U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416

DATE: November 8, 2021

TO: Isabella Casillas Guzman
Administrator

FROM: Hannibal "Mike" Ware
Inspector General

SUBJECT: Independent Auditors' Report on SBA's Compliance with DATA Act Reporting (Report 22-04)

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires an annual performance audit of financial data and adherence to government financial data standards. The attached independent auditors' report presents the findings about the agency's reporting required under the DATA Act.

We contracted with the independent certified public accounting firm KPMG LLP to conduct the annual audit. The objectives of the engagement were to assess the following:

- The completeness, accuracy, timeliness, and quality of the Small Business Administration's (SBA's) fiscal year (FY) 2020 fourth-quarter financial and award data, as submitted to and published by USASpending.gov; and
- SBA's implementation and use of the government-wide financial data standards, as established by the Office of Management and Budget and the U.S. Department of the Treasury.

The attached independent auditors' report presents KPMG's findings on the agency's reporting required under the DATA Act. SBA met the government-wide financial data standards, and the data submission was of higher quality. The agency has made progress since the 2019 audit increasing the availability, accuracy, and usefulness of federal spending information.

However, SBA did not submit certain data completely, accurately, or on time. In addition, SBA needs to improve the completeness and accuracy of DATA Act reporting.

We reviewed a copy of KPMG's report and related documentation. Our review was not intended to enable us to express—and we do not express—an opinion on SBA's FY 2020, fourth-quarter DATA Act reporting or KPMG's conclusions about the effectiveness of internal controls.

Our review did not find any instances in which KPMG did not comply, in all material respects, with the U.S. Government Accountability Office's Government Auditing Standards, as issued by the Comptroller General of the United States.

KPMG conducted the engagement in accordance with consulting services standards established by the American Institute of Certified Public Accountants, the standards applicable to performance audits contained in the Government Auditing Standards, and the Council of the Inspectors General on Integrity and Efficiency Guidance for DATA Act Performance Audits.

We have also provided a draft of KPMG's report to SBA's Acting Chief Financial Officer and the Associate Administrators for Disaster Assistance and Capital Access, who concurred with its findings and recommendations and agreed to implement the recommendations. We have included agency comments in Appendix II of the report.

cc: Antwaun Griffin, Chief of Staff
Arthur Plews, Deputy Chief of Staff
Jason Bossie, Acting Associate Administrator, Office of Performance, Planning, and the Chief Financial Officer
Erica Gaddy, Deputy Chief Financial Officer
James Rivera, Associate Administrator, Disaster Assistance
Patrick Kelly, Associate Administrator, Capital Access
John Miller, Deputy Associate Administrator, Capital Access
Blake Hoing, Acting Chief Data Officer
Tony Paul, Acting Director, Office of Financial Systems, Innovation, and Data Transparency
Peggy Delinois Hamilton, General Counsel
Michael Simmons, Attorney Advisor, Office of General Counsel
Tonia Butler, Director, Office of Internal Controls
Rafaela Monchek, Director, Office of Continuous Operations and Risk Management

Performance Audit of the U.S. Small Business Administration's Digital Accountability and Transparency Act of 2014 (DATA Act) Fiscal Year 2020, Fourth Quarter Financial and Award Data

Prepared for: U.S. Small Business Administration, Office of the Inspector General

As of Date: November 8, 2021

KPMG LLP
1801 K Street NW, Suite 12000
Washington, DC 20006

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KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Inspector General
Acting Chief Financial Officer
Senior Accountable Official
U.S. Small Business Administration

This report presents the results of our work conducted to address the performance audit objectives related to the U.S. Small Business Administration's (SBA's) implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act). Our work was performed during from May 7, 2021 to November 8, 2021, and our results are as of November 8, 2021.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. 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.

In addition to GAGAS, we conducted this performance audit in accordance with consulting services standards established by the American Institute of Certified Public Accountants (AICPA). This performance audit did not constitute an audit of financial statements or an attestation level report as defined under GAGAS and the AICPA standards for attestation engagements.

The audit objectives of our work were to assess the:[1]

1) Completeness, accuracy, timeliness, and quality of SBA's fiscal year (FY) 2020, fourth quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov,[2] and

2) SBA's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and U.S. Department of the Treasury (Treasury).

For objective 1, we determined SBA submitted data of a higher quality. However, SBA did not submit certain data completely, accurately, or timely. Overall, for the 385 sampled obligation transactions, we tested 15,470 individual data elements and identified 2,340 errors, which resulted in the following projected error rates: completeness 0.00%,[3] accuracy 6.75%,[4] and timeliness 8.27%.[5] As a result of other procedures completed, we noted certain inappropriate linkages between the financial and award data files submitted which also affect completeness and accuracy.

[1] The Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance under the DATA Act (the Guide) dated (dated December 4, 2020) (Guide) provides guidance regarding the fieldwork and reporting related to these performance audit objectives.

[2] The scope period selected for the audit was in accordance with the guidance in Section 120.02 of the Guide.

[3] Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 0.00% and 5.00%.

[4] Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 4.24% and 9.26%.

[5] Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 5.52% and 11.02%.

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the KPMG global organization of independent member firms affiliated with
KPMG International Limited, a private English company limited by guarantee.

For Objective 2, we determined that SBA implemented and used the Government-wide financial data standards established by OMB and Treasury under the DATA Act for Files A, B, and C.

KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

SBA's response to the findings identified in our performance audit report is presented in Appendix II. The SBA's response was not subjected to the auditing procedures applied in the performance audit and, accordingly, we are unable to determine if management's response provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended solely for the use of the SBA and Inspector General, Government Accountability Office (GAO), OMB, and relevant congressional committees and is not intended to be, and should not be, relied upon by anyone other than these specified parties.

KPMG LLP

I. BACKGROUND

The DATA Act was enacted to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The DATA Act, in part, requires Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. In May 2015, OMB and Treasury published 57 data definition standards for DATA Act reporting. The standards are intended to help taxpayers and policy makers understand how Federal agencies spend taxpayer dollars, and improve agencies' spending oversight and data-centric decision-making.

In April 2020, OMB issued M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), which made changes to DATA Act reporting as follows:

- Agencies that received COVID-19 supplemental relief funding must submit DATA Act Files A, B, and C on a monthly basis starting with the June 2020 reporting period.
- The monthly submissions must also include a cumulative total of outlays for each award in File C funded from COVID-19 supplemental relief funds.

As a result of this guidance, two additional data elements were required to be tested under the DATA Act. There are now 59 applicable data elements to be tested for all agencies.

In addition to the agency reporting requirements, the DATA Act requires the Inspector General of each Federal agency to audit a statistical sample of the spending data submitted by its Federal agency and to submit to Congress a publicly available report assessing the completeness, timeliness, accuracy, and quality of the data sampled, as well as the implementation and use of the Government-wide financial data standards by the Federal agency.

A Treasury-assigned broker system collects agency data, validates the data, and allows the agency to submit the data for publication on USAspending.gov. The broker collects agency data through uploads and extractions, as specified by DATA Act Information Model Schema (DAIMS) requirements.

Agencies submit the following files, extracted from their financial systems, directly to Treasury's DATA Act broker in accordance with the DAIMS Reporting Submission Specification (RSS):

- File A: Appropriations Account contains appropriation summary level data aligned to the agency's quarterly SF 133, Report on Budget Execution and Budgetary Resources.
- File B: Object Class and Program Activity includes obligation and outlay information at the program activity and object class level.
- File C: Award Financial reports the obligations at the award and object class level.

Files A, B, and C are linked through the appropriations account, obligation amount, unobligated balance, and outlay data elements. Further, Files B and C are linked through the object class and program activity data elements.

The broker extracts data for the following files from external feeder systems as reflected in the DAIMS Interface Definition Document (IDD):

- File D1: Award (Procurement) reports award and awardee attributes for procurement data extracted from the Federal Procurement Data System – Next Generation (FPDS-NG). This

information is linked to the financial information in File C using a unique procurement instrument identifier.

- File D2: Award (Financial Assistance) reports award and awardee attributes for financial assistance data extracted from the Financial Assistance Broker Submission (FABS). This information is linked to the financial information in File C using a unique Federal award identification number or unique record identifier.

- File E: Additional Awardee Attributes includes the additional prime awardee attributes pulled from the System for Award Management (SAM).

- File F: Sub-Award Attributes includes sub-award attributes pulled from the FFATA Sub-Award Reporting System (FSRS).

The broker validates and cross-validates the files against the DAIMS requirements and generates fatal errors or a Warnings Report for each file. All fatal errors must be resolved before the broker can accept the submission from SBA. The presence of warnings other than fatal errors does not prevent submission of Files A, B, and C to the broker. The Senior Accountable Official (SAO), or designee, for each Federal agency is required to certify these seven data files for its agency's financial and award data quarterly to be published on USASpending.gov.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

We conducted a performance audit to assess the:

1) Completeness, accuracy, timeliness, and quality of SBA's FY 2020, fourth quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov, and

2) SBA's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Scope

The performance audit covered FY 2020, fourth quarter spending data that SBA submitted for publication on USASpending.gov, and the procedures, certifications, documentation, and controls it used for this submission.

We conducted this performance audit in accordance with consulting services standards established by the AICPA and the standards applicable to performance audits contained in GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not evaluate Files E: Additional Awardee Attributes, and F: Sub-Award Attributes. File E contains information extracted from the SAM from the DATA Act broker system. File F contains information extracted by the broker from the FSRS. The prime awardee is responsible for reporting sub-award and executive compensation information in SAM and FSRS. Further, per OMB Circular No. A-123 Appendix A, Management of Reporting and Data Integrity Risk, it is optional for Inspector Generals to assess Files E and F as the quality of this data is the legal responsibility of the recipient

and agencies are not responsible for certifying the quality of data reported by awardees. As such, we did not assess the completeness, timeliness, quality, and accuracy of the data extracted from SAM and FSRS via the DATA Act broker system.

CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act. Specifically, the first Inspector General reports were due to Congress in November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the Inspector Generals provided Congress with their first required reports by November 8, 2017, one year after the statutory due date, with two subsequent reports to be submitted following on a two-year cycle. This is the third and final report required under the DATA Act. 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.[6]

Methodology

To achieve the performance audit objectives, we:

- Obtained an understanding of any regulatory criteria related to SBA's responsibilities to report financial and award data under the DATA Act;
- Reviewed SBA's Data Quality Plan;
- Assessed the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to Treasury's DATA Act broker, in order to assess audit risk and design audit procedures;
- Reviewed and reconciled the FY 2020, fourth quarter summary-level data submitted by SBA for publication on USASpending.gov;
- Reviewed a statistical sample from FY 2020, fourth quarter financial and award data submitted by SBA for publication on USASpending.gov;
- Assessed the completeness, accuracy, timeliness, and quality of the financial and award data sampled; and
- Assessed SBA's implementation and use of the 59 data elements/standards established by OMB and Treasury.

The Guide, dated December 4, 2020, provides guidance regarding the fieldwork and reporting related to the performance audit objectives. We selected our sample of spending data in accordance with the Guide, which requires the expected error rate to be determined based on the results of the November 2019 and subsequent testing of DATA Act information (as applicable).

[6] Appendix I to the Guide.

Due to the elevated risk caused by significant changes in SBA's programs and operations during fiscal year 2020, we assumed an expected error rate of 50 percent. Additionally, the Guide recommends a sample size based on a desired sampling precision of 5% at a 95% confidence level, with a maximum sample size of 385 records.[7] Given these assumptions, the required sample size to achieve a sampling precision of 5% at a 95% confidence level would have been greater than 385. Therefore, we selected a simple random sample of 385 records using the File C population, which consisted of 3,208,065 records, 552 procurement instrument identifier numbers (PIIDs), and 3,207,513 financial assistance identifier numbers (FAINs). Our statistical sample consisted of 0 PIIDs and 385 FAINs.

III. RESULTS AND CONCLUSIONS

For Objective 1, we determined that SBA submitted data of a higher quality in accordance with the assessment criteria in the Guide.[8] However, SBA did not submit certain data completely, accurately, or timely. Overall, for the 385 sampled transactions, we tested 15,470 individual data elements and identified 2,340 errors, which resulted in the following projected error rates: completeness 0.00%,[9] accuracy 6.75%,[10] and timeliness 8.27%.[11] In addition, we noted certain inappropriate linkages between the financial and award data files submitted which also affect completeness and accuracy. As a result, we identified certain internal control deficiencies relevant to the audit objectives and proposed eight recommendations. Section IV contains details of our findings, identified internal control deficiencies, and related recommendations.

For Objective 2, we determined that SBA implemented and used the Government-wide financial data standards established by OMB and Treasury under the DATA Act for Files A, B, and C.

IV. FINDINGS

Objective 1 – Assessment of DATA Act Submission

Completeness and Timeliness of the Agency Submission

Submission was Timely, but not Complete

We evaluated SBA's DATA Act submission to Treasury's DATA Act broker and determined that the submission was timely. The FY 2020, fourth quarter monthly DATA Act reporting submission dates were August 20, 2020 (July), September 21, 2020 (August), and October 20, 2020 (September). We also noted that the SAO certified the data submissions timely. To be considered timely, the DATA Act submission had to be submitted by the end of the following month and had to be certified by the SAO within 45 days of the end of the corresponding quarter. However, we determined that the submission was not complete. To be considered a complete submission, we evaluated Files A, B, and C to determine that all transactions and events that should have been recorded were recorded in the proper period. We identified certain completeness errors as described in the "Completeness of Summary-Level Data for Files A and B," "Record-Level Data and Linkages for File C to Files B, D1, and D2," and "Supplemental Analysis of the Results by Data Elements" sections of this report.

[7] Section 720 of the Guide.
[8] Section 820 of the Guide.
[9] Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 0.00% and 5.00%.
[10] Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 4.24% and 9.26%.
[11] Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 5.52% and 11.02%.

Completeness of Summary-level Data for Files A and B

We performed summary-level data reconciliations and linkages for File A and File B and identified one variance. The test results verified that (1) summary-level data from File A matched the agency's Government-wide Treasury Account Symbol (GTAS) SF-133; (2) the totals and Treasury Account Symbol (TAS) identified in File A matched File B except for one TAS; and (3) all object class codes from File B, match codes defined in Section 83 of OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget.

Record-level Data and Linkages for File C to Files B, D1, and D2

We tested the linkages between File C to File B by matching TAS, object class, and program activity and the linkages between File C to Files D1 and D2 by matching the Award ID. We identified, as supported by the Warnings Reports:

- 25 TAS, object class, program activity code, and disaster emergency fund code (DEFC) combinations in File C that were not reported equal to or less than the same combination in File B
- 11 records in File C for which the obligation did not equal the federal action obligation in File D1
- 22 records in File C that were not reported in File D1
- 171 records in File C that were not reported in File D2

Based on our test results, all of the TAS, object class, and program activity data elements from File C existed in File B. However, inappropriate linkages between File C and Files D1 and D2 were identified and supported by the Warnings Reports. SBA reviews the Warnings Reports and researches the issues, and where applicable, determines corrective actions for those warnings requiring resolution. We determined the variances would not have a significant impact on the overall quality of the DATA Act submission and did not impact the suitability of File C for testing.

The inappropriate linkages were caused by timing differences between when award actions occurred within SBA's source systems.

COVID-19 Outlay Testing – Non-statistical Sample and Linkages for Files C and D

We selected a non-statistical sample of 58 records out of 15,019,143 File C outlay records from the third month of the FY 2020, fourth quarter DATA Act submission, using the guidance in GAO's Financial Audit Manual (FAM) for transaction-based compliance samples.[12] Our testing included assessing the parent award identification (ID) number, PIID/FAIN, object class, appropriations account, program activity, outlay, and DEFC File C data elements for completeness, accuracy, and timeliness. Based on our testing, we found that the File C outlays for our sample of 58 records were 100% complete, 100% accurate, and 100% timely. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Statistical Record-Level Data Sample Testing

We selected a sample of 385 records from a universe of 3,208,065 records and tested 15,470 data element attributes to assess the completeness, accuracy, and timeliness. We noted that out of the

[12] Part 460.02 of FAM

15,470 data element attributes tested, 0 had completeness errors, 1,041 had accuracy errors, and 1,299 had timeliness errors.

- **Completeness of the Data Elements**[13]

The projected error rate for the completeness of the data elements is **0.00%.** Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 0.00% and 5.00%. A data element was considered complete if the required data element that should have been reported was reported.

- **Accuracy of the Data Elements**[13]

The projected error rate for the accuracy of the data elements is **6.75%.** Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 4.24% and 9.26%. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS RSS, IDD, and the DATA Act Online Data Dictionary, and agree with the original award documentation/contract file.

- **Timeliness of the Data Elements**[13]

The projected error rate for the timeliness of the data elements is **8.27%.** Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 5.52% and 11.02%. The timeliness of data elements was based on the reporting schedules defined by the financial, procurement and financial assistance requirements (FFATA, Federal Acquisition Regulation, FPDS-NG, FABS, and DAIMS).

<u>Supplemental Analysis of the Results by Data Elements</u>

— **Data Element Analysis**

The following provides the testing results by data element in descending order by accuracy attribute error rate percentage for the statistical sample. The error rate percentage is calculated by dividing total errors (per data element) by total number of applicable data elements samples tested for each attribute.

SBA's Results Listed in Descending Order by Accuracy Error Rate Percentage				
Completeness (C), Accuracy (A), Timeliness (T)				
		Error Rate		
DAIMS Element No.	**Data Element Name**	**C**	**A**	**T**
36	Action Type	0.00%	64.94%	8.05%
37	Business Types	0.00%	43.12%	8.05%
26	Period of Performance Start Date	0.00%	25.00%	11.84%
27	Period of Performance Current End Date	0.00%	25.00%	11.84%
25	Action Date	0.00%	23.64%	8.05%
1	Awardee/ Recipient Legal Entity Name	0.00%	11.69%	8.05%
31	Primary Place of Performance Congressional District	0.00%	5.45%	8.05%

[13] The error rate percentage is a weighted average, calculated by taking the average rates of error by record, averaged over the total number of sample items tested.

SBA's Results Listed in Descending Order by Accuracy Error Rate Percentage				
Completeness (C), Accuracy (A), Timeliness (T)				
		Error Rate		
DAIMS Element No.	Data Element Name	C	A	T
6	Legal Entity Congressional District	0.00%	5.45%	8.05%
53	Obligation	0.00%	3.12%	8.05%
13	Federal Action Obligation	0.00%	2.86%	8.05%
30	Primary Place of Performance Address	0.00%	2.86%	8.05%
5	Legal Entity Address	0.00%	2.86%	8.05%
11	Amount of Award	0.00%	2.60%	8.05%
16	Award Type	0.00%	2.60%	8.05%
19	CFDA Number	0.00%	2.60%	8.05%
20	CFDA Title	0.00%	2.60%	8.05%
22	Award Description	0.00%	2.60%	8.05%
23	Award Modification / Amendment Number	0.00%	2.60%	8.05%
32	Primary Place of Performance Country Code	0.00%	2.60%	8.05%
33	Primary Place of Performance Country Name	0.00%	2.60%	8.05%
34	Award ID Number (FAIN – Files C/D2)	0.00%	2.60%	8.05%
35	Record Type	0.00%	2.60%	8.05%
38	Funding Agency Name	0.00%	2.60%	8.05%
39	Funding Agency Code	0.00%	2.60%	8.05%
40	Funding Sub Tier Agency Name	0.00%	2.60%	8.05%
41	Funding Sub Tier Agency Code	0.00%	2.60%	8.05%
42	Funding Office Name	0.00%	2.60%	8.05%
43	Funding Office Code	0.00%	2.60%	8.05%
430	Disaster Emergency Fund Code	0.00%	2.60%	8.05%
44	Awarding Agency Name	0.00%	2.60%	8.05%
45	Awarding Agency Code	0.00%	2.60%	8.05%
46	Awarding Sub Tier Agency Name	0.00%	2.60%	8.05%
47	Awarding Sub Tier Agency Code	0.00%	2.60%	8.05%
48	Awarding Office Name	0.00%	2.60%	8.05%
49	Awarding Office Code	0.00%	2.60%	8.31%
50	Object Class	0.00%	2.60%	8.05%
51	Appropriations Account	0.00%	2.60%	8.05%
56	Program Activity	0.00%	2.60%	8.05%
7	Legal Entity Country Code	0.00%	2.60%	8.05%
8	Legal Entity Country Name	0.00%	2.60%	8.05%
12	Non-Federal Funding Amount	0.00%	0.00%	11.92%

The following provides the comparative testing results by data element in descending order by accuracy attribute error rate percentage from the FY 2019 and FY 2021 audit results.[14] The information is being provided for illustrative purposes only and may not necessarily be indicative of actual percentage change based on differences in testing procedures such as population size, sample

[14] Per Appendix 9 to the Guide, only the comparative results for the accuracy error rates are presented.

methodology, quarter tested, file tested, and changes to data definition standards. The error rate percentage is calculated by dividing total errors (per data element) by total number of applicable data elements samples tested for each attribute.

SBA's Comparative Results for Data Elements				
Based on Accuracy Error Rate in Descending Order				
		Error Rate		
DAIMS Element No.	Data Element Name	2021	2019	Change
36	Action Type	64.94%	2.08%	62.86%
37	Business Types	43.12%	10.18%	32.93%
26	Period of Performance Start Date	25.00%	0.00%	25.00%
27	Period of Performance Current End Date	25.00%	0.00%	25.00%
25	Action Date	23.64%	2.34%	21.30%
1	Awardee/ Recipient Legal Entity Name	11.69%	2.08%	9.61%
31	Primary Place of Performance Congressional District	5.45%	2.60%	2.86%
6	Legal Entity Congressional District	5.45%	2.34%	3.12%
53	Obligation	3.12%	2.34%	0.78%
13	Federal Action Obligation	2.86%	2.34%	0.52%
30	Primary Place of Performance Address	2.86%	2.86%	0.00%
5	Legal Entity Address	2.86%	2.34%	0.52%
11	Amount of Award	2.60%	0.00%	2.60%
16	Award Type	2.60%	2.08%	0.52%
19	CFDA Number	2.60%	2.09%	0.51%
20	CFDA Title	2.60%	2.09%	0.51%
22	Award Description	2.60%	2.08%	0.52%
23	Award Modification / Amendment Number	2.60%	2.08%	0.52%
32	Primary Place of Performance Country Code	2.60%	2.08%	0.52%
33	Primary Place of Performance Country Name	2.60%	2.08%	0.52%
34	Award ID Number (PIID/FAIN – Files D1/D2)	2.60%	2.08%	0.52%
34	Award ID Number (PIID/FAIN – File C)	2.60%	1.56%	1.04%
35	Record Type	2.60%	2.09%	0.51%
38	Funding Agency Name	2.60%	2.08%	0.52%
39	Funding Agency Code	2.60%	2.08%	0.52%
40	Funding Sub Tier Agency Name	2.60%	2.08%	0.52%
41	Funding Sub Tier Agency Code	2.60%	2.08%	0.52%
42	Funding Office Name	2.60%	2.34%	0.26%
43	Funding Office Code	2.60%	2.34%	0.26%
430	Disaster Emergency Fund Code	2.60%	N/A	N/A
44	Awarding Agency Name	2.60%	2.08%	0.52%
45	Awarding Agency Code	2.60%	2.08%	0.52%
46	Awarding Sub Tier Agency Name	2.60%	2.08%	0.52%
47	Awarding Sub Tier Agency Code	2.60%	2.08%	0.52%
48	Awarding Office Name	2.60%	2.34%	0.26%
49	Awarding Office Code	2.60%	2.34%	0.26%
50	Object Class	2.60%	1.56%	1.04%

SBA's Comparative Results for Data Elements				
Based on Accuracy Error Rate in Descending Order				
		Error Rate		
DAIMS Element No.	Data Element Name	2021	2019	Change
51	Appropriations Account	2.60%	1.56%	1.04%
56	Program Activity	2.60%	N/A	N/A
7	Legal Entity Country Code	2.60%	2.08%	0.52%
8	Legal Entity Country Name	2.60%	2.08%	0.52%
12	Non-Federal Funding Amount	0.00%	0.00%	0.00%
2	Awardee/ Recipient Unique Identifier	N/A	0.00%	N/A
3	Ultimate Parent Unique Identifier	N/A	0.00%	N/A
4	Ultimate Parent Legal Entity Name	N/A	0.00%	N/A
14	Current Total Value of Award	N/A	2.34%	N/A
15	Potential Total Value of Award	N/A	0.00%	N/A
17	NAICS Code	N/A	0.00%	N/A
18	NAICS Description	N/A	0.00%	N/A
24	Parent Award ID Number	N/A	0.00%	N/A
28	Period of Performance Potential End Date	N/A	0.00%	N/A
29	Ordering Period End Date	N/A	0.00%	N/A

— Accuracy of Dollar-value Related Data Elements

The table below summarizes the accuracy of dollar-value related data elements. The absolute value of the error is calculated as the absolute value of the amount that was reported less the amount that should have been reported. If applicable, these data elements may be related to either File C or File D2 and include federal action obligation, current total value of award, potential total value of award, obligation, non-federal funding amount, and amount of award. Note that the amounts reflected are not projectable because the statistical sample test was performed on attributes and not monetary amounts.

PIID/ FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
FAIN	DE 11 Amount of Award	375	10	0	385	2.60%	513,524
FAIN	DE 12 Non-Federal Funding Amount	151	0	234	151	0.00%	0
FAIN	DE 13 Federal Action Obligation	374	11	0	385	2.86%	519,424
FAIN	DE 53 Obligation	373	12	0	385	3.12%	519,560

— Analysis of Errors in Data Elements Not Attributable to SBA

We identified the following errors as third-party error, which is not attributable to SBA. This error was included in the error rate calculations and considered in the overall quality determination as specified in the CIGIE guide. If the data element was incomplete, then it was also considered inaccurate and untimely, resulting in an exception across all three attributes. The FABS portal required SBA to report

the action type data element with a value of 'C' (Revision) for a new award transaction. In accordance with DAIMS, the action type data element should be reported as a Revision when there is any change in the government's financial obligation or the contingent liability in existing assistance transaction amount of the change in funding; or any change in the recipient name, recipient address, project period or project scope. SBA noted that this was not the circumstance for the award transactions noted with errors but rather that other data elements were updated and being resubmitted to FABS. Regardless, the FABS broker system reporting process required these transactions to be coded as Revision.

FAIN/ PIID	DAIMS Element No.	Data Element Name	Attributed to
FAIN	36	Action Type	Treasury DATA Act Broker extracts from FABS.

Overall Determination of Quality

In accordance with the Guide, the assessment of overall quality of data was not a projected measurement but was derived using a combination of statistical and non-statistical methods. We combined the results of the statistical sample with the results on the non-statistical testing in a quality scorecard developed by CIGIE. The scorecard was formatted to calculate quality based on weighted scores of both statistical sampling results and non-statistical testing results. For the quality scorecard, statistical testing results are valued at 60 points and non-statistical testing results are valued at 40 points, for a total of 100 points. The statistical sampling result is valued slightly higher because the DATA Act requires a statistical sample of data submitted and statistical results provide stakeholders with insight on that data. The Guide provides the following table defining the range of scores in determining the quality of the data submissions:

Range	Quality Level
00–69.999	Lower
70–84.999	Moderate
85–94.999	Higher
95–100	Excellent

Based on test work results of our statistical and non-statistical testing for SBA's DATA Act audit for FY 2020, fourth quarter, SBA scored 94.87 points, which is a quality rating of Higher.

Objective 2 – Assessment of Implementation and Use of the Data Standards

We have evaluated SBA's implementation and use of the Government-wide financial data standards for award and spending information as developed by OMB and Treasury. SBA has implemented and consistently used those data standards for Files A, B, and C, as defined by OMB and Treasury.

A. DEFICIENCIES IN INTERNAL CONTROL

In planning and performing our audit of SBA's FY 2020, fourth quarter financial and award data submission, we considered internal controls that were relevant to our audit objectives by obtaining an understanding of those controls, and assessing control risk for the purposes of achieving our objectives.

The objective of our audit was not to provide assurance on the internal controls; therefore, we do not express an opinion on the internal controls as a whole. Our consideration of SBA's internal controls relevant to our audit objectives would not necessarily disclose all deficiencies that might be significant

within the context of the audit objectives. Because of the inherent limitations on internal controls, noncompliance may nevertheless occur and not be detected. To assess the effectiveness of SBA's internal controls over source systems related to the extraction of data related to Files A, B, and C, we conducted interviews; reviewed supporting documentation related to SBA's internal control testing required by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk and Internal Control*; and reviewed assurances related to SBA's financial management systems. To assess the effectiveness of SBA's internal controls over its DATA Act submission, we evaluated controls related to SBA's data submission process, including SBA's process for validating the data and resolving warnings. We also reviewed the SAO's assurance over the data submitted and supporting documentation such as assurances from the financial assistance awarding offices of the completeness, accuracy, and timeliness of reported data.

As a result of our assessment over internal controls relevant to the audit objectives and our statistical sampling test work, we identified the following deficiencies in internal control:

1. Due to the immediate increase in the number of new lenders, there was a lack of a plan to adequately train, onboard, and monitor the performance of lenders executing their responsibilities in the Paycheck Protection Program (PPP) loan origination and servicing process.
2. A sufficient review was not performed to ensure approved transactions were recorded timely within the award system to allow timely reporting within the financial system.
3. There was not sufficient documentary evidence available to support when an entity's address was changed in the awarding system or a change in obligation caused by a payment that was remitted back to SBA.
4. There was not an adequate review of the source of the Awardee/Recipient Legal Entity Name data element mapping to ensure the correct data field from the application was reported.
5. There were insufficient validation controls in place to ensure the accuracy of the Legal Entity Congressional District and Primary Place of Performance Congressional District data elements.
6. There were not a consistent and accurate set of rules established and implemented to classify business recipients for the Business Types data element.
7. The incorrect Action Type was required by the FABS portal on the DATA Act broker site for transactions that were resubmitted to update reported data elements.
8. The inappropriate linkages between submission files and inaccuracies in the Action Date data element were caused by timing differences between when actions occurred within the awarding systems and the financial systems.
9. There was an inadequate review of the File B to File C reconciliation to ensure it was updated and all variances were identified.

B. RECOMMENDATIONS

We recommend the Administrator coordinate with the Associate Administrator for the Office of Capital Access to:

1. Develop and enforce a plan to monitor lenders' execution of their responsibilities in the loan origination and servicing process, including accurate and timely 1502 reporting, on an ongoing basis.

We recommend the Administrator coordinate with the Associate Administrator for the Office of Disaster Assistance to:

2. Enforce that documentation is maintained to evidence changes to a loan and ensure that awarding actions are entered into the source systems in a timely manner.

We recommend the Administrator coordinate with the Acting Chief Financial Officer to:

3. Update the source of the Awardee/Recipient Legal Entity Name data element mapping to be the business legal name field from the application for Emergency EIDL grants and EIDLs.
4. Implement validation controls to verify the accuracy of the Legal Entity Congressional District and Primary Place of Performance Congressional District data elements.
5. In conjunction with relevant program offices, establish and implement a consistent and accurate set of rules to classify the Business Types data element in accordance with DAIMS and the appropriate business size and type criteria.
6. Provide notification to Treasury's DATA Act Broker Program Management Office of the Action Type element that was reported incorrectly due to the reporting process in place for resubmissions of transactions.
7. Prior to the end of the reporting period, perform a review of all cross-check warnings on the submission files and identify action plans for remediation in the current or subsequent periods.
8. Implement a sufficient review of the reconciliation between File B and File C to ensure all variances are researched and necessary corrections are made to the submission prior to the SAO's certification.

APPENDIX I

List of Acronyms and Short References

Acronym	Definition
AICPA	American Institute of Certified Public Accountants
Award ID	Award Identification
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DQP	Data Quality Plan
FABS	Financial Assistance Broker Submission
FAIN	Financial Assistance Identifier Number
FAM	Financial Audit Manual
FAR	Federal Acquisition Regulation
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System – Next Generation
FSRS	FFATA Sub-award Reporting System
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GTAS	Government-wide Treasury Account Symbol
IDD	Interface Definition Document
IG	Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier Number
RSS	Reporting Submission Specification
SAM	System for Award Management
SAO	Senior Accountable Official
TAS	Treasury Account Symbol
URI	Unique Record Identifiers

APPENDIX II

Management's Response to Report

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

DATE: November 1, 2021

TO: Hannibal M. Ware, Inspector General

FROM: Tony Paul, (Acting) SBA DATA Act Senior Accountable Official

SUBJECT: Performance Audit Report of FY 2020 Q4 SBA DATA Act Submission

The Small Business Administration has received the independent auditor's report and assessment of the Agency's FY 2020 Q4 DATA Act submission, internal controls over reporting of the transactions in the DATA Act files and implementation and use of the Government-wide financial data standards established by the U.S. Office of Management and Budget and U.S. Department of Treasury. The auditor evaluated the Agency's submission regarding completeness, accuracy, timeliness, and quality of the SBA FY 2020 Q4 financial and award data submission.

The FY 2021 DATA Act audit was the second performance audit of an SBA DATA Act submission. In FY 2017, during an attestation audit of the Agency's DATA Act submission, the auditor reported a 32% error rate on a sample size of 375 awards. In FY 2019, the auditor determined that SBA submitted data of a higher quality, with calculated error rates as follows: completeness 0.01%, timeliness 2.03%, and accuracy 2.35%.

Since the FY 2019 audit, SBA has continued to mature its DATA Act reporting processes, by refining the Data Quality Plan, improving controls relating to File A, B, C, D1 and D2 linkages, and creating new internal control reports to evaluate and improve the data quality. SBA continues to review internal DATA Act reconciliation and Treasury Broker submission reports, research any issues, and provide a summary to the Senior Accountable Official prior to the certification of each quarterly DATA Act submission.

Beginning in March of 2020, the SBA played a critical role providing pandemic relief to small businesses through the implementation of several new programs including the Paycheck Protection Program (PPP), EIDL Covid Loans, EIDL Advances, Debt relief payments, and loan deferments. These new programs provided the SBA with trillions of dollars in funding, which resulted in millions of awards per month.

Simultaneously, the SBA implemented additional DATA Act reporting requirements to provide transparency and assurance to the taxpayer. These changes included Disaster Emergency Fund Code (DEFC) reporting and cumulative outlay reporting in addition to an increased reporting cadence. The implementation of new COVID-related programs and modified reporting requirements led to greater obstacles for implementation. For comparison, in FY 2019 Q4, the SBA reported approximately 48,000 data rows to the Data Broker while in FY 2020 Q4, the SBA reported nearly 51 million data

rows, which represents a more than thousand-fold increase in volume. This data represents both our challenges and successes in reporting on such a large scale.

In the FY 2021 DATA Act audit, the auditor determined that the SBA submitted data of a higher quality, with an overall quality score of 94.87. Scores between 85 and 94.999 are considered "higher," while 95 and above is considered "Excellent" under the Council of the Inspectors General on Integrity and Efficiency (CIGIE)/Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance under the DATA Act.

As required under the CIGIE guide, the auditor included errors not attributable to the SBA in the calculation of the score. The Action Type Data Element error rate of 64.94% is attributable to this category, which is a definitional issue that the Department Treasury must resolve. The SBA submitted correction records on many FY 2020 Q4 records subject to broker validation rules. In accordance with FABS Broker Rule FABS3.3, the SBA updated its Action Type to "C". However, the DATA Act Information Model Schema (DAIMS) Interface Definition Document (IDD) guidance conflicts with the Treasury's implemented business rule. The Treasury must harmonize their guidance to match their system rules. This adjustment will not require changes to our submissions or their systems. Without these errors, the SBA believes its CIGIE Scorecard quality score would have been 95 or higher, which would place the Agency in the "Excellent" category.

The auditor also assessed relevant internal controls and reported identified deficiencies present during the audited submission period. The SBA concurs with the findings and is evaluating appropriate activities to implement corrective action. The Agency has taken action to address two of the findings, including the definitional issues noted and the reporting of EIDL Advance Legal Entity Names. The SBA will continue to incorporate all recommendations as part of the continuous monitoring of submission quality.

The SBA appreciates your support and those of your colleagues in the Office of the Inspector General, as well as those of the independent auditor. The independent audit process continues to provide us with new insights and valuable recommendations that improve SBA's DATA Act submissions. The Agency remains committed to excellence in reporting the Agency's financial and award data as we strive to increase the availability, accuracy, and usefulness of federal spending information.