,491 transactions.

¹² OMB M-17-04, "Additional Guidance for Data Act Implementation: Further Requirements for Reporting and Assuring Data Reliability," November 4, 2016.

Data Element Accuracy

The projected error rate for the accuracy of the File C data elements was 46.3 percent. A data element was considered accurate when it was recorded in accordance with the OMB and Treasury financial data standards and agreed with the authoritative source records (USACE contracts and grants). We identified 669 instances of inaccurate or unsupported data elements across all 333 transactions when we compared the data to the OMB and Treasury financial standards and associated contracts and grants. Table 2 summarizes the inaccurate or unsupported transactions by data element.

Table 2. Inaccurate and Unsupported Financial Data Elements Related To Procurement and Grant Awards

Financial Data Elements Related To Procurement And Grant Awards	Inaccurate/Unsupported Transactions
Parent Award Identification Number	1
Object Class	296
Appropriations Accounts	333
Obligations	39

Source: The DoD Office of Inspector General.

Of the 296 object class data element errors, 240 were considered errors because supporting documentation provided did not contain all object class data elements to verify against the financial data. The other 56 were considered errors because the object class identified on supporting documentation could not be tied back to a valid object class in the financial system. Of the 333 appropriation account data errors, 333 were considered errors because USACE recorded incorrect appropriation account data in File C. For example, the DATA Act reporting requirements state that if an appropriation has no subaccounts, the subaccount code should contain three zeros; however, USACE recorded only one zero as the subaccount code in all 333 transactions. According to the Office of the Under Secretary of Defense (Comptroller), the errors occurred during the USACE internal review of the Comma-Separated Value format. The 3-digit subaccount '000' format changed from '000' to '0' when opening the Comma-Separated Value format in Excel. USACE did not identify the format change before the FY 2019 first quarter submission for publication on USAspending.gov. The Office of the Under Secretary of Defense (Comptroller) personnel stated that internal controls have been implemented that will prevent subsequent occurrences. In addition, 25 of the 333 transactions did not contain an appropriation account or missing at least one required appropriation account element on the supporting documentation to verify against the financial data.

Data Element Timeliness

The projected error rate for the timeliness of the File C data elements was 9.3 percent. A data element was considered timely when it was reported in accordance with the reporting schedules defined by the financial, procurement, and financial assistance requirements. We identified 152 instances of untimely data elements across all 333 transactions. Of the 152 untimely data elements, 79 instances were considered errors because they were not recorded in the USACE financial system in the quarter in which the award occurred and 17 instances were considered errors because the contract was not signed and; therefore, we could not determine the effective date. The other 56 instances were considered errors because they were not recorded in the USACE financial system within 10 days of the contract or grant award as required by the DoD Financial Management Regulation.¹³

USACE Financial Data Elements Were of Low Quality

The quality of financial data elements was determined to be low using the midpoint of the highest of the three error rates as the determining factor of quality. Based on our testing of the data elements in File C, the highest projected error rate was 46.3 percent, which results in a quality of low. Table 3 provides the range of error in determining the quality of the procurement data elements.

Table 3. Determination for Quality of USACE Data Elements

USACE Projected Midpoint Error Rates (Percent)		Highest Projected Error Rate (Percent)	Quality Level
Completeness	0	46.3	Low
Accuracy	46.3		
Timeliness	9.3		

Source: The DoD Office of Inspector General.

See Appendix C on data element analysis, analysis of the accuracy of dollar value-related data elements, and the analysis of errors in data elements not attributable to the agency.

¹³ DoD Regulation 7000.14-R, "Financial Management Regulation", Volume 3, "Budget Execution – Availability and Use of Budgetary Resources," Chapter 8, "Standards for Recording Commitments and Obligations."

The USACE Data Quality Plan Did Not Contain Processes for Identifying, Managing, and Mitigating Risk

The USACE data quality plan did not contain processes for identifying, managing, and mitigating risk related to data quality. OMB M-18-16 states that a data quality plan should contain:

- the organizational structure and key processes for providing internal controls for spending reporting;
- management’s responsibilities for providing quality data to meet the reporting requirements of the DATA Act;
- testing plans and identification of high-risk reported data, including specific data the agency determines to be high-risk that are part of the DATA Act submission;
- confirmation process for ensuring that the data are properly linked across the files through the award identifier; and
- the actions the agency has taken to manage risks.¹⁴

We reviewed the USACE data quality plan and determined that it did not contain processes required by OMB. Instead, it provided generic information concerning the DATA Act. For example, the data quality plan states that deficiencies in the USACE control process likely exist with respect to the DATA Act submission, but the plan does not identify those deficiencies, the associated risk, or mitigation efforts to control that risk. In addition, the USACE data quality plan does not define agency-wide roles and responsibilities for ensuring DATA Act data quality, a data risk assessment process, control activities to manage the identified risk, or a process for testing Files A, B, C, D1, D2, E, and F before making USACE quarterly DATA Act submission. Therefore, the USACE Chief of Engineers and Commanding General should revise and implement the USACE data quality plan in accordance with OMB M-18-16, “Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk.” The revised plan should include, at a minimum, assignment of roles and responsibilities for ensuring DATA Act data quality; a risk assessment process; definition of the control environment and control activities specific to the DATA Act submission; a mitigation and monitoring plan for the data elements determined to be high risk; and a testing plan for ensuring that financial and award data in Files A, B, C, D1, D2, E, and F are accurate before making USACE quarterly DATA Act submission.

¹⁴ OMB M-18-16, “Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk,” June 6, 2018.

USACE Financial and Award Data on USAspending.gov Cannot Be Relied Upon

The USACE DATA Act submission published on USAspending.gov cannot be relied upon. Specifically, the USACE data submitted for the first quarter of FY 2019 had low quality. The quality of the submission does not allow taxpayers and policy makers to track Federal spending effectively and undermines the DATA Act objective of providing quality and transparent Federal spending data publication on USAspending.gov.

Management Comments on the Finding and Our Response

U.S. Army Corps of Engineers Resource Management Director Comments

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, agreed with the report findings that USACE implemented and used all required data standards for its first quarter of FY 2019 DATA Act submission and that the data was submitted in a timely manner. The Director did not agree or disagree with the report findings concerning data completeness and accuracy, but stated that USACE was providing additional information for context to help understand the DoD OIG's findings. With respect to completeness, the Director stated that the DoD OIG considers the USACE submission incomplete because the Treasury's DATA Act Broker cannot separate USACE's file D1, D2, E, and F from the other DoD agencies' information. He stated that USACE is testing a new Treasury system function that will allow the data to be separated and that USACE will continue to follow up with the DoD OIG to close the corresponding recommendation from the previous OIG DATA Act report. With respect to accuracy, the Director stated that most of the sample failures that resulted in the 46.3 percent accuracy error rate related to the object class and appropriations account. He stated that all 333 appropriations samples failed because the subaccount code was submitted as one zero (0) instead of three zeroes (000) when the appropriations did not have a subaccount. The Director stated that the USACE Finance Center has developed a process to ensure future subaccount code submissions are accurate. The Director also stated that 296 of the 333 object class samples failed because USACE is not required to include object class data elements on contract documentation; therefore, the data cannot be verified against the financial data. He stated that USACE is in discussions with the DoD OIG to better understand and document how the object class in the USACE financial system should tie back to the contract documentation. The Director also stated that, overall, USACE has robust internal

controls inherent in the Corps of Engineers Financial Management System and management business processes, which resulted in 11 consecutive clean financial audit opinions. The Director added that USACE is one of the few agencies in the DoD demonstrating the highest level of accountability and transparency during financial statement audits.

Our Response

We acknowledge the Resource Management Director's agreement with the report findings concerning data standards and timeliness and agree that USACE is one of the few agencies in the DoD with a clean financial audit opinion. And, while we appreciate the additional explanatory information provided by the Director, we consider our discussion in the body of the report sufficient for readers to understand our findings.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the U.S. Army Corps of Engineers Chief of Engineers and Commanding General revise and implement the U.S. Army Corps of Engineers data quality plan in accordance with Office of Management and Budget M-18-16, "Appendix A to Office of Management and Budget Circular No. A-123, Management of Reporting and Data Integrity Risk." The revised plan should include, at a minimum:

- a. assignment of roles and responsibilities for ensuring Digital Accountability and Transparency Act of 2014 data quality;**

U.S. Army Corps of Engineers Resource Management Director Comments

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, agreed, stating that greater clarity over the roles and responsibilities of the responsible organizations should be expanded as the USACE data quality plan continues to mature. The Director stated that the USACE Headquarters Directorate, Resource Management, will revise the data quality plan by January 31, 2020, to incorporate a process flow by responsibility area and identify key processes and quality controls over the quarterly extraction of data from the source systems and the reporting of that data to the DATA Act Broker.

Our Response

Comments from the Resource Management Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Director provides the revised USACE data quality plan that expands on the USACE DATA Act roles and responsibilities.

b. a risk assessment process;

U.S. Army Corps of Engineers Resource Management Director Comments

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, agreed, stating that USACE will expand section 4 of the data quality plan to identify the overall process for assessing and mitigating the potential risk to data quality from the point of extraction from the source system through SAO certification. The Director stated that by January 31, 2020, USACE will revise the data quality plan to include clearly defined objectives and risk tolerances, analysis and response to risks, consideration of fraud associated with the risks, and significant changes that could impact the internal control system.

Our Response

Comments from the Resource Management Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Director provides the revised USACE data quality plan that expands on the process for assessing and mitigating the potential risk to data quality.

c. definition of the control environment and control activities specific to the Digital Accountability and Transparency Act of 2014 submission;

U.S. Army Corps of Engineers Resource Management Director Comments

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, agreed, stating that by January 31, 2020, the USACE Finance Center will expand sections 6 and 7 of the data quality plan to further define the control environment and add greater clarity to control activities over the operations, reporting, and compliance objectives of the DATA Act quarterly process.

Our Response

Comments from the Resource Management Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Director provides the revised USACE data quality plan that further defines the control environment and adds greater clarity to the control activities over the DATA Act quarterly process.

- d. a mitigation and monitoring plan for the data elements determined to be high risk; and**

U.S. Army Corps of Engineers Resource Management Director Comments

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, agreed, stating that by January 31, 2020, the USACE Finance Center will expand sections 5 and 9 of the data quality plan to expand the monitoring of high risk data elements. He stated that the expansion would include monitoring of the DATA Act process to retain alignment with objectives, environment, laws, resources, and risks; monitoring data quality; and resolving audit findings related to quality.

Our Response

Comments from the Resource Management Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Director provides the revised USACE data quality plan that includes a monitoring plan for high risk data elements.

- e. a testing plan for ensuring that financial and award data in Files A, B, C, D1, D2, E, and F are accurate before making U.S. Army Corps of Engineers quarterly Digital Accountability and Transparency Act of 2014 submissions.**

U.S. Army Corps of Engineers Resource Management Director Comments

The USACE Resource Management Director, responding for the USACE Chief of Engineers and Commanding General, partially agreed, stating that by January 31, 2020, the USACE Finance Center will add a test plan section to the data quality plan that will specify the actions the Finance Center will take prior to submitting Files A, B, and C. However, the Director did not agree to test Files D1, D2, E, and F because that data is extracted from non-USACE systems. Instead, the Director proposed that, in coordination with the Office of the Under Secretary of

Defense (Comptroller) Deputy Chief Financial Officer, the USACE Finance Center will assess accuracy risk and the feasibility of alternatives to improve accuracy and include a test plan section in the data quality plan to document conclusions and limitations to testing Files D1, D2, E, and F.

Our Response

Although the Resource Management Director partially agreed, the proposed actions meet the intent of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Director provides the revised USACE data quality plan that includes a testing plan for each DATA Act file.

Appendix A

Scope and Methodology

We conducted this performance audit from December 2018 through October 2019 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.

We reviewed the USACE FY 2019 first quarter financial and award submitted to the DATA Act Broker system for publication on USAspending.gov, and any applicable procedures, certifications, documentation, and controls to achieve this process. We reviewed the USACE data quality plan to determine whether USACE maintained adequate internal controls that included periodic reviews and testing plans and identification of high-risk elements that were explicitly referenced by the DATA Act and ensured internal controls over the extraction and reporting of data elements were effective to achieve the objective of the DATA Act reporting.

We visited the USACE Finance Center in Millington, Tennessee, and the Office of the Under Secretary of Defense (Comptroller) at the Pentagon in Arlington, Virginia. We interviewed personnel from USACE and the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, to understand USACE's systems, processes, and internal controls over financial and award data reported to USAspending.gov, and to assess the design and implementation, and operating effectiveness of internal controls.

We reviewed policy and criteria, including guidance issued by OMB and the Treasury, to understand any regulatory criteria related to USACE's responsibilities to report financial and award data under the DATA Act. We also assessed the internal and information system controls in place related to the extraction of data from the source system and the reporting of data to the Treasury's DATA Act Broker, in order to assess audit risk and design audit procedures. Furthermore, we collaborated with the DATA Act Working Group from the CIGIE FAEC 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 first quarter FY 2019 financial and award data (Files A to F) USACE submitted for publication on USAspending.gov, and reviewed USACE certification and submission process. Subsequently, we reviewed and reconciled the appropriation summary-level data (File A) and obligation and disbursement information at program activity and object class levels (File B) to the Treasury balances derived from USACE Standard Form 133, "Report on Budget Execution and Budgetary Resources," and applicable guidance to determine any variances.

We statistically selected and tested 333 of 2,491 financial transactions related to procurement and grant awards (File C). We used a simple random approach at the 95 percent confidence interval level and 5 percent precision.

Use of Computer-Processed Data

We used first quarter FY 2019 financial and award data submitted for publication on USAspending.gov. We compared the financial information extracted from USAspending.gov to the appropriation summary level balances reported in the Standard Form 133 reports and program activity names and codes downloaded from MAX.gov and identified variances.¹⁵ We tested USACE financial data derived from the USACE financial management system against authoritative source documentation. We determined that the data were sufficiently reliable to accomplish the audit objective and draw audit conclusions.

Use of Technical Assistance

We obtained support from the DoD Office of Inspector General (DoD OIG) Quantitative Methods Division to select a statistical sample used for testing Files C transactions. In addition, the DoD OIG Quantitative Methods Division projected the quality of the sample over the entire USACE universe of transactions for File C.

¹⁵ MAX.gov is an OMB Government-wide system for information sharing and data collection used for cross-Government collaboration and knowledge management.

Appendix B

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the DoD OIG issued 14 reports and 1 attestation 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-19-284, “DATA Act: OMB Needs to Formalize Data Governance for Reporting Federal Spending,” March 2019

The GAO reported that OMB and the Treasury have established some procedures for governing the data standards established under the DATA Act, but a formal governance structure has yet to be fully developed. Since enactment, OMB has relied on a shifting array of advisory bodies to obtain input on data standards. As of December 2018, some governance procedures are in place, but others continue to evolve. OMB staff told the GAO that the governing bodies involved in initial implementation efforts had been disbanded, and that the functions previously performed by these advisory bodies over governance of DATA Act data standards would be accomplished within the broader context of the cross-agency priority goals established under the 2018 President’s Management Agenda. However, the documentation of the governance structure did not make explicit how it would apply to the data standards established under the DATA Act. Clarifying the connection between this governance structure and the DATA Act could help stakeholders understand how governance of the DATA Act standards is accomplished within the broader context of the President’s Management Agenda.

Report No. GAO-19-72, “Treasury Could Better Align USA Spending.gov with Key Practices and Search Requirements,” December 13, 2018

The GAO report identified five key practices for transparently reporting Government data, as well as actions to implement each practice. These key practices and actions can assist managers of open Government data programs in the transparent presentation of their data. Open data are information that can be freely used, modified, or shared by anyone for any purpose. Specifically, the five key practices identified are:

- provide free and unrestricted data,
- engage with users,

- provide data in useful formats,
- fully describe the data, and
- facilitate data discovery for all users.

USAspending.gov aligns with several key practices. However, the Treasury has not fully aligned the website with all of the key practices, the requirements of the FFATA, and OMB guidance. The FFATA, as amended by the DATA Act, directed the Treasury to develop and manage USAspending.gov to provide detailed information on Federal spending.

Report No. GAO-18-546, "DATA ACT: Reported Quality of Agencies Spending Data Reviewed by OIGs Varied Because of Government-wide and Agency Issues," July 2018

The GAO reviewed OIG DATA Act reports and determined that about half of the agencies met OMB and Treasury requirements for the implementation and use of data standards. The OIGs also reported that most agencies' first data submissions were not complete, timely, accurate, or of quality.

The DATA Act requires agency OIGs to issue reports on their assessments of the quality of the agency spending data submissions and compliance with the DATA Act. The scope of all OIG reviews covered their agencies' second quarter FY 2017 submissions. The files the OIGs used to select and review sample transactions varied based on data availability, and OIGs performed different types of reviews under generally accepted government auditing standards. Some OIGs reported testing a statistical sample of transactions that their agencies submitted and other OIGs reported testing the full population of submitted transactions. Because of these variations, the overall error rates reported by the OIGs are not fully comparable and a Government-wide error rate cannot be projected.

Report No. GAO-18-138, "DATA ACT: OMB, Treasury, and Agencies Need to Improve Completeness and Accuracy of Spending Data and Disclose Limitations," November 2017

The GAO report stated that a total of 78 Federal agencies submitted data by May 2017, as required by the DATA Act. However, the GAO identified issues and challenges with the completeness and accuracy of the data submitted, use of data elements, and presentation of the data on Beta.USAspending.gov. The GAO reported that awards for 160 financial assistance programs were omitted from the data for the second quarter of FY 2017. Also, 13 agencies submitted the file intended to link budgetary and award information without providing any data. In addition, the GAO reported that the data accuracy differed sharply between

budgetary and award records, and agencies differ in how they interpret and apply OMB's definitions for data elements. Finally, the GAO reported that the Treasury provides feedback mechanisms to users on Beta.USAspending.gov, and plans to address known website search functionality issues. However, the Treasury does not sufficiently disclose known limitations affecting data quality.

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

The GAO reported that 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.

The GAO stated that 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 OMB and the Treasury, these challenges are not expected to be resolved before the May 2017 reporting deadline. Unresolved challenges affecting data quality could lead policy makers 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

The GAO found that, as of January 31, 2017, 30 Inspectors General had completed DATA Act readiness reviews. Of the 30 Inspectors General who completed the reviews:

- 3 Inspectors General reported that their agency was not on track to meet DATA Act requirements;
- 2 Inspectors General reported that their agency would not submit complete data by the May 2017 reporting deadline;
- 12 Inspectors General did not specifically report whether their agency would meet requirements and reported that their agencies faced challenges; and
- 13 Inspectors General 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 GAO stated that 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 GAO reported that 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

The GAO reported that OMB and the 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, 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 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 OMB and the Treasury to determine whether agencies will be able to implement the data standards finalized by 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

The GAO reported that, as required by the DATA Act, 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 to implement the procurement portion. 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 GAO report stated that 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, 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-15-241T, "Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight," December 2014

The GAO testimonial report stated that initial DATA Act 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 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.

The GAO stated that 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

The GAO report stated that, 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.

DoD OIG

Report No. DODIG-2018-020, “DoD Compliance with the Digital Accountability and Transparency Act of 2014,” November 8, 2017

The DoD OIG report stated that 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.

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

Report No. DODIG-2018-021, “USACE Compliance with the Digital Accountability and Transparency Act of 2014,” November 8, 2017

The DoD OIG reported that the SAO did not comply with the DATA Act. The SAO certified timely second quarter FY 2017 financial data. However, the SAO did not certify and submit complete award data, complete financial data related to procurement awards, accurate financial data, and quality financial data for publication on USAspending.gov. These conditions occurred because the:

- Treasury DATA Act Broker System could not identify or separate the USACE procurement award, grant award, awardee and sub-award data from the DoD data;

- Office of the Under Secretary of Defense (Comptroller) instructed USACE to exclude financial data related to procurement awards from the USACE DATA Act certification; and
- DoD SAO lacked adequate internal controls to ensure the completeness, accuracy, and quality of financial data certified and submitted for publication on USAspending.gov.

In addition, the DoD OIG reported that the DoD SAO did not implement and use all required Government-wide financial data elements established by OMB and the Treasury. This occurred because the Office of the Under Secretary of Defense (Comptroller) instructed USACE to exclude financial data related to procurement awards from the USACE DATA Act certification due to a 90-day delay in the Federal Procurement Data System for the DoD procurement award data.

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 OIG reported that the DoD incorporated 8 steps established by 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 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

Additional CIGIE FAEC Reporting Requirements

The CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act sets a common methodological and reporting approach for the OIG community to ensure Inspector General audits meet the requirements of the DATA Act. Below are the additional CIGIE FAEC reporting requirements.

Analysis of Errors in File C Data Elements

Errors in USACE File C data elements tested for the first quarter of FY 2019 were found most in appropriations accounts, object class, obligation, and parent award identification number, respectively. Table 4 shows error rates of File C accuracy, completeness, and timeliness by data element.

Table 4. USACE'S File C Results for the Data Elements

USACE's File C results listed in <u>descending</u> order by accuracy error rate percentage.				
Accuracy (A), Completeness (C), Timeliness (T)				
Data Element No.	Data Element Name	Error Rate (percent) ¹		
		A	C	T
51	Appropriations Account	100	0.0	6.6
50	Object Class	88.9	0.0	6.6
53	Obligation	11.7	0.0	18.0
24	Parent Award Identification Number	0.3	0.0	2.4
34	Award Identification Number (PIID/FAIN)	0.0	0.0	6.6
56	Program Activity	n/a ²	n/a	n/a

LEGEND

FAIN Federal Assistance Identifier Number

PIID Procurement Instrument Identifier Number

¹ All estimates from the sample have a margin of error no greater than plus or minus 5 percent unless otherwise noted.

² n/a = not applicable because the data element was optional and USACE did not report the data.

Source: The DoD Office of Inspector General.

Analysis of the Accuracy of Dollar Value-Related Data Elements

The accuracy of dollar value-related data element tested in File C for the first quarter of FY 2019 shows an absolute value of error of \$21,171,440.87. The absolute value of error is the total difference of obligated amounts reported on File C and source documentation. Table 5 summarizes analysis of the File C accuracy of dollar-value related elements.

Table 5. USACE's File C Accuracy of Dollar-Value Related Elements

Accuracy of Dollar-Value Related Data Elements							
PIID/ FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate (percent)	Absolute Value of Errors
PIID	DE 53 Obligation	294	39	0	333	11.71	\$21,171,440.87
	Total	294	39	0	333		

LEGEND

FAIN Federal Assistance Identifier Number

PIID Procurement Instrument Identifier Number

Source: The DoD Office Inspector General.

Analysis of Errors in Data Elements Not-Attributable to the Agency

All errors in data elements tested in File C for the first quarter of FY 2019 are attributable to USACE.

Appendix D

CIGIES's DATA Act Anomaly Letter

Appendix 1
CIGIE's DATA Act Anomaly Letter Submitted to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform

APPENDIX 1: CIGIE'S DATA ACT ANOMALY LETTER



December 22, 2015

The Honorable Ron Johnson
Chairman
The Honorable Thomas Carper
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C.

The Honorable Jason Chaffetz
Chairman
The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C.

Dear Mr. Chairmen and Ranking Members:

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) recognizes and appreciates your leadership on issues of Government transparency and accountability. In particular, we believe the enactment last year of the Digital Accountability and Transparency Act of 2014 (DATA Act) will significantly improve the quality of Federal spending data available to Congress, the public, and the accountability community if properly implemented. To make sure this happens, the DATA Act provides for strong oversight by way of the Federal Inspectors General and the Government Accountability Office (GAO). In particular, the DATA Act requires a series of reports from each to include, among other things, an assessment of the completeness, timeliness, quality, and accuracy of data submitted by agencies under the DATA Act.

I am writing this letter on behalf of CIGIE to inform you of an important timing anomaly with the oversight requirement for Inspectors General in the DATA Act. Your staffs have been briefed on this timing anomaly, which affects the first Inspector General reports required by the DATA Act. Specifically, the first Inspector General reports are due to Congress in November 2016. However, the agencies we oversee are not required to submit spending data in compliance with the DATA Act until May 2017. As a result, Inspectors General would be unable to report on the spending data submitted under the Act, as this data will not exist until the following year. This anomaly would cause the body of reports submitted by the Inspectors General in November 2016 to be of minimal use to the public, the Congress, the Executive Branch, and others.

To address this reporting date anomaly, the Inspectors General plan to provide Congress with their first required reports in November 2017, a one-year delay from the due date in statute, with subsequent reports following on a two-year cycle, in November 2019 and November 2021. We believe that moving the due dates back one year will enable the Inspectors General to meet the

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CIGIES's DATA Act Anomaly Letter (cont'd)

Appendix 1

CIGIE's DATA Act Anomaly Letter Submitted to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform

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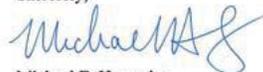
intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act "readiness reviews" at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation.

We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

Should you or your staffs have any questions about our approach or other aspects of our collective DATA Act oversight activities, please do not hesitate to contact me at (202) 514-3435.

Sincerely,



Michael E. Horowitz
Chair, Council of the Inspectors General on Integrity and Efficiency
Inspector General, U.S. Department of Justice

cc: The Honorable David Mader, Controller, OMB
The Honorable Gene Dodaro, Comptroller General, GAO

Appendix E

Data Elements Mapped to Files A to D2

APPENDIX 4: MAPPING OF DATA ELEMENTS

57 Data Elements Mapped to Files A to D2							
Data Element #	Data Element Name	Links among Files					Comment
		File A	File B	File C	File D1	File D2	
1	Awardee/Recipient Legal Entity Name				•	•	
2	Awardee/Recipient Unique Identifier				•	•	
3	Ultimate Parent Unique Identifier				•	•	
4	Ultimate Parent Legal Entity Name				•	•	
5	Legal Entity Address				•	•	
6	Legal Entity Congressional District				•	•	
7	Legal Entity Country Code				•	•	
8	Legal Entity Country Name				•	•	
9	Highly Compensated Officer Name						Reported in Files E and F
10	Highly Compensated Officer Total Compensation						Reported in Files E and F
11	Federal Action Obligation				•	•	
12	Non-Federal Funding Amount					•	
13	Amount of Award					•	
14	Current Total Value of Award				•	•	
15	Potential Total Value of Award				•		
16	Award Type				•	•	
17	NAICS Code				•		
18	NAICS Description				•		
19	Catalog of Federal Domestic Assistance (CFDA) Number					•	
20	Catalog of Federal Domestic Assistance (CFDA) Title					•	
21	Treasury Account Symbol (excluding Sub-Account)						Included with Data Element #51
22	Award Description				•	•	
23	Award Modification / Amendment Number				•	•	
24	Parent Award ID Number			•	•		
25	Action Date				•	•	
26	Period of Performance Start Date				•	•	
27	Period of Performance Current End Date				•	•	
28	Period of Performance Potential End Date				•		
29	Ordering Period End Date				•		

Data Elements Mapped to Files A to D2 (cont'd)

57 Data Elements Mapped to Files A to D2							
Data Element #	Data Element Name	Links among Files					Comment
		File A	File B	File C	File D1	File D2	
30	Primary Place of Performance Address				•	•	
31	Primary Place of Performance Congressional District				•	•	
32	Primary Place of Performance Country Code				•	•	
33	Primary Place of Performance Country Name				•	•	
34	Award ID Number (PIID/FAIN)			•	•	•	
35	Record Type					•	
36	Action Type				•	•	
37	Business Types					•	
38	Funding Agency Name				•	•	
39	Funding Agency Code				•	•	
40	Funding Sub Tier Agency Name				•	•	
41	Funding Sub Tier Agency Code				•	•	
42	Funding Office Name				•	•	
43	Funding Office Code				•	•	
44	Awarding Agency Name				•	•	
45	Awarding Agency Code				•	•	
46	Awarding Sub Tier Agency Name				•	•	
47	Awarding Sub Tier Agency Code				•	•	
48	Awarding Office Name				•	•	
49	Awarding Office Code				•	•	
50	Object Class		•	•			
51	Appropriations Account	•	•	•			
52	Budget Authority Appropriated	•					
53	Obligation	•	•	•			
54	Unobligated Balance	•	•	•			
55	Other Budgetary Resources	•					
56	Program Activity		•	•			
57	Outlay	•	•	•			

Source: The CIGIE FAEC.

Appendix F

DATA Act Elements and Definitions

Data Element No.	Data Element Name	Data Element Definition
Awardee and Recipient Entity Data Standards		
These data elements describe the recipients/awardees of Federal funds.		
1	Awardee/Recipient Legal Entity Name	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).
2	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.
3	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.
4	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.
5	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.
6	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.
7	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."
8	Legal Entity Country Name	The name corresponding to the country code.

DATA Act Elements and Definitions (cont'd)

Data Element No.	Data Element Name	Data Element Definition
9	Highly Compensated Officer Name	<p>First Name: The first name of an individual identified as one of the five most highly compensated "Executives." "Executive" means officers, managing partners, or any other employees in management positions.</p> <p>Middle Initial: The middle initial of an individual identified as one of the five most highly compensated "Executives." "Executive" means officers, managing partners, or any other employees in management positions.</p> <p>Last Name: The last name of an individual identified as one of the five most highly compensated "Executives." "Executive" means officers, managing partners, or any other employees in management positions.</p>
10	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.
<p>Award Amount Data Standards These data elements describe characteristics that apply to amount information for financial assistance and/or procurement awards.</p>		
11	Federal Action Obligation	Amount of Federal Government's obligation, de-obligation, or liability, in dollars, for an award transaction.
12	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.
13	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.
14	Current Total Value of Award	For procurement, the total amount obligated to date on a contract, including the base and exercised options.

DATA Act Elements and Definitions (cont'd)

Data Element No.	Data Element Name	Data Element Definition
15	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.
Award Characteristic Data Standards These data elements describe characteristics that apply to specific financial assistance and/or procurement awards.		
16	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.
17	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.
18	North American Industrial Classification System (NAICS) Description	The title associated with the NAICS Code.
19	Catalog of Federal Domestic Assistance (CFDA) Number	The number assigned to a Federal area of work in the Catalog of Federal Domestic Assistance.
20	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.
Account Level Data Standards This data element describes the appropriations accounts from which agencies fund Federal awards.		
21	Treasury Account Symbol (TAS)(excluding Sub-Account)	The account identification codes assigned by 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 Treasury and OMB.
Award Characteristic Data Standards These data elements describe characteristics that apply to specific financial assistance and/or procurement awards.		
22	Award Description	A brief description of the purpose of the award.
23	Award Modification/Amendment Number	The identifier of an action being reported that indicates the specific subsequent change to the initial award.
24	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.

DATA Act Elements and Definitions (cont'd)

Data Element No.	Data Element Name	Data Element Definition
25	Action Date	The date the action being reported was issued/ signed by the Government or a binding agreement was reached.
26	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.
27	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.
28	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 pre-negotiated options were exercised, awardee effort is completed or the award is otherwise ended.
29	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.
30	Primary Place of Performance Address	The address where the predominant performance of the award will be accomplished. The address is made up of four components—City, State Code, and ZIP+4 or Postal Code.
31	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.
32	Primary Place of Performance Country Code	Country code where the predominant performance of the award will be accomplished.
33	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.
34	Award Identification Number	The unique identifier of the specific award being reported, for example, Federal Award Identification Number (FAIN) for financial assistance and Procurement Instrument Identifier (PIID) for procurement.

DATA Act Elements and Definitions (cont'd)

Data Element No.	Data Element Name	Data Element Definition
35	Record Type	Code indicating whether an action is an individual transaction or aggregated. This data element applies to financial assistance only.
36	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.)
37	Business Type	A collection of indicators of different types of recipients based on socio-economic status and organization/business areas.
Funding Entity Data Standard		
These data elements describe the characteristics of the entity that provided the funding for an award.		
38	Funding Agency Name	Name of the department or establishment of the Government that provided the preponderance of the funds for an award and/or individual transactions related to an award.
39	Funding Agency Code	The 3-digit Common Government-wide Accounting Classification (CGAC) agency code of the department or establishment of the Government that provided the preponderance of the funds for an award and/or individual transactions related to an award.
40	Funding Sub-Tier Agency Name	Name of the level 2 organization that provided the preponderance of the funds obligated by this transaction.
41	Funding Sub-Tier Agency Code	Identifier of the level 2 organization that provided the preponderance of the funds obligated by this transaction
42	Funding Office Name	Name of the level n organization that provided the preponderance of the funds obligated by this transaction.
43	Funding Office Code	Identifier of the level n organization that provided the preponderance of the funds obligated by this transaction.
Awarding Entity Data Standards		
These data elements describe the characteristics of the entity that made the award.		
44	Awarding Agency Name	The name associated with a department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).
45	Awarding Agency Code	A department or establishment of the Government as used in the TAFS.

DATA Act Elements and Definitions (cont'd)

Data Element No.	Data Element Name	Data Element Definition
46	Awarding Sub-Tier Agency Name	Name of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.
47	Awarding Sub-Tier Agency Code	Identifier of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.
48	Awarding Office Name	Name of the level n organization that awarded, executed, or is otherwise responsible for the transaction.
49	Awarding Office Code	Identifier of the level n organization that awarded, executed, or is otherwise responsible for the transaction.
Account Level Data Standards These data elements describe the appropriations accounts from which agencies fund Federal awards.		
50	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.
51	Appropriations 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: 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>
52	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
53	Obligation	A legally binding agreement that will result in outlays, immediately or in the future. When you place an order, sign a contract, award a grant, purchase a service, or take other actions that require the Government to make payments to the public or from one Government account to another, you incur an obligation. It is a violation of the Antideficiency Act (31 U.S.C. § 1341(a)) to involve the Federal Government in a contract or obligation for payment of money before an appropriation is made, unless authorized by law.

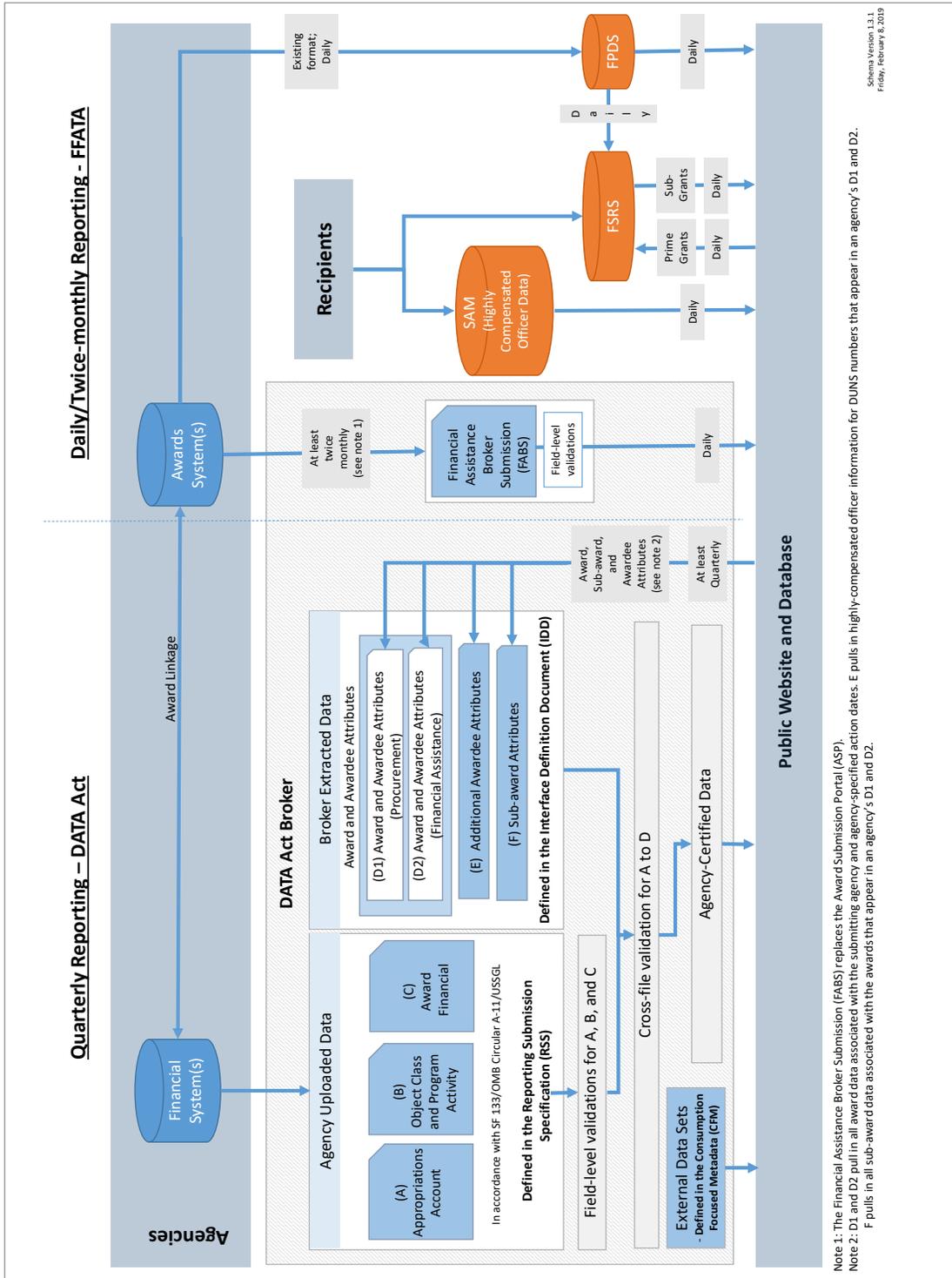
DATA Act Elements and Definitions (cont'd)

Data Element No.	Data Element Name	Data Element Definition
54	Unobligated Balance	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.
55	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.
56	Program Activity	A specific activity or project as listed in the program and financing schedules of the annual budget of the U.S. Government.
57	Outlay	Payments made to liquidate an obligation (other than the repayment of debt principal or other disbursements that are “means of financing” transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.

Source: OMB and the Treasury.

Appendix G

DATA Act Information Flow Diagram



Source: The Bureau of the Fiscal Service.

Management Comments

U.S. Army Corps of Engineers



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000

OCT 23 2019

CERM-F (2020-07)

MEMORANDUM FOR Ms. Carol N. Gorman, Assistant Inspector General, Cyberspace Operations, Department of Defense Office of Inspector General (DoD OIG), 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Response for the DoD OIG Draft Report: "Audit of U.S. Army Corps of Engineers Compliance with the Digital Accountability and Transparency Act of 2014," (Project Code D2019-D000CS-0062), dated 9 Oct 2019.

1. We understand that DoD OIG's audit objective was to assess USACE FY19 first quarter Digital Accountability and Transparency Act of 2014 (DATA Act) files' completeness, accuracy, timeliness, and quality using your Council of the Inspector General on Integrity and Efficiency's "General Guide to Compliance under the Data Act."
2. We agree with DoD OIG that it is important for data submitted for publication on USAspending.gov to be reliable and valid. DoD OIG's assessment is a helpful tool as USACE continually improves DATA Act files and demonstrates accountability to the American public.
3. We concur with your findings that USACE implemented and used all required data standards for FY 2019 first quarter data. We also concur with the finding that this data was timely submitted.
4. We include the context below to help readers better understand DoD OIG's findings concerning completeness and accuracy, and USACE's responses to recommendations.
 - a. The robust internal control inherent in the Corps of Engineers Financial Management System (CEFMS II) and management business processes have resulted in 11 consecutive, clean financial audit opinions. USACE is one of the few agencies able to demonstrate the highest level of accountability and transparency during financial statement audits.
 - b. Completeness. Due to a limitation of the Treasury's DATA Act Broker application, DoD OIG considers USACE's submission incomplete. While Treasury's DATA Act Broker application automatically pulls information from non-USACE systems, it cannot separate USACE's D1, D2, E, and F information from other DoD agencies' information. USACE is currently testing a new Treasury system function that will allow USACE to separate D1, D2, E, and F Files to break out USACE data from DoD data on USAspending.gov. USACE will continue to follow up with DoD OIG on the progress of the testing to close the recommendation from the previous USACE Data Act audit report. USACE agrees with Offices of Inspector General and the Government Accountability

U.S. Army Corps of Engineers (cont'd)

CERM-F (2020-07)

SUBJECT: Response for the DoD OIG Draft Report: "Audit of U.S. Army Corps of Engineers Compliance with the Digital Accountability and Transparency Act of 2014,"

Office's understanding that agencies do not have responsibility for how the Treasury's DATA Broker application extracts data.¹

- c. **Accuracy.** DoD OIG projected a 46.3% accuracy error rate from 333 samples. Most sample failures related to object class (categorizing obligations by the type of items or services purchases) and appropriations account (the Treasury Appropriation Fund Symbol for an appropriation account).
 - i. All 333 appropriations samples failed because the DATA Act requires appropriations without subaccounts to show "000" as the subaccount code. CEFMS II correctly stores the subaccount format. However, the File C was submitted incorrectly with a single digit. The USACE Finance Center (UFC) has developed a process to ensure future submissions contain the appropriate format for subaccount code.
 - ii. Approximately 296 of 333 object class samples failed because USACE contract documentation did not include the object class data elements to verify against the financial data. The object class is not a required data element for the contractual document. If File C matches the financial system of record for the Procurement Instrument Identifier Number (PIID), additional supporting data should not be required. USACE is partnering with DoD OIG to better understand and document how the CEFMS II object classes on financial obligations should tie back to the contractual documentation.

5. USACE Responses to DoD OIG Recommendations:

- a. **DoD OIG Recommendation 1a: USACE should revise its data quality plan to assign roles and responsibilities for ensuring DATA Act quality.** Concur. While Tables 3.1 and 8.1 of USACE's DATA Act Data Quality Plan (DQP) provides an organizational and governance structure for overall data quality of the various files within the quarterly DATA Act submission in accordance with OMB Memorandum M-18-16, we agree that greater clarity over the roles and responsibilities of the responsible organizations should be expanded upon as the DQP continues to mature. **In-Progress – S: 31 Jan 2020:** USACE Headquarters Directorate, Resource Management will revise the DQP to incorporate a process flow by responsibility area, identifying key processes and quality controls over the quarterly extraction of data from the source systems and reporting of data to the DATA Act Broker.
- b. **DoD OIG Recommendation 1b: USACE should revise its Data Quality Plan to include a risk assessment process.** Concur. USACE will expand Section 4 of the USACE DQP to identify overall process for assessing and mitigating the

¹ See GAO-18-546 Data Act, "DATA Act Broker-Related Issues Caused Certain Government-wide Data Reporting Errors," dated Jul 2018, Page 16.

U.S. Army Corps of Engineers (cont'd)

CERM-F (2020-07)

SUBJECT: Response for the DoD OIG Draft Report: "Audit of U.S. Army Corps of Engineers Compliance with the Digital Accountability and Transparency Act of 2014,"

potential risk to the quality of data from the point of extraction from the source system to the end point of SAO certification. **In-Progress – S: 31 Jan 2020:** The UFC will address four risk assessment components as they relate to the unique parameters of the DATA Act process: clearly defined objectives and risk tolerances; identification, analysis and response to risks; consideration of the potential for fraud in identifying, analyzing and responding to risks; and significant changes that could impact the internal control system.

- c. **DoD OIG Recommendation 1c: USACE should revise its Data Quality Plan to define the control environment and control activities.** Concur. **In-Progress – S: 31 Jan 2020:** The UFC will expand USACE DQP Sections 6 and 7 to further define the foundational control environment under which the DATA Act process is aligned and add greater clarity to control activities over the operations, reporting and compliance objectives of the DATA Act quarterly process.
- d. **DoD OIG Recommendation 1d: USACE should revise its Data Quality Plan to include a mitigation and monitoring plan for high risk data elements.** Concur. **In-Progress – S: 31 Jan 2020:** The UFC will expand the USACE DQP Section 5 and 9 to expand high risk monitoring of data elements beyond the current external view, to also include: monitoring of the overall DATA Act process to retain alignment with changing objectives, environment, laws, resources, and risks; monitoring the quality of performance over time; and resolution of audit findings (corrective actions taken) that affect DATA Act data quality.
- e. **DoD OIG Recommendation 1e: USACE should revise its Data Quality Plan to include a test plan to ensure that financial and award data in Files A, B, C, D1, D2, E, and F are accurate before making USACE's quarterly DATA Act submissions.** Partially concur.
 - i. USACE partially concurs with testing Files A, B, and C. **In-Progress – S: 31 Jan 2020:** The UFC will add a test plan section to USACE's DQP that will include examples and specify the actions UFC will take prior to submitting quarterly Files A, B, C. The UFC will partner with DoD OIG to obtain examples of documentation that DoD OIG considered accurate and inaccurate. The UFC will update its test plan as needed based on internal sampling and periodic DoD OIG audit results.
 - ii. USACE agrees with the intent, but non-concurs with testing Files D1, D2, E, and F. Treasury's DATA Act Broker extracts information to create these 4 Files from non-USACE systems. Unlike Files A, B, and C which

U.S. Army Corps of Engineers (cont'd)

CERM-F (2020-07)

SUBJECT: Response for the DoD OIG Draft Report: "Audit of U.S. Army Corps of Engineers Compliance with the Digital Accountability and Transparency Act of 2014,"

USACE uploads to the DATA Act Broker based on data extracted from USACE's financial system, USACE cannot currently test Files D1, D2, E, and F since they are auto-generated by the DATA Act Broker from non-USACE data systems. **In-Progress – S: 31 Jan 2020:** Instead, in coordination with the OUSD(Comptroller) Deputy Chief Financial Officer, the UFC will assess accuracy risk and feasibility of alternatives to improve accuracy, such as potentially self-generating a D1 File. The UFC will include a test plan section in USACE's DQP to document conclusions and any limitations to testing Files D1, D2, E, and F.

6. Point of contact for this action is Ms. Teresa W. Brown, Deputy Director-Financial Systems, [REDACTED]



THOMAS C. STEFFENS
Director, Resource Management

Acronyms and Abbreviations

CIGIE Council of the Inspectors General on Integrity and Efficiency

DATA ACT Digital Accountability and Transparency Act of 2014

FAEC Federal Audit Executive Council

FFATA Federal Funding Accountability and Transparency Act of 2006

OMB Office of Management And Budget

SAO Senior Accountable Official

USACE U.S. Army Corps of Engineers

Glossary

Appropriations 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 1-year or multiple-year appropriations are available for obligation for a definite period. No-year accounts are available for obligation for an indefinite period of time.

DATA Act Broker System. 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 OMB and the Treasury.

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.

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

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

Whistleblower Protection safeguards DoD employees against retaliation for protected disclosures that expose possible waste, fraud, and abuse in government programs. For more information, please visit the Whistleblower webpage at <http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/> or contact the Whistleblower Protection Coordinator at Whistleblowerprotectioncoordinator@dodig.mil

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

Congressional Liaison

703.604.8324

Media Contact

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