



United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL



USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act)—Readiness Review Audit Report 11601-0001-23

OBJECTIVE

Our objective was to gain an understanding of the processes, systems, and controls which USDA implemented, or plans to implement, to report financial and payment data in accordance with the requirements of the DATA Act.

REVIEWED

We reviewed USDA's implementation of the DATA Act as of May 1, 2017.

RECOMMENDS

For future OCFO-led USDA-wide programs or projects, OCFO needs to ensure that it is apprised of agencies' progress as well as impediments to meeting deadlines.

OIG reviewed USDA's efforts to achieve readiness to implement the Digital Accountability and Transparency Act of 2014.

WHAT OIG FOUND

The DATA Act requires each Federal agency to report financial and payment information in accordance with prescribed data standards by May 2017. That information will be published on the public website USASpending.gov for taxpayers and policy makers who track Federal spending.

OIG reviewed USDA's efforts to achieve readiness for this data submission. This is our second report on the Department's readiness for its May submission date. In the first report, we described USDA's effort to complete Steps 1 through 4 of the DATA Act Implementation Playbook. In this report, we describe the work done to complete Steps 5 through 8. A future report will review USDA's compliance with the DATA Act requirements.

Overall, we found USDA addressed all eight steps of the Playbook, including implementing processes, systems, and controls for reporting financial and payment data in accordance with DATA Act requirements. OIG acknowledges USDA's efforts to reach this milestone, especially given the vast amounts and varying types of data it handles.

USDA, however, did not resolve gaps in its data. This occurred, in part, because the Office of the Chief Financial Officer (OCFO) and two agencies did not effectively communicate the agencies' data extraction progress. As a result, OCFO was unaware of some impediments USDA agencies faced as they worked to meet the DATA Act reporting deadline.

Although OCFO generally concurred with the recommendation, we are unable to reach management decision on our recommendation.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: September 28, 2017

AUDIT
NUMBER: 11601-0001-23

TO: Lynn Moaney
Acting Deputy Chief Financial Officer
Office of the Chief Financial Officer

ATTN: Annie Walker
Director
Internal Control Division

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: USDA Implementation of the Digital Accountability and Transparency Act of
2014 (DATA Act) – Readiness Review

This report presents the results of the subject audit. Your written response to the official draft report is included in its entirety at the end of this report. We have incorporated excerpts from your response and the Office of Inspector General's (OIG) position into the relevant sections of the report. Based on your written response, we cannot accept management decision on the recommendation.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendation for which management decisions has not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months from report issuance, and final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

Attachment

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Background and Objectives

Background

The Digital Accountability and Transparency Act of 2014 (DATA Act) amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA) that required the Office of Management and Budget (OMB) to ensure the existence and operation of a single searchable website accessible by the public at no cost to access that includes Federal award information.¹ The Federal award information agencies must make available under FFATA included, but was not limited to, the name of the entity receiving the award; the amount of the award; information on the award, including transaction type, funding agency, program source, and an award title descriptive of the purpose of each funding action; the location of the entity receiving the award; and the primary location of performance under the award.

The purpose of the DATA Act is to (1) expand FFATA by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to Federal programs so taxpayers and policy makers can more effectively track Federal spending; (2) establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that are displayed accurately for taxpayers and policy makers; (3) simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency; (4) improve the quality of data submitted by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and (5) apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal Government.

The DATA Act charges OMB and the Department of the Treasury with issuing guidance on the data standards needed to implement the Act and requires full disclosure of Federal funds on the public website USASpending.gov (or a successor system) no later than May 2017. The DATA Act further requires the Secretary of the Treasury, in consultation with the Director of OMB, to ensure the information is posted to the public website at least quarterly, but monthly when practicable. However, the DATA Act did not provide any additional funding dedicated to its implementation.

To aid in the implementation of the DATA Act, OMB and the Department of the Treasury issued a DATA Act Implementation Playbook (Playbook).² This guidance consisted of an eight-step plan for agencies to follow and included suggested timelines, as shown in the table below.

¹ Digital Accountability and Transparency Act of 2014, Pub. L. No. 113-101; Federal Funding Accountability and Transparency Act of 2006, Pub. L. No. 109-282.

² DATA Act Implementation Playbook, Version 1.0, was issued in June 2015; Version 2.0 was issued in June 2016.

Step	Description	Suggested Timeline
1. Organize Team	Create an agency DATA Act work group, including impacted communities (e.g., Chief Information Officer, Budget, Accounting, etc.), and identify Senior Accountable Official (SAO)	By spring 2015
2. Review Elements	Review list of DATA Act elements and participate in data definitions standardization	By spring 2015
3. Inventory Data	Perform inventory of agency data and associated business processes	February 2015–September 2015
4. Design and Strategize	Plan changes (e.g., adding Award Identification Numbers (Award ID) to financial systems) to systems and business processes to capture data that are complete, multi-level (e.g., summary and award detail), fully-linked data	March 2015–September 2015
5. Prepare Data for Submission to the Broker	Implement system changes and extract data (includes mapping of data from agency schema to the DATA Act Schema, ³ and the validation) iteratively	October 2015–February 2016
6. Test Broker Implementation	Test broker outputs to ensure data are valid iteratively	October 2015–February 2016
7. Update Systems	Implement other system changes iteratively (e.g., establish linkages between program and financial data, capture any new data)	October 2015–February 2017
8. Submit Data	Update and refine process (repeat Steps 5-7 as needed)	March 2016–May 9, 2017 ⁴

The Department of Agriculture (USDA) has appointed the Office of the Chief Financial Officer (OCFO) as the lead for USDA’s DATA Act implementation.

USDA processes a very large amount of data that are subject to DATA Act requirements. According to USDA, for fiscal year 2016, the Department processed Federal financial assistance awards, loans, and procurements valued at \$101.8 billion. The Department manages

³ The DATA Act Schema depicts the relationships between data elements and provides the technical guidance for agencies on what data to report to the Department of the Treasury as well as the submission format to use.

⁴ In order to meet the May 2017 DATA Act statutory deadline to publish data on USASpending.gov, agencies are required to submit and certify their fiscal year 2017, second quarter files to the broker by Apr. 30, 2017.

approximately 750 Treasury account symbols⁵ and more than 530 program activities. The data reside in one of USDA's three general ledgers—the Financial Management Modernization Initiative (FMMI, which is the Department's main general ledger financial system), the Rural Development accounting system, and the Farm Service Agency (FSA) CORE accounting system. Due to the magnitude of the data required for the DATA Act, the Department created a USDA DATA Act repository to store all its DATA Act data. The repository was designed to allow USDA to apply analytics and error checking before the data are submitted to USASpending.gov using the Department of the Treasury's broker.⁶

In addition, as of May 2017, USDA, as a designated Federal Shared Service Provider (FSSP), entered into interagency agreements to submit data to the Department of the Treasury's broker for 13 external clients.⁷ Before USDA uploads client information from the USDA DATA Act repository to the Department of the Treasury's broker,⁸ USDA validates the information against Federal procurement management (File D1) and financial assistance (File D2) systems data that clients are expected to maintain and provide to USDA's DATA Act repository.

Like other Federal agencies, USDA faced challenges to the successful and timely implementation of the DATA Act. USDA cited challenges that included the lack of dedicated funding and incomplete, vague, and delayed guidance for implementation.

Inspector General Reviews of DATA Act Implementation

The DATA Act identifies the improvement of data quality as one of its purposes. Toward that end, it requires that agency Inspectors General (IG) review statistical samples of the data submitted by the agency under the DATA Act and submit to Congress a series of oversight reports on the completeness, timeliness, quality, and accuracy of the data sampled and the use of the data standards by the agency.

⁵ A Treasury account symbol is a code that identifies critical information about each transaction reported. The relevant code is created by putting together the appropriate information for each of several parts (for example, agency identifier, fiscal year, main account number, sub-account number, etc.). According to USDA's Aug. 26, 2016, response to Senator Mark Warner's Apr. 6, 2016, letter regarding the DATA Act, USDA has 133 Treasury main account symbols and, when accounting for multi-year, no-year, and single-year symbols, the Department has approximately 750 symbols.

⁶ The Department of the Treasury developed the broker to translate and validate data from Federal agencies to the USASpending.gov website. The broker is the gateway for the agencies' data to USASpending.gov and also ensures the accuracy of that data. See Figure 1.

⁷ An FSSP is a Federal agency designated by OMB and the Department of the Treasury to provide financial management shared services to other Federal agencies external to itself. USDA's corporate financial management systems include the Financial Management Service (FMS) and Pegasys Financial Services (Pegasys). FMS has the ability to provide shared services to external agencies, but currently serves only internal (USDA) clients. Pegasys currently has 35 clients external to USDA and is the only division currently providing shared services under USDA. Twenty-eight of Pegasys' 35 clients are Federal agencies subject to the DATA Act; however, OMB waived the DATA Act reporting requirements for 2 of those 28 clients. Of the remaining 26 clients subject to DATA Act reporting requirements, 13 contracted with Pegasys prior to May 2017 to provide DATA Act reporting services. See Exhibit B.

⁸ This information includes data from the Appropriations Account (File A), Object Class and Program Activity (File B), and Award Financial (File C) files.

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the DATA Act. That is, the first IG 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, IGs plan to provide Congress with their first required reports in November 2017, a 1-year delay from the statutory due date, with subsequent reports following on a 2-year cycle.⁹ Although CIGIE determined the best course of action was to delay the IG reports, CIGIE encouraged IGs to undertake DATA Act “Readiness Reviews” at their respective agencies well in advance of the first November 2017 report. On December 22, 2015, CIGIE’s chair issued a letter memorializing this strategy for dealing with the IG reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform. Exhibit A contains a copy of this letter.

USDA Office of Inspector General (OIG) DATA Act Readiness Review

We issued an interim report on USDA’s initial implementation of the DATA Act in accordance with Playbook Steps 1 through 4.¹⁰ We reported that, as of August 2016, USDA identified challenges to successful implementation, but it also identified solutions to address those challenges and expected to report DATA Act data by May 2017. At that time, nothing came to our attention to indicate that USDA was not on track to meet the DATA Act requirements, and we made no suggestions or recommendations in the interim report.

This Readiness Review report covers USDA’s implementation of Steps 1 through 8 of the Playbook as of May 1, 2017.

Objectives

Our objective was to gain an understanding of the processes, systems, and controls which USDA implemented, or plans to implement, to report financial and payment data in accordance with the requirements of the DATA Act.

⁹ Our first required audit of USDA’s compliance with the DATA Act, *USDA’s 2017 Compliance with the DATA Act* (Audit 11601-0001-22), is ongoing. The objectives of that audit are to determine compliance with the DATA Act by assessing the (1) completeness, timeliness, quality, and accuracy of USDA’s fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov; and (2) USDA’s implementation and use of the Government-wide financial data standards established by OMB and the Department of the Treasury.

¹⁰ Audit Report 11601-0001-23(1), *USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) – Readiness Review—Interim Report*, Feb. 2017.

Section 1: USDA Readiness to Implement DATA Act

Finding 1: USDA Addressed All Eight Playbook Steps Prior to DATA Act Reporting

Based on our review of the steps USDA took prior to submitting data for the May 2017 DATA Act reporting deadline, we found the Department addressed all eight steps of the Playbook, including implementing processes, systems, and controls for reporting financial and payment data in accordance with DATA Act requirements. The Department should be given credit for its efforts to reach this milestone, especially given the vast amount and varying types of data it handles. However, USDA did not resolve gaps in its data. This occurred, in part, because OCFO and two agencies that did not use the Department’s general ledger did not effectively communicate concerning the agencies’ data extraction progress. As a result, OCFO was unaware of some impediments USDA agencies faced as they worked to meet the DATA Act reporting deadline.

Federal internal control standards define an internal control system as a continuous, built-in component of operations, effected by people, that provides reasonable assurance that an entity’s objectives will be achieved.¹¹ The five components of internal control are: control environment, risk assessments, control activities, information and communication, and monitoring.¹² The overview of the “Information and Communication” component in the standards states, “Management uses quality information to support the internal control system. Effective information and communication are vital for an entity to achieve its objectives. Entity management needs access to relevant and reliable communication related to internal as well as external events.”¹³ Additionally, the standards provide that documentation is a necessary part of an effective internal control system. At a minimum, management develops and maintains documentation of its internal control system and its policies.¹⁴

The DATA Act requires each Federal agency to report financial and payment information in accordance with prescribed data standards and requires publication of that information on USASpending.gov.¹⁵ OMB and the Department of the Treasury required Federal agencies to display fiscal year 2017, second quarter data on USASpending.gov by May 2017.¹⁶

According to USDA, meeting the DATA Act requirements was a challenge since the Department has a complex and unique structure that includes hundreds of Treasury account symbols and three general ledger systems. USDA officials noted that, in addition to this complex structure,

¹¹ GAO-14-704G, “United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government,” Sept. 2014, paragraph OV1.04.

¹² GAO-14-704G, “United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government,” Sept. 2014, paragraph OV2.03.

¹³ GAO-14-704G, “United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government,” Sept. 2014, Information and Communication Overview, page 58.

¹⁴ GAO-14-704G, “United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government,” Sept. 2014, paragraph 3.09, and Appendix I.

¹⁵ Digital Accountability and Transparency Act of 2014, Pub. L. No. 113-101, §§2(1) and 2(2).

¹⁶ 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).

USDA has been affected by a lack of dedicated funding and OMB’s and the Department of the Treasury’s delays in releasing guidance.

OIG’s Review of the Department’s Implementation of the DATA Act Playbook

This is the second report OIG has issued with the objective of gaining an understanding of the processes, systems, and controls which USDA implemented, or plans to implement, to report financial and payment data in accordance with the requirements of the DATA Act. In the first report, issued on February 9, 2017, we reviewed USDA’s initial implementation of DATA Act Playbook Steps 1 through 4.¹⁷ We reported that, although the Department identified challenges that could impede the successful implementation of these steps, it also identified solutions to address those challenges. At that time, nothing came to our attention to indicate USDA was not on track to meet the DATA Act requirements, and we made no suggestions or recommendations. The following table briefly explains USDA’s progress in addressing all 8 Playbook steps.

Step	Description	USDA Accomplishments
1. Organize Team	Create an agency DATA Act work group, including impacted communities (e.g., Chief Information Officer, Budget, Accounting, etc.), and identify SAO	Established working group and designated the Chief Financial Officer as SAO in September 2014
2. Review Elements	Review list of DATA Act elements and participate in data definitions standardization	Identified data definition concerns and communicated them to OMB and the Department of the Treasury
3. Inventory Data	Perform inventory of agency data and associated business processes	Identified source systems, from which to extract data, and gaps in data
4. Design and Strategize	Plan changes (e.g., adding Award Identification Numbers (Award ID) to financial systems) to systems and business processes to capture data that are complete, multi-level (e.g., summary and award detail), fully-linked data	Identified data inventory and mapping activities and worked to resolve gaps ¹⁸

¹⁷ Audit Report 11601-0001-23(1), *USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) - Readiness Review—Interim Report*.

¹⁸ In our interim report, we noted that USDA identified gaps in Step 3. USDA has since resolved the identified program activity gaps through the use of “pseudo codes” (generic program activity categories) and cost allocations. With respect to the Federal Award Identification Number (FAIN) entry gap, the FAIN has been mapped and OCFO is developing a policy for the USDA agencies to input FAIN. Therefore, USDA developed a work-around to address this issue.

Step	Description	USDA Accomplishments
5. Prepare Data for Submission to the Broker	Implement system changes and extract data (includes mapping of data from agency schema to the DATA Act Schema, ¹⁹ and the validation) iteratively	Established processes to extract, transfer, and validate the data
6. Test Broker Implementation	Test broker outputs to ensure data are valid iteratively	Conducted testing prior to April 30, 2017
7. Update Systems	Implement other system changes iteratively (e.g., establish linkages between program and financial data, capture any new data)	Completed updates, with exceptions, and established system for tracking updates
8. Submit Data	Update and refine process (repeat Steps 5-7 as needed)	Established change control processes

As part of our continued review of actions related to Playbook Step 3, we noted USDA has developed a plan of action for a Government-wide issue regarding zip code information. The Department of the Treasury’s broker validates entity information against the United States Postal Service (USPS) nine-digit zip code (or ZIP+4) system. OMB guidance requires USDA and other governmental agencies to validate their award information against information in the Government-wide System for Award Management (SAM) before they submit it.²⁰ However, SAM does not always include a nine-digit zip code, which causes transactions to be rejected by the broker. This problem does not affect USDA only. USDA stated it will hold these records until OMB and the Department of the Treasury determine a way to validate these records.²¹

Also in the interim report with respect to Playbook Step 3, we described gaps in Rural Development agencies and FSA data; the gaps occurred because the data do not reside in FMMI (the Department’s general ledger) and are therefore difficult to extract. Since that time, these gaps have not been closed. The Rural Development agencies and FSA stated that a lack of funding hampered their ability to address this mandated requirement.

We previously reported that OCFO held biweekly meetings with Rural Development agencies and with FSA to address any issues as they arose specific to implementing the DATA Act requirements. We since noted these biweekly meetings occasionally were canceled and, when meetings did occur, they were not always documented to provide sufficient evidence of critical conversations. Despite the scheduled meetings, neither the Rural Development agencies nor FSA could provide documentation to show they had clearly communicated to OCFO the impact

¹⁹ The DATA Act Schema depicts the relationships between data elements and provides the technical guidance for agencies on what data to report to the Department of the Treasury, as well as the submission format to use.

²⁰ 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).

²¹ USDA cited “Treasury Solutions for Legal Entity ZIP Code + 4 Reporting Issue and a Path Forward for Financial Assistance Submissions,” option 2.c.ii, issued Mar. 20, 2017. This document states that, for “Process Exceptions,” agencies may consider “[doing] nothing and wait till a mid-term or better solution is in place, or the [ZIP+4] information in SAM matches USPS; and then re-submit.”

of the lack of funding on their progress to implement the DATA Act. FSA did not inform OCFO until February 23, 2017, that FSA would not meet the reporting deadline. This was the first OCFO learned that FSA was at risk of not meeting the deadline.²² FSA agreed it should have done a better job of notifying OCFO of FSA's DATA Act implementation status. Additionally, it became evident to OCFO for the first time on April 26, 2017—less than 1 week before the reporting deadline—that Rural Development would not meet the reporting deadline.²³

In the future, if other OCFO-led USDA-wide programs or projects are initiated, OCFO should ensure meetings are held regularly and documented thoroughly and that USDA agencies timely report relevant data, including obstacles or risks to the achievement of objectives. OCFO can thus remain current on the agencies' progress in implementing the project.

Following issuance of our February 2017 interim report, we expanded the scope of our review to cover the Department's implementation of all 8 steps of the Playbook through May 1, 2017. Below, this report provides snapshots of how USDA has implemented Steps 5 through 8:

Step 5—Prepare Data for Submission to the Broker—Implement system changes and extract data (includes mapping of data from agency schema to the DATA Act Schema) iteratively.

Implementation of this step involves: (1) reviewing the DATA Act Schema, (2) extracting data from source systems, (3) mapping agency data to the DATA Act Schema, and (4) implementing system changes as needed to collect and link data.

As reported in the USDA DATA Act Implementation Plan, USDA reviewed the DATA Act Schema.

USDA has an automated process to extract the data from procurement and financial grants systems located in FMMI and to transfer the data to the USDA DATA Act repository. Rural Development agencies and FSA, which have separate general ledgers, planned to provide their information to the USDA DATA Act repository through a pre-determined file layout.

USDA has an automated process to validate the data in the repository and planned to upload data from the repository to the broker for publication on USASpending.gov, to include data for its shared service clients. The USDA DATA Act repository's system edit checks were designed to ensure data elements meet defined data standards. Agencies

²² FSA planned to develop an automated reporting process to transmit its reportable DATA Act award and financial accounting data to USDA's repository. In July 2016, FSA provided to OCFO an assurance statement that FSA's implementation of the DATA Act was targeted for production May 5, 2017, provided FSA's Enterprise Data Warehouse was funded sufficiently to support its development and delivery.

²³ Rural Development developed a plan to manually transmit its reportable DATA Act data directly to USDA's repository. Rural Development submitted test files as early as summer 2016, and continued to do so into March 2017, for iterative testing of the data. However, Rural Development did not receive testing results in a timely manner. Additionally, Rural Development did not receive an error report for the test file until after Apr. 30, 2017. As of June 28, 2017, the Rural Development agencies still had not provided the required second quarter data to OCFO, partly because work on the DATA Act submission was stopped when funding ran out in April 2017.

would be alerted of data errors via an automated email from the validation process and will be allowed to submit corrections.

For details on implementing system changes to collect and link data, see Step 6.

Step 6—Test Broker Outputs and Ensure Data Are Valid—Test broker outputs to ensure data are valid iteratively.

This step involves use of the broker to test: (1) completeness and accuracy of data elements the agency plans to submit to the Department of the Treasury, (2) linkages between financial and award data, and (3) mapping to DATA Act Schema and whether data passes basic validations within the schema.

First, we determined that USDA used the broker to test completeness and accuracy of data elements the agency plans to submit to the Department of the Treasury. USDA performed broker testing on September 15, 2016, and October 13, 2016. We reviewed resultant broker error and warning reports that identified formatting errors, data not matched between systems, and missing data. OCFO stated that the move to cloud computing should resolve these issues since the space afforded by cloud computing will support the creation of a complete file in the development system.

Second, we determined that USDA used the broker to test linkages between financial and award data.²⁴ Due to the data gaps previously described with FAIN (see footnote 17), OCFO needs some of the USDA agencies to provide award attributes/data.

²⁴ The FAIN and Procurement Instrument Identifiers (PIID) are unique ID numbers; specifically, they are the keys to linking the financial and award data. FAINs are for financial awards, while PIIDs address the procurement awards. FAIN ties the data in the Award Submission Portal (ASP) to the associated financial data. PIID ties the data in the Federal Procurement Data System (FPDS) to the associated financial data. See Figure 1.

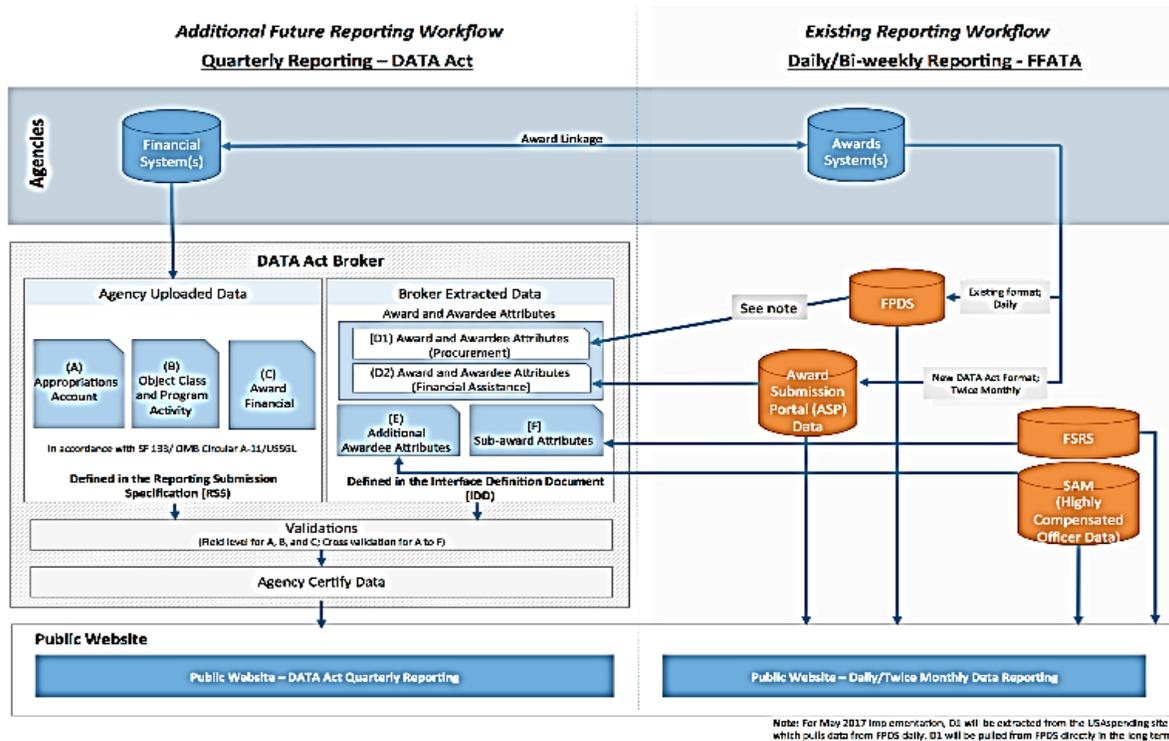


Figure 1: Information Flow (provides an overview of the sources of the data included in the DATA Act Schema and how the data will be submitted to the broker)

Third, USDA used the broker to test mapping of the DATA Act Schema and to determine whether data passes basic validations within the schema. OCFO provided documentation showing USDA’s mapping for award attributes and appropriations data (File A), object class and program activity data (File B), and awards financial data (File C). See Figure 1 above. All USDA DATA Act file submissions will come from the USDA DATA Act repository. We determined OCFO accounted for all required data elements by September 27, 2016.

Step 7—Update Systems—Implement other changes iteratively (e.g., establish linkages between program and financial data, capture any new data).

Details for this step are combined under Step 8.

Step 8—Submit Data—Update and refine process (repeat Steps 5 through 7 as needed).

These steps involve updating the information and systems and then reporting the required data to the broker for posting on USASpending.gov. According to the Playbook, the work on these steps “will occur further down the road” and the Playbook will be updated as the Department of the Treasury concludes work on best practices for data submission.²⁵

²⁵ There have been no updates to the Playbook since Version 2.0 was issued in June 2016.

Since the scope of this Readiness Review stops at May 1, 2017, we did not assess the iterative functions. However, OCFO stated USDA has a system to track required updates from identification through completion. In addition, USDA established change control processes to ensure the reliability and completeness of any new or modified data.

Based on the information provided above, we concluded that USDA took action to implement the DATA Act in accordance with Playbook Steps 1 through 8. The Department identified challenges to successful implementation and believed it had identified viable solutions to address those challenges.

On April 21, 2017, less than two weeks before the May 2017 data publication deadline, USDA contacted OMB and the Department of the Treasury seeking a reporting extension to July 31, 2017. The SAO cited multiple reasons for the extension request, including tornado damage to USDA's National Finance Center (NFC) in New Orleans,²⁶ where the USDA DATA Act repository was being developed; major network connectivity issues; and resource constraints. The SAO additionally explained that the dislocation of NFC employees significantly impacted the collaborative nature of the repository development and slowed USDA's progress. USDA's SAO stated she was not confident that USDA had enough time to complete quality control assurances or allow USDA agencies' Chief Financial Officers sufficient time to review and approve the data to be submitted to the broker. At the Department of the Treasury's urging, USDA determined to provide a partial submission by the deadline and to work aggressively towards a full data submission soon thereafter.²⁷

Like other Federal agencies, USDA faced significant challenges to the successful and timely implementation of the DATA Act. According to USDA, these challenges included the absence of dedicated funding; multiple changes to the Department of the Treasury's broker, which meant repeated changes to the USDA DATA Act repository; and incomplete, vague, and delayed guidance for implementation. For example, on April 26, 2017, the Department of the Treasury notified the agencies of updates to the broker. OCFO officials stated these last minute updates make achieving timely compliance more challenging. Most of these issues are beyond USDA's control and faced other departments and agencies equally. We are therefore making no recommendations to address these issues.

We did note, however, that even though OCFO communicated with the applicable USDA agencies when necessary, regularly scheduled meetings were occasionally canceled and, when they did occur, the agencies did not consistently document the conversations. In the future, if other OCFO-led USDA-wide programs or projects are initiated, OCFO should ensure meetings are held regularly and documented thoroughly. OCFO can thus remain current on the agencies' progress in implementing the project.

²⁶ A tornado struck the building on Feb. 7, 2017, leaving the building standing, but severely damaged, and necessitating implementation of the continuity of operations plan on that date. About 182 employees were deployed to an alternative work site, while approximately another 300 teleworked. The building has since been condemned, business operations returned to New Orleans, and the continuity of operations plan deactivated for the tornado disaster as of June 12, 2017.

²⁷ As of Apr. 21, 2017, OCFO planned to submit all data by July 31, 2017.

We concluded that USDA generally succeeded in implementing the eight steps of the Playbook to prepare for submitting data, and OCFO generally agreed it needs to improve communication for future USDA-wide efforts by revising current processes and requiring more frequent updates.

On April 30, 2017, USDA made a submission to the broker, in accordance with the DATA Act timeline. In a subsequent report, OIG will evaluate how well the submission complied with the requirements of the Act.

Recommendation 1

Develop processes for future OCFO-led USDA-wide programs or projects, to ensure lines of information sharing and communication are maintained, regularly held, and documented to keep OCFO apprised of the status of agency progress in implementing the programs or projects. OCFO should also review with USDA agencies the agencies' responsibilities to report obstacles or risks to the achievement of objectives, and other relevant data, in a timely manner.

Agency Response

In its September 15, 2017, response, OCFO concurred in part with the recommendation. OCFO stated its Transparency and Accountability Reporting Division will establish the following procedures for any future USDA-wide programs or projects the division leads:

1. Issue a memorandum to agency chief financial officers, Under Secretaries, or staff office heads to announce the initiative and provide initial guidance. Additional memoranda will be transmitted to communicate any new requirements or guidance. OCFO's initial memorandum and guidance will be issued within 15 days of the initiative guidance being released.
2. Develop a charter to address who leads the project and whom the stakeholders are. The charter will establish a working group and general guidelines for meetings and deliverables, and address escalation of requests and inquiries to ensure agencies comply with the effort. The charter will be completed within 60 days of the initiatives inception.
3. Develop a project plan to include milestones, assign responsibility for deliverables, and capture delays in due dates as risks. Delays in due dates will be escalated according to procedures in the Charter. The project plan will be completed within 60 days of the initiatives inception and updated as necessary.
4. Develop a communications strategy to ensure the right parties are involved in the initiative at the working and leadership levels to ensure the initiative is on track and on time. Delays and other matters of note shall be communicated to the working group and escalated once delays introduce implementation risks.

These procedures will take effect immediately upon implementation of any new USDA-wide projects administered by OCFO.

OIG Position

We do not accept management decision for this recommendation. While OCFO provided adequate solutions to correct the items identified by OIG, they did not provide a date by which the procedures would be established.

Scope and Methodology

Our audit covers USDA's implementation of the DATA Act through May 1, 2017. We conducted our audit of USDA's implementation of the DATA Act at the OCFO office in Washington, D.C., as well as the OCFO office at the National Finance Center in New Orleans, Louisiana. We also surveyed USDA agencies regarding the DATA Act; no sample was selected. We conducted our audit fieldwork from April 2016 to July 2017.

To accomplish the objectives of the review, we:

- Obtained an understanding of the laws, legislation, and other regulatory criteria (and guidance) related to USDA's responsibilities to report financial and payment information under the DATA Act;
- Identified the agencies within USDA responsible for implementation of the DATA Act;
- Surveyed USDA agencies to obtain a sample of governance activities;
- Conducted interviews with the USDA DATA Act implementation teams responsible for the implementation of the DATA Act, including the SAO and divisions within USDA responsible for providing Federal shared services;
- Interviewed officials with the Rural Development agencies and FSA regarding their efforts related to the implementation of the DATA Act;
- Reviewed USDA's DATA Act implementation efforts and its formal implementation plan;
- Reviewed USDA's analysis of the finalized DATA Act element definitions and USDA's feedback to OMB and the Department of the Treasury regarding the data definitions; and
- Reviewed USDA's analysis of the source systems for the data elements and reviewed solutions for addressing gaps in the data and adding the Award ID to financial systems.

The IGs and Government Accountability Office (GAO) play a vital role ensuring accountability and transparency.²⁸ Because of this ongoing responsibility, we participated in Federal Audit Executive Council (FAEC) DATA Act implementation team meetings. We routinely coordinated our work with GAO, the FAEC DATA Act Working Group, other OIGs that were conducting readiness reviews of their agencies, and our USDA OIG DATA Act compliance team.²⁹

We did not rely on an information technology system for identifying a universe for our audit. We used data only as background information. Therefore, we did not perform any additional

²⁸ Sections 6(a) and (b) of the DATA Act require IGs and the Comptroller General to provide DATA Act oversight reports to Congress.

²⁹ Our first required audit of USDA's compliance with the DATA Act, *USDA's 2017 Compliance with the DATA Act* (Audit 11601-0001-22), is ongoing.

testing to evaluate the agency's information technology system used and make no representation as to the adequacy of the agency's information technology systems or reports.

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

Abbreviations

ASP	Award Submission Portal
Award ID	Award Identification Number
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DATA Act	Digital Accountability and Transparency Act of 2014
FAEC	Federal Audit Executive Council
FAIN	Federal Award Identification Number
FFATA	Federal Funding Accountability and Transparency Act of 2006
FMMI	Financial Management Modernization Initiative
FMS	Financial Management Service
FPDS	Federal Procurement Data System
FSA	Farm Service Agency
FSRS	Federal Funding Accountability and Transparency Act Subaward Reporting System
FSSP	Federal Shared Service Provider
GAO	Government Accountability Office
IG	Inspector General
NFC	National Finance Center
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
Pegasys	Financial Services
PIID	Procurement Instrument Identifiers
Playbook	DATA Act Implementation Playbook
SAO	Senior Accountable Official
SAM	System for Award Management
USDA	Department of Agriculture
USPS	United States Postal Service
ZIP+4	nine-digit zip code system used by United States Postal Service

Exhibit A: 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



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

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

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act “readiness reviews” at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation. We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

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

Sincerely,



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

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

Exhibit B: USDA External Clients and Their DATA Act Reporting

The table below lists the external clients to which USDA provides financial services. It also shows whether each client is a Federal (Executive Branch) agency subject to the data reporting requirements of the DATA Act and whether the client contracted with USDA (Pegasys) for DATA Act reporting.

Count	Client Name	Federal Government Branch	DATA Act Reporting Required	Contracted with USDA Prior to May 2017
1	Administrative Conference of the United States	Executive	Yes	Yes
2	Appalachian Regional Commission—General Fund	Executive	Yes	Yes
3	Appraisal Subcommittee	Executive	Yes	Yes
4	Christopher Columbus Fellowship Foundation	Executive	Yes	No
5	Council of the Inspectors General on Integrity and Efficiency	Executive	Yes	Yes
6	Defense Nuclear Facilities Safety Board	Executive	Yes	Yes
7	Delta Regional Authority	Executive	Yes	No ³⁰
8	Federal Election Commission	Executive	Yes	Yes
9	Barry Goldwater Scholarship and Excellence in Education Foundation	Executive	Yes	Yes
10	Harry S. Truman Scholarship Foundation	Executive	Yes	Yes
11	John F. Kennedy Center for the Performing Arts/Smithsonian Institution	Executive	Yes	Yes
12	James Madison Memorial Fellowship Foundation	Executive	Yes	Yes
13	Japan-United States Friendship Commission	Executive	Yes	Yes
14	Northern Border Regional Commission	Executive	Yes	Yes

³⁰ Contracted with USDA May 2, 2017.

Count	Client Name	Federal Government Branch	DATA Act Reporting Required	Contracted with USDA Prior to May 2017
15	Privacy and Civil Liberties Oversight Board	Executive	Yes	No ³¹
16	State Justice Institute	Executive	Yes	No
17	Morris K. Udall and Stewart L. Udall Foundation	Executive	Yes	No
18	U.S. Commission on Civil Rights	Executive	Yes	Yes
19	U.S. Interagency Council on the Homelessness	Executive	Yes	No ³²
20	U.S. Institute for Environmental Conflict Resolution	Executive	Yes	No
21	U.S. Institute of Peace	Executive	Yes	No
22	Vietnam Education Foundation	Executive	Yes	No
23	U.S. AbilityOne Commission ³³	Executive	Yes	No
24	Marine Mammal Commission	Executive	Yes	No
25	National Council on Disability	Executive	Yes	No
26	U.S. Commission for the Preservation of America's Heritage Abroad	Executive	Yes	No
27	Eisenhower Exchange Fellowship Program	Executive	No (W)	Not Applicable
28	Neighborhood Reinvestment Corporation (dba NeighborWorks America)	Executive	No (W)	Not Applicable
29	Dwight D. Eisenhower Memorial Commission	Legislative	No (L)	Not Applicable
30	Medicaid and CHIP ³⁴ Payment and Access Commission	Legislative	No (L)	Not Applicable
31	John C. Stennis Center for Public Service Leadership	Legislative	No (L)	Not Applicable
32	U.S.-China Economic and Security Review Commission	Legislative	No (L)	Not Applicable

³¹ Contracted with USDA May 19, 2017.

³² Contracted with USDA May 2, 2017.

³³ Also known as the Committee for Purchase from People who are Blind or Severely Disabled.

³⁴ Children's Health Insurance Program.

Count	Client Name	Federal Government Branch	DATA Act Reporting Required	Contracted with USDA Prior to May 2017
33	U.S. Nuclear Waste Technical Review Board	Legislative	No (L)	Not Applicable
34	United States Commission on International Religious Freedom	Legislative	No (L)	Not Applicable
35 ³⁵	World War I Centennial Commission	Legislative	No (L)	Not Applicable

(L) = Client is a legislative agency and is not subject to the DATA Act.

(W) = DATA Act waiver was requested and approved/granted by OMB.

³⁵ Until Oct. 1, 2016, USDA also provided financial services to a 36th external client, the Medicare Payment Advisory Commission (a legislative branch commission).

**AGENCY'S
RESPONSE TO AUDIT REPORT**



United States
Department of
Agriculture

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

TO: Gil H. Harden
Assistant Inspector General
Office of Inspector General

September 15, 2017

FROM: Lynn M. Moaney /S/
Acting Deputy Chief Financial Officer

SUBJECT: Audit Report #11601-0001-23, USDA Implementation of the
Digital Accountability and Transparency Act of 2014 (DATA
Act) – Readiness Review

On August 30, 2017, the Office of Inspector General (OIG) issued the official draft report on Audit Report Number 11601-0001-23, “USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) – Readiness Review.”

OIG, in the report’s executive summary stated the following:

“Overall, we found USDA addressed all eight steps of the Playbook, including implementing processes, systems, and controls for reporting financial and payment data in accordance with DATA Act requirements. The Department should be given credit for its efforts to reach this milestone, especially given the vast amounts and varying types of data it handles. Despite its efforts, however, USDA did not resolve gaps in its data. This occurred, in part, because the Office of the Chief Financial Officer (OCFO) and two agencies, that did not use the Department’s general ledger, did not effectively communicate the agencies’ data extraction progress. As a result, OCFO was unaware of some impediments USDA agencies faced as they worked to meet the DATA Act reporting deadline.”

OCFO’s response to reach management decision on Recommendation 1 of the subject audit is attached. If you have any questions or need additional information, please contact Tyson Whitney, Director, Transparency and Accountability Reporting Division, at 202-720-8978.

Attachment

The report included one recommendation which is listed below.

Recommendation 1

Develop processes for future OCFO-led USDA-wide programs or projects, to ensure lines of information sharing and communication are maintained, regularly held, and documented to keep OCFO apprised of the status of agency progress in implementing the programs or projects. OCFO should also review, with USDA agencies, the agencies' responsibilities to report obstacles or risks to the achievement of objectives, and other relevant data, in a timely manner.

OCFO Response:

OCFO concurs in part with the recommendation. The Transparency and Accountability Reporting Division (TARD) is responsible for the DATA Act implementation TARD will ensure that the following procedures are established within the division and for any future USDA-wide programs or projects that TARD will lead. Programs and projects are understood to mean those programs or projects that require sustained management and oversight. Ad hoc data calls or other such relatively simple USDA-wide efforts led by OCFO would not require this level of oversight coordination. OCFO will follow the following steps:

1. Issue a memorandum to Agency CFOs or Under Secretaries and Staff Office Heads, depending on the nature of the initiative to announce it and provide initial guidance. This memorandum will be sent as soon as possible once initial guidance and instructions have been developed. Additional Memoranda will be transmitted to communicate any new requirements or guidance. The memorandum and initial guidance within 15 days of the initiative guidance being released.
2. OCFO will develop a Charter. The Charter, for all USDA-wide programs or projects will address who leads the project and who the stakeholders are, in this case, USDA Agencies and Staff offices. Financial Shared Service Provider (FSSP) clients will be included if a future initiative applies to these clients. The charter will establish a working group and general guidelines for meetings and deliverables. The charter will address escalation of requests and inquiries to ensure agencies comply with the effort. Charter will be completed within 60 days of the initiative's inception.
3. A Project Plan will be developed and updated as necessary. The Project Plan will include all major milestones and minor milestones, as warranted. The plan will assign responsibility for all deliverables. Delays in due dates will be escalated in accordance with the procedures outlined in the Charter. These delays will be captured as risks in the project plan. The project plan will be completed within 60 days of the initiative's inception.
4. A communications strategy will be developed to ensure the right parties are involved at the working level, and leadership level to ensure that the initiative is on track and on time. Delays and slippages as well as other matters of note shall be communicated

initially to the working group and then escalated once delays introduce implementation risks.

These new procedures will take effect immediately upon implementation of any new USDA-wide projects administered by OCFO.

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