



November 8, 2017

MEMORANDUM FOR: Ellen Herbst
Chief Financial Officer and Assistant Secretary for Administration
performing the non-exclusive duties of the Deputy Secretary

FROM: Peggy E. Gustafson
Inspector General 

SUBJECT: *Examination of the Department's Digital Accountability and
Transparency Act of 2014 Submission for the Second Quarter
of Fiscal Year 2017*
Final Report No. OIG-18-005

This memorandum accompanies our report on the Department's Digital Accountability and Transparency Act of 2014 (DATA Act) submission for the second quarter of fiscal year (FY) 2017.¹ The DATA Act, in part, requires federal agencies to report financial and award data in accordance with government-wide financial data standards. These data are now publicly available on the website beta.USASpending.gov. The DATA Act also requires the IG of each federal agency to review a sample of the submitted data and then report on the completeness, timeliness, quality, and accuracy of the data, as well as the agency's implementation and use of the required standards.

We contracted with KPMG LLP, an independent public accounting firm, to examine the Department's second quarter, FY 2017 DATA Act submission. The submission included seven files containing financial, procurement and financial assistance award, and sub-award data. KPMG examined transactions in five of the seven files, and conducted its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, standards applicable to attestation engagements contained in *Government Auditing Standards*, and the U.S. Department of the Treasury's *Inspectors General Guide to Compliance Under the DATA Act*. As discussed in the attached DATA Act report, KPMG identified the following:

- The transactions in the examined files were not presented in accordance, in all material respects, with the following characteristics, which are defined in the *Guide*: completeness

¹ 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 Inspector General (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, the IGs are providing Congress with their first required reports on November 8, 2017, a 1-year delay from the statutory due date, with two subsequent reports each following on a 2-year cycle. On December 22, 2015, CIGIE's chair issued a letter memorializing the strategy for dealing with the IG reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform.

of data elements, completeness of transactions, accuracy, timeliness, and consistency with required data standards.²

- A material weakness exists related to controls over the DATA Act submission processes.
- A significant deficiency exists related to access controls over the Department's grant and procurement systems.

My office oversaw KPMG's performance. We reviewed KPMG's report and related documentation and made inquiries of its representatives. Our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards. However, our review—as differentiated from an audit or examination in accordance with these standards—was not intended to enable us to express, and we do not express, any opinion on the transactions included in the Department's DATA Act submission for the second quarter of FY 2017 or conclusions about the effectiveness of internal control over the reporting of transactions in the DATA Act submission. KPMG is solely responsible for the attached report and the conclusions expressed in it.

This final report will appear on the Office of Inspector General website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M). In accordance with Department Administrative Order 213-5, please submit to us—within 60 calendar days of this memorandum—an action plan that responds to the recommendations in this report.

We are also issuing a copy of this report to the U.S. Senate Committee on Homeland Security and Governmental Affairs; U.S. House Committee on Oversight and Government Reform; U.S. Senate Committee on the Budget; U.S. House Committee on the Budget; the Government Accountability Office; and the U.S. Department of the Treasury, Office of Inspector General.

We would like to thank the Department's staff and management for its cooperation and courtesies extended to KPMG and my office during this examination. Please contact me at (202) 482-4661 or Andrew Katsaros at (202) 482-7859 if you would like to discuss the report.

Attachment

cc: Lisa Casias, Deputy Assistant Secretary for Administration performing the non-exclusive duties of the Chief Financial Officer and Assistant Secretary for Administration
Stephen Kunze, Deputy Chief Financial Officer and Director for Financial Management
MaryAnn Mausser, Audit Liaison, Office of the Secretary

² KPMG did not assess quality during its examination, which the *Guide* refers to as “a combination of utility, objectivity, and integrity.”