



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



November 2, 2016

TO: Ellen Murray
Assistant Secretary for Financial Resources and Chief Financial Officer
Department of Health and Human Services

FROM: /Daniel R. Levinson/
Inspector General

SUBJECT: Report on the DATA Act Readiness Review Audit of the Department of Health and Human Services (A-17-16-02018)

This memorandum transmits the independent auditors' report on the Department of Health and Human Services (HHS) Readiness Review. The Digital Accountability and Transparency Act of 2014 (DATA Act) (P.L. No. 113-101) expands the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA) (P.L. No. 109-282). The DATA Act provides for strong oversight by the Federal Inspectors General (IGs) and the Government Accountability Office. In particular, the DATA Act requires a series of reports from each IG to include, among other things, an assessment of the completeness, timeliness, quality, and accuracy of the data submitted by agencies under the DATA Act.

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirement for the IGs in the DATA Act. Specifically, the first IG reports are due to Congress in November 2016. However, the agencies are not required to submit spending data in compliance with the DATA Act until May 2017. To address this reporting anomaly, the IGs plan to provide Congress with their first reports in November 2017, which will be a 1-year delay from the due date in the statute, and subsequent reports will follow on a 2-year cycle. The CIGIE encouraged the Federal Inspector General community to undertake DATA Act "readiness reviews" at their respective agencies well in advance of the first November 2017 report. CIGIE's chair communicated this plan in a letter dated December 22, 2015, to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform.

On May 8, 2015, Treasury released the DATA Act Implementation Playbook (Playbook). The Playbook describes eight key steps that, if followed, should help agencies use existing capabilities to implement the DATA Act.

We contracted with the independent certified public accounting firm of Ernst & Young, LLP, to perform the readiness review of HHS. The contract required that the review be performed in accordance with generally accepted Government auditing standards for performance audits, issued by the Comptroller General of the United States.

Results of the Readiness Review

Ernst & Young determined that HHS has made progress on completing Steps 1 through 4 of Treasury's Playbook; however because of internal and external factors, HHS has partially met the requirements of one step, has completed two steps that have recommendations, and fully met the requirements of one step. HHS's management team will likely experience challenges as the deadline of 2017 approaches for submission of information required under the DATA Act.

Evaluation and Monitoring of Audit Performance

We reviewed the audit of the HHS DATA Act readiness review by:

- evaluating the independence, objectivity, and qualifications of the auditors and specialists;
- reviewing the approach and planning of the audit;
- attending key meetings with auditors and HHS officials;
- monitoring the progress of the audit;
- examining audit documentation related to the DATA Act readiness review of HHS; and
- reviewing the auditors' report.

Ernst & Young is responsible for the attached auditors' report. We engaged Ernst & Young to (1) gain an understanding of the processes, systems and controls that HHS has implemented, or plans to implement, to report financial and payment data in accordance with the requirements of the DATA Act; (2) assess whether HHS's DATA Act implementation plans or processes were on track to meet the requirements of the DATA Act; and (3) provide HHS with our recommendations on how to improve HHS's likelihood of compliance with the requirements of the DATA Act before its full implementation.

Our monitoring review, as limited to the procedures listed above, disclosed no instances in which Ernst & Young did not comply, in all material respects, with U.S. generally accepted government auditing standards.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Gloria L. Jarmon, Deputy Inspector General for Audit Services, at (202) 619-3155 or through e-mail at Gloria.Jarmon@oig.hhs.gov. Please refer to report number A-17-16-02018.

Attachment

cc:

Sheila Conley
Deputy Assistant Secretary, Finance
and Deputy Chief Financial Officer

Report of Findings and Recommendations for HHS's DATA Act Implementation

As of 30 June 2016

Report of Findings and Recommendations for HHS's DATA Act Implementation
As of 30 June 2016

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Ernst & Young LLP
Westpark Corporate Center
8484 Westpark Drive
McLean, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Findings and Recommendations for HHS's DATA Act Implementation

The Secretary and the Inspector General of the
U.S. Department of Health and Human Services

The Digital Accountability and Transparency Act of 2014 (The DATA Act, P.L. No. 113-101), requires that federal agencies report financial and payment data in accordance with data standards established by the Department of Treasury (Treasury) and the Office of Management and Budget (OMB). The data reported will be displayed on a website available to taxpayers and policymakers.

The DATA Act also requires the Office of Inspector General (OIG) for each reporting federal agency to submit a series of oversight reports to include, among other things, an assessment of the completeness, timeliness, quality and accuracy of data submitted. As the agencies will not submit data in compliance with the Act until May 2017, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is encouraging the OIGs to submit an audit readiness report on each agency's progress to Congress in November 2016.

The Department of Health and Human Services (HHS) OIG engaged EY to assist in conducting a performance audit of HHS's DATA Act implementation efforts and report on HHS's DATA Act implementation progress as of 30 June 2016 towards completing Steps 1-4 of Treasury's *Agency 8-Step Plan* in the *DATA Act Implementation Playbook v 1.0*.

Table 1 describes steps 1-4 of the Agency 8-Step Plan and the status of HHS's activities to complete these steps. Through review of supporting documentation, inquiry of the HHS DATA Act Project Management Office, and analysis of key stakeholders' questionnaire responses, EY assessed HHS's completion of the steps 1-4 of the Agency 8-Step Plan. A status of complete indicates that HHS substantially met the requirements or intent of the step and provided evidence to adequately substantiate its progress. A status of partially complete indicates that HHS did not fully meet the requirements of the steps and/or did not provide evidence to adequately substantiate its progress.

Table 1: Summary of HHS’s DATA Act Implementation of Steps 1-4 of the Agency 8-Step Plan

Step # ¹	Step Description ¹	Findings	Status
Step 1: Organize your team	Create an agency DATA Act work group including impacted communities within your agency and designate a Senior Accountable Officer (SAO)	<ul style="list-style-type: none"> The role and responsibilities of the SAO are not clearly understood within HHS. The working group structure is not clearly defined and documented, and the group does not receive clear, consistent communication. Some implementation activities performed internally are not well-coordinated or understood. 	Complete with recommendations.
Step 2: Review elements	Review the list of DATA Act elements and participate in data definitions standardization	<ul style="list-style-type: none"> HHS participated in the IAC and submitted regular feedback to Treasury and OMB as iterations of the guidance were released. 	Complete
Step 3: Inventory data	Perform an inventory of agency data and associated business processes and systems	<ul style="list-style-type: none"> Evidence of completed DATA Act data mappings and data inventories was not provided during EY’s period of performance. On 27 October 2016, after EY’s period of performance, the Department provided supporting documentation of their proposed manual interim solution, which included data mappings and inventories. 	Complete with recommendations.
Step 4: Design and strategize	Plan changes to systems and business processes to capture financial, procurement and financial assistance data	<ul style="list-style-type: none"> Preliminary Implementation plan was developed in 2015. The preliminary plan was not revised or updated until August 2016. Detailed project plans have not been developed. HHS has not determined how it will certify its DATA Act submissions for accuracy and completeness. 	Partially complete

In summary, we have found that HHS has made progress on completing Steps 1-4 of Treasury’s *Agency 8-Step Plan*; however due to internal and external factors, HHS has not fully met the requirements of all four initial steps. Given the findings noted in our audit, HHS’s management team will likely experience challenges as the deadline for submission approaches.

¹ Source: Summary of the DATA Act Playbook (<https://www.usaspending.gov/Documents/Summary%20of%20DATA%20Act%20Playbook.pdf>)

In order to overcome the challenges facing HHS’s DATA Act implementation efforts, HHS should supplement its high level implementation plan with more detailed project plans that consider HHS’s implementation risks, including contingencies and overlapping work streams. We recommend that HHS clearly document its DATA Act governance structure, its processes and its progress. A clearly defined governance structure and communications protocol would help to reduce redundant communications and would clarify the authoritative sources for activities. HHS should complete and document its systems mappings and data inventories to assist the agency in its pathway to implementation and mitigate the risk of inconsistency by memorializing processes. Finally, we recommend HHS increase visibility of its implementation efforts by sharing information with the Operating Divisions (OpDivs) to ensure that all stakeholders have a clear understanding of the Department’s progress and required implementation activities at the various stakeholder levels.

SECTION I – BACKGROUND

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted on 9 May 2014 and, among other things, requires that Federal agencies report financial and payment data in accordance with data standards established by the Department of Treasury (Treasury) and the Office of Management and Budget (OMB). The data reported will be displayed on a website available to taxpayers and policy makers. In addition, the DATA Act requires that agency Inspector Generals (IGs) review statistical samples of the data submitted by the respective agency under the DATA Act and report on the completeness, timeliness, quality and accuracy of the data sampled and the use of the data standards by the agency.

The Act requires a series of oversight reports performed by the IGs and the Comptroller General of the United States to include, among other things, an assessment of the completeness, timeliness, quality and accuracy of data submitted. Specifically, the first set of IG reports are due to Congress in November 2016. However, agencies are not required to submit spending data in compliance with the Act until May 2017. As a result, the IGs will not be able to report on the spending data submitted under the Act, as this data will not exist until the following year.

In commitment to early oversight of the DATA Act implementation, Council of the Inspectors General on Integrity and Efficiency (CIGIE) developed an approach to address the reporting date anomaly described in the preceding paragraph while maintaining early engagement with the agencies. In this regard, the IGs 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.

CIGIE also encouraged the IG community to undertake DATA Act “readiness reviews” at their respective agencies well in advance of the first November 2017 report. In response, the IG Community, through the Federal Audit Executive Council (FAEC) stood up the FAEC Data Act Working Group (Working Group), and the Working Group created a DATA ACT Readiness Review Guide template to facilitate readiness reviews.

SECTION II – PERFORMANCE AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

Performance audit objective

HHS is a large, complex department and the DATA Act implementation impacts most of its OpDivs and grant-making Staff Divisions (StaffDivs). The implementation requires tight coordination among the many stakeholders and the extensive input from Subject Matter Experts across Information Technology, Finance, Acquisitions and Grants. To oversee HHS’s DATA Act implementation efforts, the Department established the (DAP), a committee of experienced executives selected to manage the DATA Act Program Office and implementation activities.

The objective of the performance audit is to gain an understanding of the processes, systems and controls that the Department of Health and Human Services (HHS) has implemented, or plans to implement, to report financial and payment data in accordance with the requirements of the DATA Act. This understanding is necessary for the IG to develop an informed methodology for the future IG audits required by the DATA Act or attestation reviews.

Scope

According to Treasury’s *DATA Act Implementation Playbook version 1.0*, agencies should have completed Steps 1-4 of the *Agency 8-Step Plan* by September 2015. The scope of this performance audit covers the activities performed by HHS to comply with Steps 1-4 of the *Agency 8-Step Plan* as of 30 June 2016.

In addition to implementing the DATA Act, HHS also serves as the executing agency for the Section 5 Grants Pilot, an additional section of the DATA Act included to recommend solutions for reducing the burden on grants recipients. While the Section 5 Grants Pilot is considered a part of the legislation, it does not directly impact HHS’s progress towards DATA Act implementation. Therefore, HHS’s progress on its execution of the pilot is not in scope for this assessment.

Methodology

In developing the methodology for this performance audit, EY considered the *DATA Act Implementation Playbook versions 1.0 and 2.0*, which were issued to agencies by Treasury and OMB in June 2015 and June 2016, respectively, and the FAEC DATA Act Working Group’s *DATA Act Readiness Review Guide (versions 1.0 and 2.0)*, which the IG community developed to assist agencies in their readiness reviews.

To accomplish the objectives of the performance audit, we:

- Obtained an understanding of the laws, legislation, directives and any other regulatory criteria (and guidance) related to HHS’s responsibilities to report financial and payment information under the DATA Act

- Conducted interviews with or obtained questionnaires from the HHS DATA Act working groups responsible for the implementation of the DATA Act at the agency level, to include the Senior Accountable Officer (SAO)
- Identified the major reporting components within HHS responsible for implementation of the DATA Act
- Conducted interviews with or obtained questionnaires from the major reporting components' (Operating or Staff Divisions) DATA Act working groups responsible for the implementation of the DATA Act at the bureau/office levels, to include the component SAOs (if applicable)
- Conducted interviews with the components (Operating or Staff Divisions) within HHS that provide Federal Shared Services that may be required to report information in accordance with the DATA Act on behalf of its customers
- Obtained evidence of HHS's implementation progress as it relates to Steps 1-4 of the *DATA Act Implementation Playbook (versions 1.0 and 2.0)*.
- Assessed HHS's efforts and formal implementation plans (at the agency and component levels) to report financial and payment information under the DATA Act

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.

SECTION III – KEY OBSERVATIONS

As the largest grants-making agency in the United States, HHS plays a significant role in the success of the DATA Act. As a result of our procedures we observed that HHS made a significant investment in moving the goals and objectives of the DATA Act forward.

The department consists of 11 operating divisions² and the Office of the Secretary with diverse, robust functions enabling it to pursue its mission in a myriad of capacities. While HHS has made substantial efforts to comply with the DATA Act guidance, its complex and unique structure has proved challenging as HHS moves toward the implementation deadline. Internal challenges coupled with delays in guidance released by Treasury and OMB have impeded HHS's implementation progress. We summarized below the critical challenges we observed to HHS's full compliance with the Act.

² The Program Support Center (PSC) is a support function.

Systems challenges

HHS has six accounting centers using three instances of the core financial systems, as well as multiple procurement and financial assistance feeder systems. As HHS has stated, it is using its existing systems and resources for DATA Act reporting. However, the large scale of impacted systems requires a significant amount of coordination to generate DATA Act-compliant reporting. Additionally, the delayed release of the Oracle ERP patches as discussed below has shifted HHS's path to implementation to a more manually intensive, alternative solution that links the payments and financial data using multiple, existing fields cross-walked between the systems rather than the Award ID. It is unclear to date whether the alternative solution will result in a complete and accurate mapping. HHS has identified and communicated additional challenges, such as matching obligation activity from the financial system to award-level data reported due to timing differences; process differences among the six accounting centers; difficulties with identifying the reportable awards based on certain criteria within the financial systems; and legacy data standardization issues within its core financial systems, including the use of non-standard object class codes.

Resource constraints

HHS identified resource constraints as a key hurdle to implementing the DATA Act. Internal data validation and data governance are examples of areas in which current internal business processes and resources must be expanded in order to provide assurance that the data published is accurate and complete. In its updated implementation plan, HHS expressed concern about having adequate resources to support these functions on a quarterly basis going forward.

Aggregate payments

As the largest grant-making agency, HHS represents about 65% of all federal grant spending, which totaled more than \$400 billion for FY 2016.³ As the Department's Centers for Medicare and Medicaid Services (CMS) provides about 40% of grants by dollar value in the federal government and is the nation's largest health insurer, HHS plays a pivotal role in the success of the DATA Act, specifically as it relates to payments made to individuals. HHS's payments made to individuals must comply with the transparency requirements of the DATA Act, but HHS must also protect the individuals' personally identifiable information when reporting such information. Currently, CMS reports payments to individuals in aggregate at the Medicare Administrative Contractor-level on USASpending.gov using a Unique Record Identifier (URI), which is different from the DATA Act required Award ID data element. According to HHS, Treasury and OMB have not provided finalized guidance to allow for HHS to meet their challenge of reporting aggregate payments in compliance with the DATA Act.

³ Source: USASpending.gov
<https://www.usaspending.gov/Pages/TextView.aspx?data=AgencyAwardType&agencycode=7500&fiscalyear=2016>

Treasury and OMB delays

Treasury and OMB have been tasked with leading the DATA Act Implementation and assisting agencies with their implementations through issuing guidance and clarifications. Treasury and OMB adopted an agile approach for releasing guidance in order to incorporate Agency feedback and direction and, suggested that Agencies manage their implementation activities iteratively. While this approach increases transparency and responsiveness, the constant changes in guidance made effective planning to a final set of guidance difficult. Final delivery of the first version of the DATA Act Information Model Schema (DAIMS 1.0), the technical guidance, was published in April 2016, four months after its scheduled release. This guidance includes XBRL schema (machine-readable version of the DATA Act standard), reporting requirements, definitions, formatting and source systems information for generating Files A, B, C, D₁ and D₂.

Table 2 provides information on the files containing the financial and payments information that will be submitted to the Treasury Broker or pulled from government-wide intermediary systems:

File name	File contents	File description	Source
File A	Appropriations Account	Reporting at the Treasury Account Symbol (TAS) level, including Budget Authority Appropriated, Amount Obligated, Unobligated Balance, and Other Budgetary Resources. Data requirements are similar to what is reported in GTAS and published in the SF-133.	Submitted to Broker by HHS Consolidated Financial Reporting System (CFRS)
File B	Program Activity and Object Class	Reporting of Obligations and Outlays at the TAS, Program Activity, and Object Class level. Data requirements are similar to the Object Class and Program Activity reporting required in the 2015 release of OMB Circular A-11.	Submitted to Broker by HHS (CFRS)
File C	Award-Level Financial	Reporting of Obligations and Outlays* at the Award ID level, including TAS, Program Activity*, and Object Class. Data requirements do not align with any current government-wide financial reporting.	Submitted to Broker by HHS via UFMS, NBS and HIGLAS
File D ₁	Award and Awardee Attributes (Procurement)	Reporting of procurement award actions and their associated data, which is an expansion of existing FFATA reporting requirements.	Pulled by Treasury from the Data Broker following submission via intermediary system Federal Procurement Data System (FPDS)
File D ₂	Award and Awardee Attributes (Financial Assistance)	Reporting of financial assistance award actions and their associated data, which is an expansion of existing FFATA reporting requirements.	Pulled by Treasury from the Data Broker following submission via intermediary system Award Submission Portal (ASP)

*Outlay and Program Activity are optional fields in File C.

Iterations of the DAIMS guidance have been available since September 2015; however, HHS opted to defer implementation until the completed v1.0 was available to extensively generate and test the files.

The delayed guidance not only impacted HHS's implementation activities, it contributed to the postponement of Oracle's ERP patch development. Without a completed version 1.0 of the DAIMS guidance, Oracle could not begin to develop and therefore issue patches that would allow for an Award ID field as well as the generation of reports including the Award ID, across HHS's three Oracle-based ERP systems. The Award ID is the key identifier that links Agency award and financial data. The delayed patches scheduled to be released periodically starting in September 2016 through January 2017, along with HHS's annual financial reporting deadline, as well as, the decreasing timeline for implementation compelled HHS to provide an alternative approach for linkage by validating the data using multiple key indicators currently available in HHS financial systems.

SECTION IV: SPECIFIC FINDINGS AND RECOMMENDATIONS

This Summary compiles instances we observed in which HHS has deviated from the guidelines provided by Treasury and OMB, namely the *DATA Act Implementation Playbook v 1.0* and the *Agency 8-Step Plan* for implementation of the DATA Act. In many cases, the Department indicated it was on track with the *Agency 8-Step Plan*; however, the Department was unable to provide evidence of the activities performed. In other cases, the Department acknowledged that it intentionally varied from the implementation guidance to develop a plan better suited to its unique organizational operating structure.

Finding #1 – The roles and responsibilities of the Senior Accountable Officer (SAO) are not clearly understood within HHS.

According to Treasury's *DATA Act Implementation Playbook*, the Senior Accountable Officer (SAO) plays an active role in DATA Act compliance and implementation by closely overseeing governance and progress. When asked who the SAO is and what his/her roles and responsibilities are, inconsistent responses were received from the DATA Act Program Management Office (DAP), the Office of the Assistant Secretary for Financial Resources (ASFR) and the HHS OpDivs and the designated SAO.

As an executive officer, one of the responsibilities of the SAO is to lead the Department towards implementation and increase engagement across all impacted entities. However, it is unclear if there is a single focal or integration point across the DAP, IT, OpDivs, finance, acquisition and grants. While there are various executives across the DAP and ASFR coordinating independent work streams in order to generate Files A, B, C, D₁ and D₂ and other integrated project teams (IPT), there does not seem to be a single accountable figure to encourage participation and collaboration across the working group and to champion the project and the group's efforts to meet the deadline and produce complete and valid data.

Recommendation:

As this is a complex and challenging implementation project that requires the management of multiple offices and Federal spending communities across the Department, visible and influential leadership is critical to increase engagement from all impacted parties. EY recommends that HHS clearly define and document the roles and responsibilities for the SAO and communicate this information to stakeholders across the Department. As the DATA Act senior executive leader and the accountable officer, the SAO should play an active role in implementation and be responsible for overseeing the governance and progress of the workgroup.

Finding #2a – HHS’s DATA Act working group structure is not clearly defined and documented.

Identifying and defining the appropriate working group governance structure and choosing integral players across the Department is described by Treasury and OMB as one of the most important activities in the implementation process. Through interviews and questionnaire responses, it is evident that not all parties understand their or each other’s roles and responsibilities. There is limited documentation of the activities each party is involved in and there are varying levels of participation from those parties loosely incorporated into the working group.

Recommendation:

EY recommends that DAP develop a more structured DATA Act working group that clearly outlines the roles, responsibilities, and activities of working group members. Once a structured DATA Act working group is established, EY also recommends that DAP provide working group members with the organizational structure, mission, and roles and responsibilities of each member to increase engagement, participation, and accountability.

Finding #2b – HHS’s DATA Act working group does not receive clear, consistent communication.

EY conducted interviews with stakeholders to obtain a holistic view of the implementation activities across the Department. From the interviews, EY found that communication of HHS’s strategy, plan and status was inconsistent. For example, HHS was reliant on Oracle ERP Patches to create a field for the Award ID, the key data element linking and reporting all payment and financial data. Because of known issues that accompany Oracle patch system changes and the extensive testing required, some components began working on an alternative solution, called the interim solution, as the timeline for implementation became more acute. Through inquiries and interviews conducted in May and June of 2016, EY found that some working group members, such as the Office of Finance, had in-depth knowledge of the interim solution, a work around approach to linking the payment and financial data in the absence of an Award ID, and its status. Others, such as the OpDivs, indicated that they were aware that an alternative approach to implementation may be under consideration. However, they did not understand how this would impact their processes and/or financial and grants systems.

Recommendation:

While EY recognizes the size and complexity of HHS’s DATA Act implementation, it is clear that key players are not receiving sufficient information from the DAP that will help them prepare for the implementation. Increased communication, visibility and coaching will be essential in moving forward, particularly as the timeline progresses and the intensity of the efforts need to increase. EY recommends that each work stream prepare a detailed plan for implementation, including milestones, activities, dependencies and risks. A master version including all work streams should be distributed to all stakeholders. Regular discussions around plan changes and progress updates will increase communication and coordination across HHS, as well as assist in the identification and sharing of leading implementation strategies and practices across the agency.

Finding #2c – DATA Act implementation activities performed by Data Act Project Management Office (DAP) and the Office of Finance are not well-coordinated.

HHS is a large, complex department and the DATA Act implementation impacts most of its OpDivs and grant-making Staff Divisions (StaffDivs). The implementation requires tight coordination among the many stakeholders and the extensive input from Subject Matter Experts across Information Technology (IT), Finance, Acquisitions and Grants. To oversee HHS’s DATA Act implementation efforts, the Department established the (DAP), a committee of experienced executives selected to manage the DATA Act Program Office and implementation activities.

During our interviews, some OpDivs expressed concern that they received similar communications from multiple parties resulting in redundant responses. In addition, we observed that inconsistent communications from the business communities, the DAP and IT resulted in confusion at the OpDivs and StaffDivs on how to proceed and who is the authoritative source. EY found that many of the concurrent work stream activities were not documented and did not appear to have been communicated across all impacted parties, leading to the confusion.

EY also found that progress on the interim solution and data mapping efforts have been made by the Office of Finance. However, when the DAP was asked about this progress and mapping documentation, DAP could not immediately provide information on these efforts nor is this recorded in sufficient detail in a project plan document.

Recommendation:

EY recommends that DAP clearly define the activities of internal solution teams, including Office of Finance and Office of Grants and Acquisition Policy and Accountability, in preparing DATA Act submission data and more closely track the status of their progress. DAP should also ensure that the internal solution teams’ progress is regularly communicated to the DATA Act working group. With a more specifically defined working group structure and communication mechanisms, the working group members should be more fully engaged, working in a coordinated fashion and informed of HHS’s progress with implementation activities.

Finding #3 – HHS did not provide evidence of completed HHS DATA Act data mappings and data inventories.

In March 2016, EY reviewed a consolidated data inventory report in which HHS performed an analysis of 22 of the 57 standardized data elements. This report was the initial exercise to begin HHS’s inventory and mapping process. Of HHS’s 21 OpDiv systems, 11 were represented in the report. Further, the draft report indicated that follow-ups are required as those OpDivs who did submit their inventory did not necessarily complete the exercise and, misinterpretations around the data may have occurred.

Additionally, to identify its source systems and capabilities, HHS performed a Critical Systems Assessment (CSA) which was provided to EY in June 2016. The analysis identified HHS’s financial management, acquisition, and financial assistance source systems to determine the Department’s ability to meet the DAIMS guidelines version 1.0 and identify compliance gaps in its ability to publish Files A, B, C from its financial management systems to the Treasury DATA Broker, the mechanism provided by Treasury for transferring DATA Act data. As a result of the efforts, the CSA provided insights into HHS’s critical systems across finance, financial assistance, procurement and budget at a high level. It concluded that across HHS’s systems, there are inconsistencies in reporting the Financial Assistance Identification Number (FAIN) and the Procurement Instrument Identifier (PIID); the Unique Record Identifier (URI) and Parent Award ID across HHS. That analysis, completed in June 2016, indicated that some of these elements were not tracked in any of the systems; and the majority of the data elements were not calculated in existing HHS systems within the current business processes. The CSA did report that there are not processes currently in place to calculate and validate data from HHS’s financial management systems for the majority of the data elements in File A (at least 13 of 20), in File B (at least 30 of 43) and in File C (at least 30 of 48).

In July 2016, HHS decided to forgo the use of the Oracle ERP Patch for the May 2017 deadline and pursue its interim solution.

In HHS’s updated implementation plan narrative dated 12 August 2016, HHS explains that it “conducted and completed a data inventory across its financial, procurement, and financial assistance communities to identify technical gaps, business gaps, and inconsistencies” and inform the Department’s strategy. According to the plan, these activities had been completed by end of FY15. However, EY reviewed the 2015 inventory and found that it was not complete in that it covered only 22 of the 57 data elements and of HHS’s 21 OpDiv systems, 11 were represented in the report.

EY inquired about further updates of the inventory and mapping but were informed that the 2015 analysis was the most recent available.

On 27 October 2016, the Department (Office of Financial Management) provided EY supporting documentation, developed as part of an interim solution wherein the data will be gathered summarized and reported in a primarily manual process. That documentation showed all of the

57 data elements have been mapped and identifies the potential sources of information and gaps in the available information with proposed mitigation strategies. Time did not allow EY to perform a detailed review of this documentation to verify its completeness and accuracy.

Recommendation:

EY recommends HHS formally document the data inventory and mapping activities to identify, highlight and track progress on bridging the data gaps.

Finding #4a – The September 2015 HHS DATA Act implementation plan was not updated or revised until August 2016.

From October 2015 to 30 June 2016, Treasury and OMB published and updated materials to guide agencies through the implementation process. Despite iterative guidance including the Management Procedures Memorandum No. 2016-03, the DATA Act Information Model Schema v1.0, the Controller Alert, a revised DATA Act Playbook v2.0 and the Treasury Roadmap v 2.0, HHS did not revise its plan. When EY requested updated implementation plans and evidence of activities performed since the September 2015 implementation plan, DAP indicated that regularly updating the plan is not required and that it provided feedback on the iterations of guidance but the implementation progress was at a standstill. HHS also indicated that it could not update its implementation plan until finalized guidance was available. The Department's implementation plan did not sync with OMB and Treasury's agile systems development system approach in order to address previous iterations of guidance. It also did not include alternative and proposed approaches to meet the deadline despite changes in technical requirements.

Recommendation:

EY recommends that HHS use its DATA Act implementation plan as a living document and periodically update the plan to document HHS's progress. The plan should also be updated to reflect HHS's considerations in responding to Treasury and OMB's iterative guidance. Finally, the plan should be shared with DATA Act working group members, including OpDiv representatives to allow for increased collaboration and engagement with key stakeholders and help identify alternative solutions.

Finding #4b – The HHS DATA Act Implementation Plan is high level.

OMB and Treasury have asked each reporting Agency to provide a comprehensive implementation plan. While HHS provided a high level project plan and timeline for implementation to comply with OMB's request for updated plans by 12 August 2016, critical activities required to meet milestones, dependencies, risks and percentages complete were not fully documented. When asked if HHS had underlying plans detailing each work stream's activities, deadlines and risks to coordinate overlapping tasks and dependencies, HHS indicated that there was no additional documentation.

The current implementation plan includes deadlines for each milestone; however, it does not track HHS's progress towards completing these milestones by including percentages of completion. The project plans and timelines are leveraged by OMB to identify resource needs and at-risk areas for agencies meeting the deadline. Without an accurate depiction of HHS's progress and the level of effort to meet each milestone, it is difficult to understand HHS's current status with regards to meeting milestones and potential resource needs.

Recommendation:

Along with the recommendations in Finding #2b, EY proposes that HHS update its DATA Act Master Plan to show progress towards completing milestones and provide more details around the activities of the identified work streams, including the file solution teams.

Finding #5 – HHS has not determined how it will certify its DATA Act submissions for accuracy and completeness.

In the latest plan and through other indicators, HHS has expressed limited confidence in the completeness, quality and accuracy of the data to be published to comply with DATA Act requirements. The following were excerpted from HHS's August 2016 DATA Act Implementation Plan:

- “In order to provide assurance on the accuracy and quality of data, HHS will require a more robust and centralized certification process that will extend beyond the [existing] validations [cross-file validation and existing error-handling process].”
- “The short time frame between the collection of second quarter FY17 data and submission to USA Spending further impacts HHS's ability to execute the certification process.”

EY identified this as a significant challenge as the DATA Act's purpose is to provide the public with standardized, open data for informational purposes. Without adequate assurances from HHS on the quality and reliability of its provided data, the public may question the usefulness of the data and HHS may have to field questions on reporting inconsistencies than its resources allow. Data without assurances around completeness and accuracy also deviates from the original intent of the DATA Act — transparency into Agency spending. EY was not provided with evidence of HHS's plans to certify its DATA Act submissions for accuracy and completeness.

Recommendation:

As pressure from oversight bodies to address questions on potential reporting inconsistencies increases, EY recommends the Department focus its efforts on not only reporting required data elements, but also on providing the public with data that is complete and accurate. In HHS's August 12, 2016 revised implementation narrative, the Department is considering data quality tools to support both the existing validation and certification processes. EY suggests that the

Department make this a top priority as valid data is a critical component of DATA Act compliance.

Further, HHS should revisit its project plan and dedicate a section detailing the existing and additional critical activities (including processes, controls and tools), resources that are required to ensure accurate and complete data and document any exceptions. This transparency will provide Treasury, OMB and the Department with a better understanding of its status and what additional resources are needed to fully comply with the Act.

SECTION V – SUMMARY

The implementation of the DATA Act provisions is a significant undertaking, especially in a Department as large, diverse and complex as HHS. The start of the project was further complicated by the delayed issuance of guidance and the lack of available software patches to support accumulation and presentation of the required data. HHS also dedicated significant resources to the DATA Act Section 5 Grants Pilot that does not directly impact its own compliance with other provisions of the DATA Act. This further stretched the already limited resources available for the implementation.

We found that all impacted OpDivs and components of HHS have made some progress towards the DATA Act implementation. The formation of the DATA Act Program Management Office (DAP) was a good start to coordinating and fostering the implementation efforts and has made progress on completing Steps 1-4 of Treasury's *Agency 8-Step Plan*. HHS has not fully met the requirements of all four initial steps; however, they believe they will be substantially compliant with the Act. Our findings would indicate that HHS's management team will likely experience further challenges as the deadline for submission approaches.

In order to overcome the challenges facing HHS's DATA Act implementation efforts, HHS should supplement its high level implementation plan with more detailed project plans that consider HHS's implementation risks, including contingencies and overlapping work streams. We recommend that HHS clearly document its DATA Act governance structure, its processes and its progress. A clearly defined governance structure and communications protocol would help to reduce redundant communications and would clarify the authoritative sources for activities. HHS should complete and document its systems mappings and data inventories to assist the agency in its pathway to implementation and mitigate the risk of inconsistency by memorializing processes. Finally, we recommend HHS increase visibility of its implementation efforts by sharing information with the OpDivs to ensure that all stakeholders have a clear understanding of the Department's progress and required implementation activities at the various stakeholder levels.



This report is intended solely for the information and use of HHS and the HHS Office of Inspector General, Office of Management and Budget, Congress, and the U.S. Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

November 2, 2016

APPENDIX A: HHS MANAGEMENT RESPONSE



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary
Washington, D.C. 20201

To: Gloria L. Jarmon,
Deputy Inspector General, Office of Audit Services

From: Ellen G. Murray,
Assistant Secretary for Financial Resources and
Chief Financial Officer

Subject: HHS Comments on “Report of Findings and Recommendations for HHS’s DATA Act Implementation”

The Department of Health and Human Services (HHS) appreciates the opportunity to comment on the Independent Auditor’s Digital Accountability and Transparency Act (DATA Act) Readiness Assessment entitled, “Report of Findings and Recommendations for HHS’s DATA Act Implementation.”

HHS has been committed to reporting transparency and fiscal accountability since the inception of the Federal Funding Accountability and Transparency Act (FFATA) and, as such, recognizes the significance and complexity of implementing the DATA Act requirements. In October 2014, HHS established a DATA Act Program Management Office (DAP) to ensure successful implementation of the law. In addition, HHS utilized its existing governance structures to monitor and support implementation, incorporating DATA Act activities under the auspices of the HHS Financial Management Governance Board (FGB). In accordance with OMB and Treasury guidance, HHS designated a Senior Accountable Official (SAO) with the ability to coordinate activities across the key business domains of finance, budget, acquisitions, and financial assistance. DAP directly supports the SAO, updates the FGB regularly, and provides a connection between the business communities and component agencies within HHS that are critical to implementation.

HHS performed an inventory of DATA Act-related data and associated business processes and systems, conducting data mapping and data inventories through April 2016 with direct engagement of the business communities and component agencies. Subsequent to these initial efforts, further analysis was required following the final update to the Department of the Treasury’s (Treasury’s) DATA Act Information Model Schema (DAIMS) on April 29, 2016, which included revisions to previously defined data elements and attributes. This analysis has been completed and validated through testing in the Treasury DATA Act Broker, which began in June 2016, when the Broker became available to agencies, and is ongoing.

HHS has actively coordinated with the Office of Management and Budget (OMB) and Treasury throughout the process of developing data standards, performing compliance activities, and providing constructive input on evolving guidance. As a result of the DATA Act hearing on

April 19, 2016 and the recognized delays across the federal government, OMB and Treasury requested updated implementation plans from all agencies in August 2016. HHS submitted its updated plan and is now in the process of developing detailed plans to ensure successful implementation of the DATA Act.

In reviewing HHS's progress against steps 1-4 of the Agency 8-Step Plan (the Playbook) and related implementation guidance from OMB and Treasury, the Department believes that it is on-track to meet the May 2017 DATA Act reporting deadline. While the Playbook provides a discrete checklist of items for agencies to accomplish, related guidance – such as OMB Management Procedures Memorandum (MPM) No. 2016-03 – recognizes the challenges inherent in applying direction uniformly across all federal agencies. MPM 2016-03, for example, provides a degree of flexibility for agencies to tailor implementation approaches in order to report by May 2017, noting that “some agencies may need to implement an interim solution to accomplish the Award ID linkage”. While the Independent Auditor's Readiness Assessment focuses primarily on the discrete checklist items in the Playbook, HHS's progress in implementing the DATA Act is more completely represented when viewed in the full context of all government-wide guidance received and the flexibility established within it.

While much progress has been made in HHS's implementation of the DATA Act – establishing governance, developing a cross-functional working group, developing near- and long-term implementation strategies, actualizing solution teams, and generating file sets to test in the Treasury broker – we agree with the Independent Auditor's assessment that supporting documentation and communication can be strengthened, and we are working towards those goals. HHS also acknowledges that there will be challenges ahead as the submission deadline approaches, but we believe that we are well-positioned to be compliant given both our current strategy and processes, as well as improvements that will come through these recommendations. We would like to thank the Office of Inspector General (OIG) and our independent auditors, Ernst & Young LLP, for your efforts on our behalf. We appreciate the continued collaboration to ensure successful implementation of the DATA Act.



Ellen G. Murray
Assistant Secretary for Financial Resources and
Chief Financial Officer
November 2, 2016

APPENDIX B – LIST OF ACRONYMS

Acronym	Definition
ASP	Award Submission Portal
CFRS	Consolidated Financial Reporting System
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMS	Centers for Medicare and Medicaid Services
CSA	Critical Systems Assessment
DAIMS 1.0	DATA Act Information Model Schema
DAP	Data Act Project Management Office
DATA Act	Digital Accountability and Transparency Act of 2014
FAEC	Federal Audit Executive Council
FBIS	Financial Business Intelligence System
FPDS	Federal Procurement Data System
HHS	Department of Health and Human Services
IGs	Inspector Generals
OIG	Office of Inspector General for the Department of Health and Human Services
OMB	Office of Management and Budget
OpDivs	Operating divisions
PIID	Procurement Instrument Identifier
SAO	Senior Accountable Officer
StaffDivs	Staff divisions
TAS	Treasury Account Symbol
URI	Unique Record Identifier
Working Group	FAEC Data Act Working Group