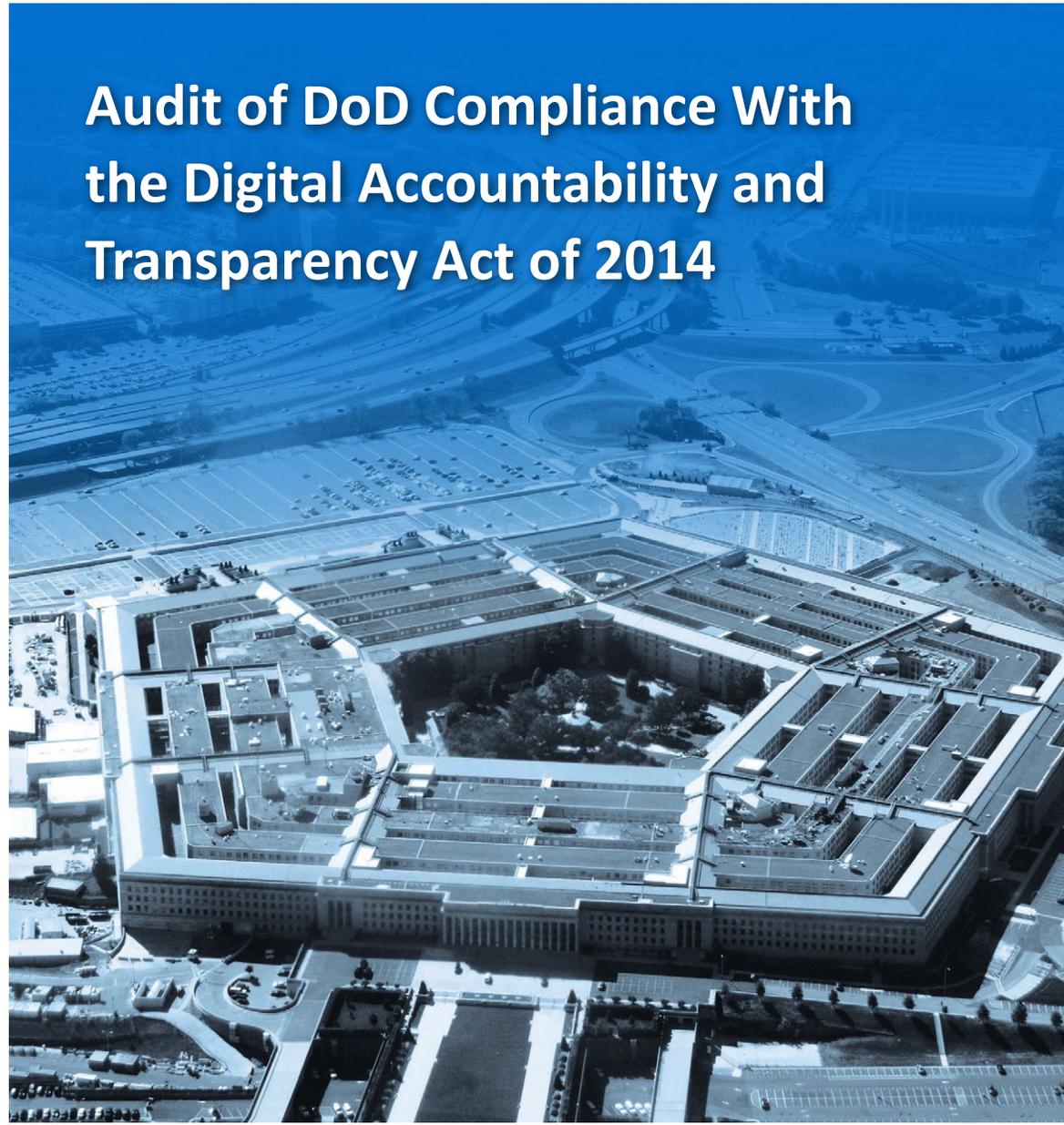




INSPECTOR GENERAL

U.S. Department of Defense

NOVEMBER 7, 2019



Audit of DoD Compliance With the Digital Accountability and Transparency Act of 2014

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Audit of DoD Compliance With the Digital Accountability and Transparency Act of 2014

November 7, 2019

Objective

The objective of this audit was to determine whether the DoD complied with Public Law 113-101, “Digital Accountability and Transparency Act of 2014” (DATA Act). We assessed the completeness, accuracy, timeliness, and quality of the DoD’s first quarter FY 2019 financial and award data submitted for publication on USAspending.gov, and the DoD’s implementation and use of the Government-wide financial data standards (data elements) established by the Office of Management and Budget (OMB) and the Department of the Treasury (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 the 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, the 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.

Background (cont’d)

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

The DATA Act also directed the 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, the OMB and the Treasury developed financial data standards that define the 57 data elements that agencies must report under the DATA Act. In addition, the 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 FY 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.



Results in Brief

Audit of DoD Compliance With the Digital Accountability and Transparency Act of 2014

Background (cont'd)

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 other financial assistance awards.
- **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 the FFATA Sub-award Reporting System on awards made to sub-recipients under a prime contract or grant award.

Finding

The DoD did not comply with all DATA Act requirements. Although the DoD implemented and used the required Government-wide data standards and the DoD DATA Act submission for the first quarter of FY 2019 was timely, the submission was not complete. The submission was not complete because File C (Financial Data for Procurement and Grant awards) did not contain all of the DoD's financial award data. In addition, File B (Object Class and Program Activity) had a variance of \$17 million in outlays and \$462 million in obligations when compared to File A (Appropriations Account), and File B contained 2,188 object class codes and 1,236 program activity names that were inaccurate.

File D1 (procurement) data elements projected error rates for completeness, accuracy, and timeliness were 0.5 percent, 13.4 percent, and 21.0 percent, respectively. Finally, File D2 (grant) data elements projected error rates for completeness, accuracy, and timeliness were 17.9 percent, 33.9 percent, and 59.0 percent, respectively. Based on the highest projected error rates for each, the DoD procurement and grant award data elements quality was moderate and low, respectively when using the Inspectors General guide developed by the Council of the Inspectors General on Integrity and Efficiency.

The DoD did not comply with all DATA Act requirements because File C did not contain financial data from all of the DoD's financial systems, and the DoD data quality plan did not contain processes for identifying, managing, and mitigating risk related to data quality.

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

Recommendations

We recommend that the Senior Accountable Official identify required DATA Act source systems and include the data necessary for complete File C – Award Financial submission. In addition, we recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, revise and implement the data quality



Results in Brief

Audit of DoD Compliance With the Digital Accountability and Transparency Act of 2014

Recommendations (cont'd)

plan in accordance with OMB Memorandum M-18-16, "Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk." The revised data quality 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 DoD quarterly DATA Act submissions.

Management Comments and Our Response

The DoD Deputy Chief Financial Officer, responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, generally agreed with our finding and recommendations. However, the Deputy Chief Financial Officer disagreed with our methodology for assigning errors for the primary place of performance data element, stating that there is no DoD requirement to include the primary place of performance in the contract or grant award documentation and that not having the data has no impact on the performance of the contract or grant. The Deputy Chief Financial Officer also disagreed with our statistical sampling methodology, stating that it resulted in the review of mostly Defense Logistics Agency procurement data, which does not reflect all of the DoD.

The methodology we used to assign errors for the primary place of performance was consistent with the OMB and the Treasury financial data standards. If the primary place of performance data element identified in Files D1 and D2 did not match the supporting documentation, or the supporting documentation did not specify a primary place of performance, we considered it an error. The statistical sampling methodology that we used was also consistent with the Inspectors General Guide to Compliance under the DATA Act, which was developed to ensure a common methodology and reporting approach to meeting the DATA Act requirements across the U.S. Government. We will engage with the Council of the Inspectors General on Integrity and Efficiency Federal Audit Executive Committee DATA Act working group before the next DATA Act audits are initiated and determine whether an alternative sampling method is appropriate.

The Deputy Chief Financial Officer addressed the specifics of five of the recommendations; therefore, those recommendations are resolved but will remain open. We will close the recommendations once the DoD provides a revised DATA Act quality plan that addresses the minimum requirements identified in the recommendations. However, the Deputy Chief Financial Officer did not address the specifics of the sixth recommendation to revise the data quality plan to include a testing plan for ensuring the financial and award data in Files A, B, C, D1, D2, E, and F are accurate before making the DoD quarterly DATA Act submissions. Therefore, the recommendation is unresolved, and the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, should provide additional comments in response to this report.

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

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Under Secretary of Defense (Comptroller)/ Chief Financial Officer, DoD	2.e	2.a, 2.b, 2.c, and 2.d	None
Senior Accountable Official	None	1	None

Please provide Management Comments by December 9, 2019.

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 UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD

SUBJECT: Audit of DoD Compliance With the Digital Accountability and Transparency Act
of 2014 (Report No. DODIG-2020-010)

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. Those comments are included in the report.

This report contains one recommendation that is considered unresolved because the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, did not fully address the recommendation. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendation will remain unresolved until an agreement is reached on the actions to be taken to address the recommendation. Once an agreement is reached, the recommendation will be considered resolved but will remain open until adequate documentation has been submitted showing that the agreed upon action has been completed. Once we verify that the action is complete, the recommendation will be closed.

This report contains five recommendations that are considered resolved. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of the report, the recommendations will remain open until adequate documentation has been submitted showing that the agreed-upon action has been completed. Once we verify that the action is complete, the recommendations will be closed.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. For the unresolved recommendation, please provide us within 30 days your response concerning specific actions in process or alternative corrective actions proposed on the recommendation. Your response should be sent to either audcso@dodig.mil if unclassified or [REDACTED] if classified SECRET. For the resolved recommendations, 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], [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 DoD 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 the DoD’s first quarter FY 2019 financial and award data submitted for publication on USAspending.gov. We also assessed the DoD’s implementation and use of the Government-wide financial data standards (data elements) established by the Office of Management and Budget (OMB) and the Department of the Treasury (the Treasury). See Appendix A for a discussion of the 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 the 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, the 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 the 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, the 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, the 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). Public Law No. 109-282, 120 Stat. 1186 (September 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 FY 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 (FPDS-NG), 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.

- **File D1 – Procurement.** File D1 contains procurement award and awardee data extracted from the FPDS-NG. The FPDS-NG is the single authoritative repository used to collect and report on Federal

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 the OMB for Federal agencies to update program activity data in the President's Budget.

procurement award data. Contracting officers are required to submit complete and accurate contract information to the FPDS-NG 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 the 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.

Senior Accountable Official

The 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.⁸ 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)(USD[C])/Chief Financial Officer (CFO), DoD, designated the Deputy CFO as the DoD SAO. To aid the DoD SAO with the DATA Act, the Office of the Under Secretary of Defense for Acquisition and Sustainment is responsible for overseeing procurement award data (File D1), and the Office of the Under Secretary of Defense for Research and Engineering is responsible for overseeing grant award data (File D2). 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.⁹

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.

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.

⁸ 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.

⁹ 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 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 and award data (Files A through D2) that the DoD submitted to the DATA Act Broker. To determine whether the DoD 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. According to the CIGIE FAEC Guide, if the audit team deemed File C unsuitable for testing, then they use Files D1 and D2 for testing. We determined that File C was unsuitable for testing because it did not contain all of DoD’s financial award data. To determine whether the data elements in Files D1 were complete, accurate, and timely, we selected a statistical sample of 385 transactions to review from a universe of 953,806 transactions. Furthermore, to determine whether the data elements in Files D2 were complete, accurate, and timely, we selected a statistical sample of 351 transactions to review from a universe of 3,964 transactions.

DATA Act Date Anomaly

The 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 the 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.¹⁰ We identified internal control weaknesses in the extracting and reporting of the DoD'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 DoD's DATA Act submission.

¹⁰ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

The DoD Did Not Comply With All DATA Act Requirements

The DoD did not comply with all DATA Act requirements. Although the DoD implemented and used the required Government-wide data standards and the DoD DATA Act submission for the first quarter of FY 2019 was timely, the submission was not complete. The submission was not complete because File C (Financial Data for Procurement and Grant awards) did not contain all of the DoD's financial award data. In addition, File B (Object Class and Program Activity) had a variance of \$17 million in outlays and \$462 million in obligations when compared to File A (Appropriations Account), and File B contained 2,188 object class codes and 1,236 program activity names that were inaccurate. Furthermore, the projected error rates for the File D1 (procurement) data elements for accuracy, completeness, and timeliness were 13.4 percent, 0.5 percent, and 21.0 percent, respectively. Based on the highest projected error rate of 21.0 percent, the DoD File D1 data element quality was moderate when using the Inspectors General guide developed by the CIGIE. The projected error rates for the File D2 (grant) data elements for accuracy, completeness, and timeliness were 33.9 percent, 17.9 percent, and 59.0 percent, respectively. Based on the highest projected error rate of 59.0 percent, the DoD File D2 data element quality was low when using the Inspectors General guide developed by the CIGIE.

The DoD did not comply with all of the DATA Act requirements because:

- File C contained financial data from only 11 of the DoD's 21 financial systems; and
- the DoD data quality plan did not contain processes for identifying, managing, and mitigating risk related to data quality.

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

The DoD Implemented and Used the Government-Wide Data Standards

The DoD implemented and reported its financial and award data using the Government-wide data standards established by the OMB and the Treasury. Specifically, the DoD presented all applicable data elements standardized under the DATA Act in Files A, B, and the individual transactions we tested from Files D1 (procurement) and D2 (grant). Each data element conformed to the standardized data definitions. We did not identify any instances where the DoD reported data using data definitions that differed from the standards developed by the OMB and the Treasury.

The DoD DATA Act Submission Was Timely but Not Complete

The DoD DATA Act submission for the first quarter 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 the DoD an additional 66 days to make their DATA Act submission due to operational safety measures and; therefore, the DoD had a total of 111 days after the end of a quarter to make their submission. The DoD SAO attempted to submit the DoD first quarter FY 2019 submission on April 20, 2019, which was exactly 111 days after the end of the first quarter of FY 2019. The DATA Act Broker could not accept the DoD submission on April 20, 2019 due to technical problems. The DATA Act Broker errors were resolved on April 23, 2019, and the DoD SAO certified the DoD's first quarter FY 2019 submission the following business day. Therefore, we considered the DoD submission as timely.

The DoD DATA Act submission for Files A and B was complete but File C was not because it did not contain all of DoD's financial award data. An Office of the Under Secretary of Defense (Comptroller) (OUSD[C]) official stated that File C contained data from only 11 of the DoD's 21 financial systems for the first quarter of FY 2019 and added that the DoD is working to report data from all 21 systems for File C by end of the fourth quarter of FY 2019. The OUSD(C) official stated that the DoD legacy systems are excluded from File C compilation due to the lack of data field standardization in the DATA Act submission. The OUSD(C) official stated that the DoD is working to improve the data field standardization process. Therefore, we recommend that the SAO identify required DATA Act source systems and include the data necessary for complete File C – Award Financial submission.

Financial Data in Files A and B Were Not Accurate

The financial data in Files A and B were not accurate. Specifically, File B had a variance of \$17 million in outlays and \$462 million in obligations when compared to File A, and File B contained 2,188 object class codes and 1,236 program activity names that were inaccurate.

Outlays and Obligations

Through the reconciliation of DoD first quarter FY 2019 Files A and B, we determined that File B was inaccurate. Specifically, we determined whether the outlays and obligations reported in File A matched the outlays and obligations reported in File B.¹¹ Table 2 summarizes the differences between total outlays and obligations in the DoD's Files A and B.

Table 2. The DoD's Obligations and Outlays Dollar Amount Reported on Files A and B

Account Type	Amount Reported At File A – Appropriations Summary (in Millions)	Amount Reported At File B – Program Activity And Object Class (in Millions)	Difference (in Millions)
Outlays	\$339,271	\$339,288	\$17
Obligations	\$398,510	\$398,971	\$462

Source: The DoD Office of Inspector General.

Object Class Code Data

The DoD's object class code data were not accurate for 2,188 of 22,288 transactions in the DoD File B submission for the first quarter of FY 2019. OMB Circular No. A-11 requires the object class codes to match the codes defined in the Circular.

To determine whether the object class codes were accurate, we reviewed the names and codes for all 22,288 File B transactions for the first quarter of FY 2019 and matched them to the names and codes defined in OMB Circular No. A-11.

Of the 22,288 File B transactions, 2,188 transactions contained an object class code and name that did not match OMB Circular A-11. Specifically, for all 2,188 transactions, the DoD submitted object class code "000" that was not listed in OMB Circular No. A-11. The DoD stated that object class code "000" was used to report undistributed funding, disbursements, or other undistributed amounts.

¹¹ Outlays are 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-equivalents transactions, such as the issuance of debentures to pay insurance claims.

Program Activity Data

The DoD's program activity data were not accurate for 1,236 of 22,288 transactions in the DoD File B submission for the first quarter of FY 2019. OMB Circular No. A-11 requires that the program activity names and codes match the program names and codes defined in the President's budget. OMB MAX Collect contains updated President's Budget information, including program activity names and codes. 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 22,288 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 22,288 File B transactions, 1,236 transactions contained a program activity code and name that did not match the OMB MAX Collect. Specifically, 305 transactions contained program activity names or codes that were not found in the President's budget and 931 transactions did not completely match the OMB MAX Collect. For example, for 16 transactions tested, the DoD incorrectly used the program activity name of "Unknown/Other" instead of "Lease of DoD Real Property," as stated in the OMB MAX Collect.

Procurement and Grant Award Data Were Not Accurate, Complete, or Timely

Files D1 (procurement) and D2 (grant) data elements tested for the first quarter of FY 2019 were not accurate, complete, or timely. Specifically, the projected error rates for the File D1 data elements for accuracy, completeness, and timeliness were 13.4 percent, 0.5 percent, and 21.0 percent, respectively. Based on the highest projected error rate of 21.0 percent, the DoD File D1 data element quality was moderate. The projected error rates for the File D2 data elements for accuracy, completeness, and timeliness were 33.9 percent, 17.9 percent, and 59.0 percent, respectively. Based on the highest projected error rate of 59.0 percent, the DoD File D2 data element quality was low. To determine whether the data elements in Files D1 were complete, accurate, and timely, we selected a statistical sample of 385 transactions to review from a universe of 953,806 transactions. Furthermore, to determine whether the data elements in File D2 were complete, accurate, and timely, we selected a statistical sample of 351 transactions to review from a universe of 3,964 transactions.

Data Element Accuracy

The projected error rate for the accuracy of the File D1 (procurement) and D2 (grant) data elements was 13.4 percent and 33.9 percent, respectively. A data element was accurate when the DoD recorded it in accordance with the OMB and Treasury financial data standards and it agreed with the authoritative source records—DoD contracts for File D1 and DoD grants for File D2. We identified 6,658 instances of inaccurate or unsupported data elements across 297 of the 385 File D1 transactions and across all 351 File D2 transactions. Table 3 summarizes the data elements that were inaccurate or unsupported for more than 50 percent of the sampled transactions.

Table 3. Inaccurate and Unsupported Procurement (File D1) and Grants Award (File D2) Data Elements

Procurement and Grant Award DATA Act Element	Inaccurate/Unsupported Procurement Transactions	Inaccurate/Unsupported Grant Award Transactions
Primary Place Of Performance Congressional District ¹	263	n/a
Primary Place Of Performance Address ²	256	n/a
Primary Place Of Performance Country Code	248	n/a
Primary Place Of Performance Country Name	248	n/a
Current Total Value of Award	n/a	351
Award Identification Number ³	n/a	351
Record Type	n/a	351
Action Type	n/a	351
Funding Agency Name	n/a	324
Funding Agency Code	n/a	324
Funding Sub Tier Agency Name	n/a	324
Funding Sub Tier Agency Code	n/a	324
Funding Office Name	n/a	324
Funding Office Code	n/a	324
Awarding Office Code	n/a	176

¹ Primary Place of Performance Congressional District is FPDS-NG-generated data elements.

² The Primary Place of Performance Address element consists of the Primary Place of Performance ZIP+4, Primary Place of Performance State Code, and Primary Place of Performance City Name for procurement data elements.

³ The Award Identification Number element consists of the Unique Record Identifier and Federal Award Identification Number data elements.

Source: The DoD Office of Inspector General.

We identified that 256 File D1 transactions had errors with the Primary Place of Performance Address data element.

Specifically, these transactions had errors because the DoD:

- listed the Legal Entity Address instead of the Primary Place of Performance Address for 232 transactions;
- did not submit data for primary place of performance for 16 transactions; and
- provided supporting documentation that did not match the submission data for 8 transactions.

For the 232 transactions, the DoD used the Defense Federal Acquisition Regulation Supplement definition instead of the definition provided by the OMB and the Treasury. The OMB defines the Primary Place of Performance Address as the address where the predominant performance of the award will be accomplished. However, Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information 204.606(3)(xi) instructs DoD personnel to use the contractor's physical address when the Primary Place of Performance Address is unknown.¹²

Additionally, all 351 DoD File D2 transactions had errors for Current Total Value of Award, Award Identification Number, Record Type, and Action Type data elements. These transactions had errors because the Office of the Under Secretary of Defense for Research and Engineering official stated that these data elements are not required and did not require DoD personnel to report the information.

Data Element Completeness

The projected error rate for the completeness of the File D1 (procurement) and D2 (grant) data elements was 0.5 percent and 17.9 percent, respectively. A data element was considered complete when the required data element that should have been reported was reported. We identified 2,576 instances of incomplete data elements across 33 of the 385 File D1 transactions and across all 351 File D2 transactions. For example, 324 of 351 File D2 transactions tested did not include data in the Funding Agency Name, Funding Agency Code, Funding Sub Tier Agency, and Funding Office data elements. These transactions were incomplete because the Office of the Under Secretary of Defense for Research and Engineering official stated that these data elements are not required and did not require DoD personnel to report the information.

¹² Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information 204.6-13, "Contract Reporting," December 22, 2016.

Data Element Timeliness

The projected error rate for the timeliness of the Files D1 (procurement) and D2 (grant) data elements was 21.0 percent and 59.0 percent, respectively. 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. The Federal Acquisition Regulation requires that procurement award data elements be reported in the FPDS-NG within three business days after the contract award.¹³ Furthermore, the FFATA mandates that grant award data be reported no later than 30 days after award. We identified 11,248 instances of untimely data elements across 81 of the 385 File D1 transactions and 207 of the 351 File D2 transactions. The DoD SAO stated that the DoD's submissions for the DATA Act are collected at different frequencies from multiple source systems, which results in timing differences.

DoD Procurement and Grant Award Data Were of Moderate and Low Quality

The quality of the DoD's procurement and grant award data elements was determined to be moderate and low, respectively, using the midpoint of the highest error rates for completeness, accuracy and timeliness. Based on our testing of the data elements in File D1 (procurement), the highest projected error rate was 21.0 percent, which results in a quality of moderate. Table 4 provides the range of error in determining the quality of the procurement data elements.

Table 4. Determination for Quality of DoD Procurement Elements (File D1)

DoD Projected Midpoint Error Rates (Percent)		Highest Projected Error Rate (Percent)	Quality Level
Completeness	0.5	21.0	Moderate
Accuracy	13.4		
Timeliness	21.0		

Source: The DoD Office of Inspector General.

¹³ Federal Acquisition Regulation Part 4, "Administration Matters," Subpart 4.6, "Contract Reporting" Section 4.604, "Responsibilities."

Based on our testing of the data elements in File D2 (grant), the highest projected error rate was 59.0 percent, which results in a quality of low. Table 5 provides the range of errors in determining the quality of the grant award data elements.

Table 5. Determination for Quality of DoD Grant Award Elements (File D2)

DoD Projected Midpoint Error Rates (Percent)		Highest Projected Error Rate (Percent)	Quality Level
Completeness	17.9	59.0	Low
Accuracy	33.9		
Timeliness	59.0		

Source: The DoD Office of Inspector General.

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

The DoD 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 DoD data quality plan and determined that it did not contain processes required by the OMB. Instead, it provided generic information concerning the DATA Act. For example, the data quality plan states that deficiencies in the DoD 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 DoD 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

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

making DoD quarterly DATA Act submissions. Therefore, the USD(C) should revise and implement the DoD 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 financial and award data within Files A, B, C, D1, D2, E, and F are accurate before making DoD quarterly DATA Act submissions.

DoD Financial and Award Data on USAspending.gov Cannot be Relied Upon

The DoD DATA Act submission published on USAspending.gov cannot be relied upon. Specifically, the DoD data submitted for the first quarter of FY 2019 had moderate quality for procurement and low quality for grants. The moderate and low quality of the submission does not allow taxpayers and policy makers to track Federal spending more 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

Deputy Chief Financial Officer Comments

The Deputy CFO, responding for the USD(C)/CFO, DoD, stated that the DoD has made tremendous progress in linking procurement and award assistance data with the spending data from the accounting systems. He also stated that it is critical to note that procurement and award assistance data are extracted from reporting systems outside of the DoD, which makes timely and cost effective validation of the data particularly challenging.

The Deputy CFO stated that DoD comments submitted in response to the discussion draft report were not incorporated in the draft report and that as a result, the report contains inaccuracies that should be corrected before the final report is issued. Specifically, the Deputy CFO stated that in regard to the place of performance, the DoD disputes that:

- the place of performance should be considered an error simply because it is the same as the entity’s address. The Deputy CFO added that there is no policy requirement that the place of performance and the entity’s address be different.

- some of the samples selected by the DoD Office of Inspector General (OIG) were ordering vehicles themselves, including indefinite-delivery type contracts and blanket purchase agreements and, therefore, should not be considered errors. Specifically, the place of performance is not collected in the Federal Procurement Data System or reported to USAspending.gov for those types of contracts and agreements because the place of performance is established only when orders are placed.
- the policy instruction provided to the DoD workforce in the Defense Federal Acquisition Regulation Supplement and the Procedures, Guidance, and Information subpart is in conflict with the OMB definition. The Deputy CFO stated that the policy instruction is a supplementary implementation policy for determining the primary place of performance when submitting data and is not in conflict with OMB guidance.

The Deputy CFO added that there is no operational or policy reason for including many of the procurement or grant award data in Files D1 and D2, to include the place of performance. He stated that the data elements are not included in the award documentation and have no impact on the performance of the contract or the grant award. The Deputy CFO requests that the DoD OIG consider the Federal Procurement Data System contract action report and the Financial Assistance Broker Submission as substantiating documentation where data elements do not exist in the awards themselves.

Lastly, the Deputy CFO noted that while the DoD supports random sampling for audit purposes, random sampling of DoD procurement data within File D1 alone results in a skewed data perspective because of the large volume of contracts issued by the Defense Logistics Agency. He stated that the Defense Logistics Agency issues thousands of orders each day and, therefore, the random sampling methodology used by the DoD OIG resulted in review of mostly Defense Logistics Agency data, which does not reflect all of the DoD. The Deputy CFO requests an acknowledgement of this in the report and requests that the DoD OIG consider this for future DATA Act audits.

Our Response

We acknowledge that the DoD has made progress in linking procurement and award assistance data with spending data from its accounting systems and that the procurement and award assistance data are extracted from reporting systems outside of the DoD. However, we disagree that this report contains inaccuracies because we did not incorporate DoD comments to the discussion draft report regarding a contract's place of performance. The place of performance is one of the 57 data elements established by the OMB and the Treasury that agencies must

report under the DATA Act. The definition of the primary place of performance data element is “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.” We did not consider the place of performance data element to be an error simply because it was the same as the entity address. Instead, we reconciled the primary place of performance listed in File D1 to the supporting documentation provided by the Office of Defense Pricing and Contracting. If the primary place of performance did not match the supporting documentation or the supporting documentation did not specify a primary place of performance, we considered it an error.

We agree that the primary place of performance for indefinite delivery type contracts and blanket purchase agreements is not established until orders are placed. However, for indefinite delivery type contracts and blanket purchase agreements included in our sample, we reviewed the actual order, the contract, and all other supporting documentation provided. As stated above, we considered it an error if the supporting documentation did not match the primary place of performance submission data, or the primary place of performance was not listed on the supporting documentation.

With respect to the Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information subpart, it clearly states that DoD personnel should use the contractor’s physical address when the primary place of performance address is unknown. For DATA Act reporting, the contractor’s physical address may or may not be the primary place of performance and if not, we considered the data element to be an error when the primary place of performance was not stated.

When selecting our sample, we followed the CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act with the assistance of a DoD OIG statistician. Because File C was not suitable for testing, the Guide requires that we select the sample from Files D1. The statistical sample was selected from the entire population of transactions in D1 to ensure consistency with the sampling methodology used by the other Federal Agency OIG’s. However, we will engage with the CIGIE FAEC DATA Act working group before the next DATA Act audits are initiated and determine whether an alternative sampling method is appropriate.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Senior Accountable Official identify required Digital Accountability and Transparency Act of 2014 source systems and include the data necessary for complete File C – Award Financial submission.

Deputy Chief Financial Officer Comments

The Deputy CFO, responding in his role as the DoD SAO, partially agreed, stating that when the DATA Act was initially effective, the DoD was challenged to develop a File C because the DoD did not have a single data source for the consolidation of obligations and outlays at the Award ID level. The Deputy CFO stated that the OMB Director granted the DoD an extension of up to 18 months to develop the capability to report obligation and outlay data aligned at the procurement and grant Award ID level. He stated that in the fourth quarter FY 2018, the DoD's File C contained 95 percent of all available data and in the third quarter FY 2019 over 99 percent of all available data. The Deputy CFO added that the final 1 percent of data has been tested and will be included in the fourth quarter FY 2019 File C, which is estimated to be submitted on January 17, 2020.

Our Response

Although the Deputy CFO 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 we verify that all source system data are included in DoD's File C submission.

Recommendation 2

We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, revise and implement the data quality plan in accordance with Office of Management and Budget Memorandum M-18-16, "Appendix A to Office of Management and Budget Circular No. A-123, Management of Reporting and Data Integrity Risk." The revised data quality plan should include, at a minimum:

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

Deputy Chief Financial Officer Comments

The Deputy CFO, responding for the USD(C)/CFO, DoD, agreed, stating that greater clarity over the roles and responsibilities of the responsible organizations should be expanded upon as the data quality plan continues to mature. The Deputy CFO stated that the data quality plan will be revised 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. The estimated completion date of the revision is January 31, 2020.

Our Response

Comments from the Deputy CFO addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Deputy CFO provides the revised DoD data quality plan that expands on the DoD's DATA Act roles and responsibilities.

b. a risk assessment process;

Deputy Chief Financial Officer Comments

The Deputy CFO, responding for the USD(C)/CFO, DoD, agreed, stating that the OUSD(C) 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 Deputy CFO stated that the OUSD(C) 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. The estimated completion date of the revision is January 31, 2020.

Our Response

Comments from the Deputy CFO addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Deputy CFO provides the revised DoD 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;

Deputy Chief Financial Officer Comments

The Deputy CFO, responding for the USD(C)/CFO, DoD, agreed, stating that the OUSD(C) 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. The estimated completion date of the revision is January 31, 2020.

Our Response

Comments from the Deputy CFO addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Deputy CFO provides the revised DoD 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**

Deputy Chief Financial Officer Comments

The Deputy CFO, responding for the USD(C)/CFO, DoD, agreed, stating the OUSD(C) will expand sections 5 and 9 of the data quality plan to include the monitoring of high-risk data elements. He stated 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. The estimated completion date of the revision is January 31, 2020.

Our Response

Comments from the Deputy CFO addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once the Deputy CFO provides the revised DoD data quality plan that requires the monitoring and mitigating of 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 DoD quarterly Digital Accountability and Transparency Act of 2014 submissions.**

Deputy Chief Financial Officer Comments

The Deputy CFO, responding for the USD(C)/CFO, DoD, partially agreed to revise the data quality plan to include a testing plan for ensuring accuracy of Files A, B, and C, and disagreed to include a testing plan for Files D1, D2, E, and F. The Deputy CFO stated that Files A, B, and C are the only files where the data is maintained within DoD systems and can be validated and updated as part of the quarterly DATA Act submission process. He added that even with regular monitoring and improvement of overall data quality, within the limited parameters of the DATA Act process itself, the DoD is only able to “improve” accuracy. The Deputy CFO stated that without a clear definition of what percentage of accuracy is sufficient, it will be impossible to close the recommendation. The Deputy CFO stated that it is also impossible to ensure accuracy of Files D1, D2, E, and F because that data is derived by USAspending.gov from non-DoD source systems.

The Deputy CFO stated that alternatively, as part of the monitoring process addressed in his comments on Recommendation 2.d, the DoD will document data improvements and control activities by monitoring the overall DATA Act extraction and reporting process to retain quality alignment across changing environments, assess the quality of performance over time, and document corrective actions taken that impact DATA Act data quality. The Deputy CFO stated that the DoD continues to rely on the validation and cross-validation of certain data elements as part of the DATA Act Broker process to identify errors and warnings related to the data elements being reported.

Our Response

Comments from the Deputy CFO did not address the specifics of the recommendation; therefore, the recommendation is unresolved. OMB Memorandum No. M-18-16, requires that an agency's data quality plan cover major decisions pertaining to testing plans and identification of high-risk reported data. The testing plan should support the SAO's assurance over the alignment among Files A-F and that the DATA Act files submitted for display on USAspending.gov are valid and reliable. If adequate internal controls are in place over the data and the risk of error is low, then testing may not be needed, but the rationale for that decision should be included in the data quality plan. Although not a prescriptive document, the Leveraging Data as a Strategic Asset Working Group issued the Data Quality Playbook on November 30, 2018. The Data Quality Playbook includes examples and use-cases for ensuring data accuracy, to include risk assessments and testing methodologies. The examples and use-cases can be used as best practices for revising the DoD's data quality plan to include a testing plan.

We disagree with the Deputy CFO's statement that it will be impossible to close the recommendation. The recommendation can be closed once we verify that the DoD data quality plan contains a testing plan for ensuring that financial and award data are accurate before making the quarterly DATA Act submissions. With respect to the Deputy CFO's comment that there is not a clear definition of what percentage of accuracy is sufficient, the CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act defines the ranges of error into three categories when determining quality. The highest range, which results in a quality level of "Higher," is applied when the highest error rate when measuring accuracy, completeness, or timeliness is from zero to 20 percent. Therefore, an error rate of between zero and 20 percent across the board would be sufficient to achieve that "Higher" quality level.

We consider the proposed actions to expand the data quality plan to include the monitoring of high-risk data elements as adequate to resolve Recommendation 2.d. We also agree that the Deputy CFO actions to monitor the overall DATA Act extraction and reporting process, assess the quality of performance over time, and document corrective actions taken that impact DATA Act data quality is a positive step in improving data accuracy. However, the action does not include developing a testing plan for all of the DATA Act Files. Therefore, the Deputy CFO should provide additional comments on the final report describing how the data quality plan will be revised to include testing.

Appendix A

Scope and Methodology

We conducted this performance audit from December 2018 through November 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 DoD first quarter FY 2019 financial and award data that the DoD 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 DoD data quality plan to determine whether the DoD maintained adequate internal controls that included periodic reviews and testing plans and identification of high-risk elements that the DATA Act explicitly referenced 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 and interviewed Defense Finance and Accounting Service personnel in Columbus, Indianapolis, and Cleveland, and OUSD(C) personnel at the Pentagon in Arlington, Virginia, to understand the DoD'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 the OMB and the Treasury, to understand any regulatory criteria related to the DoD's responsibilities to report financial and award data under the DATA Act. We also assessed the internal and information system controls in place related to the extraction of data from the source systems and the reporting of data to the Treasury's DATA Act Broker system, 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) the DoD submitted for publication on USAspending.gov. 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 DoD Standard Form 133, "Report on Budget Execution and Budgetary Resources," and applicable guidance to determine any variances.

According to the CIGIE FAEC Guide, if the team deemed File C unsuitable for testing, then they will use Files D1 and D2 for testing. We determined that File C was unsuitable for testing because it was incomplete.

We statistically selected 385 transactions to review from a universe of 953,806 transactions for File D1 (procurement) and 351 transactions to review from a universe of 3,964 transactions for File D2 (grant) from the first quarter of FY 2019 submitted for publication on USAspending.gov. For these files, we determined the DoD's:

- completeness, accuracy, timeliness, and quality of financial and award data submitted for publication on USAspending.gov; and
- implementation and use of the Government-wide financial data elements established by the OMB and the Treasury.

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 the DoD financial and award data derived from the Government-wide systems 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 OIG Quantitative Methods Division to select a statistical sample used for testing Files D1 (procurement) and D2 (grant) transactions. In addition, the DoD OIG Quantitative Methods Division projected the quality of the sample over the entire DoD population for Files D1 and D2.

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

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

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

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

The GAO reported that the 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, the OMB had not determined the complete population of agencies that are required to report spending data under the DATA Act and submit implementation plans to the OMB. Lacking fully documented controls and processes as well as a complete population of agencies increases the risk that the purposes and benefits of the DATA Act may not be fully achieved, and could result in incomplete spending data being reported.

Based on OMB and Treasury guidance, the GAO identified 51 plan elements in four separate categories—timeline, cost estimate, narrative, and project plan—to be included in agency implementation plans. None of the 42 implementation plans the GAO received and reviewed contained all 51 plan elements described in OMB and Treasury guidance. Due to the lack of consistent and complete agency implementation plans, it may be difficult for the OMB and the Treasury to determine whether agencies will be able to implement the data standards finalized by the OMB and the Treasury in August 2015.

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

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

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

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

Report No. GAO-15-241T, "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 the 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 the OMB to obtain public stakeholder input on the development of data standards, and the Treasury Inspector General's efforts, in consultation

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

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 the OMB and the Treasury. However, the DoD did not implement and use the Government-wide data elements applicable to award data established by the OMB and the Treasury. Specifically, the DoD did not submit the required data elements for procurement and grant awards and did not comply with 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 U.S. Army Corps of Engineers procurement award, grant award, awardee and sub-award data from the DoD data;

- OUSD(C) instructed the U.S. Army Corps of Engineers to exclude financial data related to procurement awards from the U.S. Army Corps of Engineers 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 the OMB and the Treasury. This occurred because the OUSD(C) instructed the U.S. Army Corps of Engineers to exclude financial data related to procurement awards from the U.S. Army Corps of Engineers 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 the OMB and the Treasury into its DATA Act Implementation Plan and completed steps 1, 2, and 4 of the 8 steps; however, the DoD partially complied with the standards established by the Treasury and the OMB for step 3. In addition, the DoD planned to extend the reporting deadline for the transaction-level financial data by 1 year, or until second quarter 2018. Nothing came to the DoD OIG’s attention to indicate that the DoD did not make efforts to comply with the DATA Act.

Appendix C

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 Files D1 and D2

The purpose of Tables 6 and 7 below are to inform the stakeholders which data elements may be more reliable than others.

Table 6. The DoD's File D1 (procurement) Result for the Data Elements

DoD's File D1 results listed in descending order by accuracy error rate percentage.				
Accuracy (A), Completeness (C), Timeliness (T)				
Data Element No.	Data Element Name	Error Rate (percent)*		
		A	C	T
31	Primary Place of Performance Congressional District	68.3	6.0	21.0
30	Primary Place of Performance Address	66.5	4.7	21.0
32	Primary Place of Performance Country Code	64.4	1.8	21.0
33	Primary Place of Performance Country Name	64.4	1.8	21.0
16	Award Type	25.7	0.0	21.0
28	Period of Performance Potential End Date	15.8	0.0	20.8
27	Period of Performance Current End Date	15.1	0.0	21.0
15	Potential Total Value of Award	11.7	0.0	21.0
14	Current Total Value of Award	11.4	0.0	21.0
42	Funding Office Name	11.4	0.8	21.0
6	Legal Entity Congressional District	11.2	2.1	20.3
22	Award Description	9.6	0.0	21.0
43	Funding Office Code	9.4	0.3	21.0
40	Funding Sub Tier Agency Name	8.8	0.0	21.0
41	Funding Sub Tier Agency Code	8.8	0.0	21.0
25	Action Date	7.8	0.0	21.0
26	Period of Performance Start Date	7.8	0.0	21.0
48	Awarding Office Name	7.0	0.0	21.0

Notes for Table 6 are on the last page of the table.

Table 6. The DoD's File D1 (procurement) Result for the Data Elements (cont'd)

DoD's File D1 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)*		
		A	C	T
11	Federal Action Obligation	6.5	0.0	21.0
39	Funding Agency Code	6.2	0.0	21.0
45	Awarding Agency Code	6.2	0.0	21.0
24	Parent Award ID Number	6.0	0.0	20.5
34	Award ID Number (PIID/FAIN)	5.7	0.0	21.0
38	Funding Agency Name	5.7	0.0	21.0
44	Awarding Agency Name	5.7	0.0	21.0
46	Awarding Sub Tier Agency Name	5.7	0.0	21.0
47	Awarding Sub Tier Agency Code	5.7	0.0	21.0
49	Awarding Office Code	5.7	0.0	21.0
5	Legal Entity Address	3.9	0.0	21.0
7	Legal Entity Country Code	1.8	0.0	21.0
8	Legal Entity Country Name	1.8	0.0	21.0
36	Action Type	1.0	0.0	0.3
2	Awardee/Recipient Unique Identifier	0.8	0.0	21.0
29	Ordering Period End Date	0.8	0.0	0.3
4	Ultimate Parent Legal Entity Name	0.5	0.5	21.0
17	NAICS Code	0.5	0.0	21.0
18	NAICS Description	0.5	0.0	21.0
1	Awardee/Recipient Legal Entity Name	0.3	0.0	21.0
3	Ultimate Parent Unique Identifier	0.0	0.0	21.0
23	Award Modification / Amendment Number	0.0	0.0	0.3

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

Source: The DoD OIG.

Table 7. The DoD's File D2 (grant) Result for the Data Elements

DoD's File D2 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 ²
14	Current Total Value of Award	100.0	100.0	59.0
34	Award ID Number (PIID/FAIN)	100.0	0.0	59.0
35	Record Type	100.0	0.0	59.0
36	Action Type	100.0	0.0	59.0
38	Funding Agency Name	92.3	92.3	59.0
39	Funding Agency Code	92.3	92.3	59.0
40	Funding Sub Tier Agency Name	92.3	92.3	59.0
41	Funding Sub Tier Agency Code	92.3	92.3	59.0
42	Funding Office Name	92.3	92.3	59.0
43	Funding Office Code	92.3	92.3	59.0
49	Awarding Office Code	50.1 ³	0.0	59.0
30	Primary Place of Performance Address	38.8	38.5	59.0
5	Legal Entity Address	35.9	3.4	59.0
31	Primary Place of Performance Congressional District	35.6	3.4	54.7
32	Primary Place of Performance Country Code	32.5	0.0	59.0
33	Primary Place of Performance Country Name	32.5	0.0	59.0
26	Period of Performance Start Date	26.5	0.0	59.0
27	Period of Performance Current End Date	23.4	0.0	59.0
4	Ultimate Parent Legal Entity Name	20.2	12.8	59.0
6	Legal Entity Congressional District	14.8	0.0	55.8
25	Action Date	14.0	0.0	59.0
46	Awarding Sub Tier Agency Name	7.1	0.0	59.0
47	Awarding Sub Tier Agency Code	7.1	0.0	59.0
3	Ultimate Parent Unique Identifier	6.8	2.3	59.0
23	Award Modification / Amendment Number	6.8	0.0	59.0
37	Business Types	6.3	0.0	59.0
19	Catalog of Federal Domestic Assistance (CFDA) Number	5.4	0.0	59.0
20	Catalog of Federal Domestic Assistance (CFDA) Title	5.4	0.0	59.0

Footnotes for Table 7 are on the last page of the table.

Table 7. The DoD's File D2 (grant) Result for the Data Elements (cont'd)

DoD's File D2 results listed in <u>descending</u> order by accuracy error rate percentage.				
Accuracy (A), Completeness (C), Timeliness (T)				
		Error Rate (percent) ¹		
22	Award Description	4.8	0.0	59.0
2	Awardee/Recipient Unique Identifier	4.6	0.0	59.0
7	Legal Entity Country Code	4.6	0.0	59.0
8	Legal Entity Country Name	4.6	0.0	59.0
1	Awardee/Recipient Legal Entity Name	4.0	0.0	59.0
11	Federal Action Obligation	2.6	0.0	59.0
13	Amount of Award	2.6	0.0	59.0
48	Awarding Office Name	0.9	0.0	59.0
16	Award Type	0.6	0.0	59.0
12	Non-Federal Funding Amount	0.3	0.0	59.0
44	Awarding Agency Name	0.0	0.0	59.0
45	Awarding Agency Code	0.0	0.0	59.0

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

² All estimates from the D2 sample for timeliness have a margin of error of plus or minus 5.1 percent.

³ The estimate for this sample item has a margin of error of plus or minus 5.1 percent.

Source: The DoD OIG.

Analysis of the Accuracy of Dollar Value-Related Data Elements

Table 8. The DoD's File D1 (procurement) and D2 (grant) Accuracy of Dollar-Value Related Data Elements

Accuracy of Dollar-Value Related Data Elements								
PIID/ FAIN	Data Element		Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
FAIN	DE 11	Federal Action Obligation	342	9	0	351	2.6%	\$36,017,910.00
FAIN	DE 12	Non- Federal Funding Amount	350	1	0	351	0.3%	\$3,020.00
FAIN	DE 13	Amount of Award	342	9	0	351	2.6%	\$36,017,910.00
FAIN	DE 14	Current Total Value of Award	0	351	0	351	100.0%	\$137,904,311.00
PIID	DE 11	Federal Action Obligation	360	25	0	385	6.5%	\$747,735.72
PIID	DE 14	Current Total Value of Award	341	44	0	385	11.4%	\$50,992,665.95
PIID	DE 15	Potential Total Value of Award	340	45	0	385	11.7%	\$367,183,108,136.49
Total			2075	484	0	2559		

Source: The DoD OIG.

The results of the table presented above are not projectable because the statistical sample test was performed on attributes and not on monetary amounts.

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

We acknowledged that the Treasury-owned DATA Act Broker system had issues that needed to be addressed, such as documentation of validation rules was insufficient to ensure data quality and data elements from external sources are not fully documented through DATA Act Information Model Schema specifications. In addition, the Financial Assistance Broker Submission system does not require any specific file naming conventions. As such, it does not reject duplicate file names from the same agency. While the Financial Assistance Broker Submission system does not identify or reject duplicate files, we determined that no duplicate files existed within the statistically sampled population. Although these issues existed within the Treasury-owned Broker systems, the testing we completed did not show that any errors in data elements were not-attributable to the DoD.

Appendix D

CIGIE'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

1717 H Street, NW, Suite 825, Washington, DC 20006

CIGIE'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

Page 2

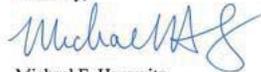
intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

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

Source: The CIGIE FAEC.

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.
<p>Account Level Data Standards These data elements describe the appropriations accounts from which agencies fund Federal awards.</p>		
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.

Management Comments

Office of the Under Secretary of Defense (Comptroller)



COMPTROLLER

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

OCT 23 2019

MEMORANDUM FOR PROGRAM DIRECTOR FOR AUDIT CYBERSPACE
OPERATIONS, DEPARTMENT OF DEFENSE OFFICE OF
INSPECTOR GENERAL

SUBJECT: Audit of DoD Compliance With the Digital Accountability and Transparency Act of
2014 (Project No. D2019-D000CS-0061.000)

As the DoD Senior Accountable Official for DoD implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act), I have reviewed the subject report. Please refer to the attached comments where I have indicated DoD concurrence, partial concurrence, and one non-concurrence with your recommendations.

The intent of the DATA Act is to enable taxpayers and policy makers to track federal spending more effectively. Since implementation of the DATA Act in 2017, the DoD has made tremendous progress in our ability to link procurement and award assistance information with spending data from our accounting systems. While DoD accepts full responsibility for the accuracy, quality, and completeness of the information reported, it is critical to note that procurement and award assistance data are extracted from reporting systems outside of DoD, a fact that makes timely and cost effective validation of our data particularly challenging.

It is noted that certain comments submitted to the DoD Office of Inspector General (OIG) on the discussion draft were not incorporated in this draft report. As a result, there remain several inaccuracies that should be addressed prior to release of the final report. Specifically, in regards to place of performance:

- Page 11 (first bullet): DoD disputes that the place of performance is considered an error simply because it is the same as the entity's address. This is a situation that routinely occurs in performing contracts. There is no requirement in any policy or practice that they must be different locations.
- Page 11 (second bullet): DoD disputes this is an error. Some of the samples chosen by the DoD OIG for review were ordering vehicles, themselves; i.e., indefinite-delivery type contracts and blanket purchase agreements. By their very nature, no place of performance exists on these actions. Performance occurs on the discrete orders placed against these vehicles. Therefore, by design, place of performance is neither collected in the Federal Procurement Data System (FPDS), nor reported to USAspending.gov.
- Page 12 (first paragraph): DoD disputes that the policy instruction provided to its workforce in the referenced Defense Federal Acquisition Regulation Supplement



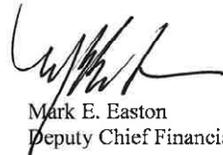
Office of the Under Secretary of Defense (Comptroller) (cont'd)

(DFARS) and Procedures, Guidance, and Information (PGI) subpart is in conflict with the Office of Management and Budget (OMB) definition. The DFARS PGI is a supplementary implementation policy for determining the primary place of performance when submitting the data and is not in conflict with OMB guidance.

For many of the procurement and grant award data elements in Files D1 and D2 identified in Table 3 (page 11), including place of performance, there is no operational process or policy reason for including these data elements in the actual award documents. These data elements are often recorded initially when they are reported to FPDS and the Federal Assistance Broker Submission (FABS) because they are only needed for FPDS and FABS reporting. These data elements are not included in the award documents and have no impact on the performance of the contract or financial assistance award. DoD requests that the DoD OIG consider the FPDS contract action report and the FABS submissions as substantiating documentation where data elements do not exist in the awards themselves.

Finally, while the DoD fully supports random sample testing for audit purposes, it is noted that random sampling of DoD procurement data within the DATA Act File D1 submission alone will result in a skewed data perspective due to the sheer volume of contracts issued by one entity. The Defense Logistics Agency (DLA) by itself issues thousands of automated orders each day (most valued less than \$10,000 each) against a set of large ordering vehicles. In fact, less than ten percent of the procurement actions sampled by the DoD OIG were issued by the Departments of the Army, Navy and Air Force combined. Thus, essentially resulting in a review of DLA DATA Act reporting (for File D1). The DoD does not agree that an extrapolation of the DLA procurement data reflects the entire DoD because there were simply not enough samples from the Military Departments and other defense agencies. DoD requests an acknowledgement of this in the report and requests that the DoD OIG consider this for future DATA Act audits to ensure representative samples of the Military Departments.

We appreciate your audit team's cooperative efforts and rigorous evaluation of this program. Thank you for the opportunity to review and comment on the draft audit report. My point of contact for the DATA Act is Mr. Scott Young, who can be reached at [REDACTED] or [REDACTED].



Mark E. Easton
Deputy Chief Financial Officer

Attachment:
As stated

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

DOD OIG DRAFT REPORT – Dated October 9, 2019

Project No. D2019-D000CS-0061-000

“AUDIT OF DOD COMPLIANCE WITH THE DIGITAL ACCOUNTABILITY
AND TRANSPARENCY ACT OF 2014”

SENIOR ACCOUNTABLE OFFICIAL RESPONSES TO RECOMMENDATIONS

Recommendation 1: We recommend that the Senior Accountable Official identify required Digital Accountability and Transparency Act of 2014 source systems and include the data necessary for complete File C – Award Financial submission.

SAO RESPONSE: Partially concur. The DoD’s Digital Accountability and Transparency Act of 2014 (DATA Act) File C is compiled from source data housed within the ADVANA (Advanced Analytics) tool developed within the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)). All accounting system obligation and outlay data aligned to an AWARD ID within ADVANA is applicable for inclusion in File C for DATA Act reporting, unless otherwise protected by statute.

When the DATA Act initially became effective, the DoD was faced with the challenge of not having a single data source for consolidation of obligations and outlays at the Award ID level, as required for File C, Award Financial Data submission. The lack of single source system meant that the DoD could not consolidate Department wide financial data at the level required to meet DATA Act reporting requirements. Under Section 4(c)(2)(B) of the DATA Act (Public Law 113-101), the Director of Office of Management and Budget (OMB) was given the flexibility to grant DoD an extension of up to eighteen months to both develop the capability and report obligation and outlay data aligned at procurement and grant award ID level. In fiscal year (FY) 2018 Q4, the DoD successfully submitted an initial File C with approximately 2 percent AWARD ID alignment. With success under our belt, the DoD submitted a File C in FY 2019 Q1 that contained 95 percent AWARD ID alignment with the contract and award assistance data in USAspending (Files D1 and D2).

As of FY 2019 Q3, the DoD File C submission contained obligations and outlays aligned at the AWARD ID level from over 99 percent of all available data. The final one percent of data has already been tested and will be included in the FY 2019 Q4 DATA Act submission.

Estimated completion date is January 17, 2020, by which date the SAO will certify the DoD DATA Act submission for FY 2019 Quarter 4.

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

Recommendation 2: We recommend that the Under Secretary of Defense (Comptroller) revise and implement the data quality plan in accordance with Office of Management and Budget Memorandum M-18-16, “Appendix A to Office of Management and Budget Circular No. A-123, Management or Reporting and Data Integrity Risk.” The revised data quality plan should include, at a minimum:

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

SAO RESPONSE: Concur. In accordance with OMB Memorandum M-18-16, Section 2 and Tables 3.1 and 8.1 of the DoD DATA Act Data Quality Plan (DQP) provide an organizational and governance structure for overall data quality of the various files within the quarterly DATA Act submission. We agree that greater clarity over the roles and responsibilities of the responsible organizations should be expanded upon as the DQP continues to mature. A revised DQP will expand on this information 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.

Estimated completion date is January 31, 2020, with updates to be presented at the FY2020 Managers Internal Control Program (MICP) Town Hall.

b. A risk assessment process;

SAO RESPONSE: Concur. In accordance with OMB Memorandum M-18-16, the OUSD(C) will expand on the language in Section 4 of the DoD DATA Act DDQP to identify an overall process for assessing and mitigating the potential risk to the quality of data from the point of extraction from the source system to the end point of SAO certification. Specifically, the risk assessment process will address the following four components as they relate to the unique parameters of the DATA Act process:

1. Clearly defined objectives and risk tolerances;
2. Identification, analysis, and response to risks;
3. Consideration of the potential for fraud in identifying, analyzing and responding to risks; and
4. Significant changes that could impact the internal control system.

Estimated completion date is January 31, 2020, with updates to be presented at the FY 2020 MICP Town Hall.

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

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

SAO RESPONSE: Concur. In accordance with OMB Memorandum M-18-16, the OUSD(C) will expand on the Sections 6 and 7 of the DoD DATA Act DDQP 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.

Estimated completion date is January 31, 2020, with updates to be presented at the FY 2020 MICP Town Hall.

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

SAO RESPONSE: Concur.

In accordance with OMB Memorandum M-18-16, the OUSDC will expand on the Section 5 and 9 of the DoD DATA Act DDQP to expand high risk monitoring of data elements beyond the current external view, to also include:

1. Monitoring of the overall DATA Act process to retain alignment with changing objectives, environment, laws, resources, and risks;
2. Monitoring the quality of performance over time; and
3. Resolution of audit findings (corrective actions taken) that impact DATA Act data quality.

Estimated completion date is January 31, 2020, with updates to be presented at the FY2020 MICP Town Hall.

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 DoD quarterly Digital Accountability and Transparency Act of 2014 submissions.

SAO RESPONSE: Partially concur on Files A, B, and C. Nonconcur on Files D1, D2, E and F.

While testing of internal controls over the extraction of data from the source systems and reporting of data to the DATA Act Broker is an ongoing and deliberative process, it is impossible to 'ensure...accuracy' of award information derived by USAspending.gov from non-DoD source systems, and generated into Treasury mandated file formats (Files D1, D2, E and F) within the DATA Act Broker. While we agree that effective internal controls over data accuracy are critical to transparency, comparison, and overall usefulness of the information, the testing of contract and grant data accuracy in non-DoD

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

systems is outside of the scope of the DATA Act submission and certification process. With regard to Files D1, D2, E and F, the DATA Act process is limited by default to the extraction of contract and grant award data from the source system (USAspending.gov) and reporting of auto-generated data into the DATA Act file format, all auto-generated by and performed within the DATA Act Broker.

Files A, B and C are the only three files where the data that comprises the files is wholly maintained within the purview of DoD systems, and the only three files within which the data can be validated and updated as part of the quarterly DATA Act submission process. The DoD continues to make progress on accuracy of accounting data within the accounting systems. Through the MICP, the DoD continues to improve data awareness in our component level accounting systems. However, even with regular monitoring and improvement of overall data quality, within the limited parameters of the DATA Act process itself, we are only able to improve accuracy. Within the limited parameters of the DATA Act process itself, it is impossible to 'ensure...accuracy' without a clear definition of what percentage of accuracy would be considered sufficient to close this recommendation.

Alternatively, as part of the monitoring control environment addressed in recommendation 2d, we will document data improvements and control activities by monitoring of the overall DATA Act extraction and reporting process to retain quality alignment across changing environments, monitor and assess the quality of performance over time, and document corrective actions taken that impact DATA Act data quality. We continue to rely upon the validation and cross-validation of certain individual data elements as part of the DATA Act Broker process as a means for identifying errors and warnings related to data elements being reported.

Estimated completion date: Not applicable. Without a clear indication of what percentage of accuracy would be considered sufficient to close this recommendation, the recommendation to 'ensure...accuracy', is not considered valid or achievable within the limited parameters of the DATA Act process itself.

Acronyms and Abbreviations

CFO	Chief Financial Officer
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
FPDS-NG	Federal Procurement Data System-Next Generation
OIG	Office of Inspector General
OMB	Office of Management And Budget
OUS(D)	Office of the Under Secretary of Defense (Comptroller)
SAO	Senior Accountable Official
USD(C)	Under Secretary of Defense (Comptroller)

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 the 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 No. A-11.

Prime Awardee. The recipient of an award.

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

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

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