PBGC
Protecting America's Pensions

OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

DATA Act Implementation: Opportunities Exist to Improve Data Quality

Report No. AUD-2018-01
November 6, 2017

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No.AUD-2018-01

PBGC Office of Inspector General

BRIEF SHEET

DATA Act Implementation: Opportunities Exist to Improve Data Quality

Background

- **DATA Act.** Requires the disclosure of direct federal agency expenditures and linking federal contract, loan and grant spending information of federal agencies to enable taxpayers and policymakers to track federal spending more effectively. The law required the establishment of government-wide data standards to provide consistent, reliable, researchable, and usable spending data on USASpending.gov.
- **Data Act Information Model Schema.** Established by OMB and Treasury provides an overall view of the hundreds of distinct data elements used to describe how federal dollars are spent and includes technical guidance for federal agencies.
- **OMB and Treasury.** Identified and provided final standards for 57 financial data elements required for reporting by federal agencies on USASpending.gov. Federal agencies submit information electronically to the Data Act Broker. In some instances the Data Act Broker generates files directly from government-wide systems. Initial submissions for fiscal year 2017, second quarter were due no later than May 2017.

Key Question

Review Objective. To assess if PBGC provided complete, timely, accurate and quality data for publication on USAspending.gov and correctly implemented and used government-wide data standards established by OMB and Treasury.

Our Conclusions

PBGC generally complied with the requirements for completeness, timeliness, quality and accuracy of the data and implementation and use of government-wide financial data standards. However, we observed some inconsistencies, omissions and errors which caused the information available to the public and Congress on Beta.USAspending.gov to not fully reflect PBGC's operations. We found:

- Award-level transaction data did not contain all applicable data elements required for 29 percent of the transactions sampled. Treasury Account Symbol, Program Activity, Object Class, Congressional District and Entity Name composed the majority of the missing elements.
- Transaction data was not consistent with PBGC records or other authoritative sources for 29 percent of transactions tested. Some of the errors were attributable to PBGC's supplied data while others are Broker issues where PBGC does not control the data.
- None of the 66 multiemployer financial assistance loans were displayed on Beta.USAspending.gov website because an incorrect agency code used in data submission.
- Award financial detail File C did not include contract deobligations due to an error in submission procedures. Also, all loans and contracts awards were reported as deobligations rather than obligations due to incorrect formatting of the File.

Corrective Action

Our recommendations. During the course of the audit, we shared our results with PBGC management. PBGC adjusted procedures and submitted updated files to the Broker to correct the completeness, formatting, and agency identification issues. We, therefore, made no recommendations regarding these issues. However, based on the findings there are opportunities for PBGC to further strengthen procedures.

We recommend that the Financial Operations Department develop and implement procedures to ensure quality control review of Files C, D1 and D2 before each quarterly data submission and review Beta.USAspending.gov after publication for indications of errors and incompleteness.

Management response. Management agreed with our recommendation and will take corrective actions as identified in this report.

Office of Inspector General
Pension Benefit Guaranty Corporation

November 6, 2017

TO: Patricia Kelly
Chief Financial Officer

FROM: Nina Murphy
Assistant Inspector General or Audits, Evaluation and Reviews

SUBJECT: Issuance of Final Audit Report AUD-2018 -01/PA-17-118
DATA Act Implementation: Opportunities Exist to Improve Data Quality.

We are pleased to provide you with the above-referenced final audit report. We appreciate the cooperation you and your staff extended to OIG during this project. We thank you for your receptiveness to our recommendation and your commitment to improving the effectiveness and efficiency of PBGC reporting.

This report contains public information and will be posted in its entirety on our website and will be provided to Congress in accordance with statutory requirements.

cc: Tom Reeder, Director
Marty Boehm, Director Corporate Controls and Reviews Department
Alice Maroni, Chief Management Officer, Office of Management and Administration
Nicole Puri, Risk Management Officer, Office of Director
Department of Labor Board staff
Department of the Treasury Board staff
Department of Commerce Board staff
House committee staff (Education and Workforce, Ways and Means, Budget, HOGR)
Senate committee staff (HELP, Finance, Budget, HSGAC)
GAO

Table of Contents

Background 2

Audit Results 6

Finding 1: PBGC Complied with the Requirements for Completeness, Timeliness, Quality, and Accuracy, and the Use of Government-Wide Financial Data Standards for the Summary Level Data 6

Finding 2: Award-Level Transaction Data Contained Some Inconsistencies and Omissions 7

Finding 3: Award Financial Detail (File C) Did Not Properly Report Data, and Award and Awardee Attributes (File D2) Had Incorrect Agency Code 14

Other Matters 17

Recommendation 18

Appendix I: Objective, Scope, and Methodology 19

Appendix II: Acronyms 23

Appendix III: Summary of PBGC DATA Act Results 24

Appendix IV: Data Elements 26

Appendix V: Agency Response 27

Appendix VI: Staff Acknowledgements 37

Appendix VII: Feedback 38

Background

Pension Benefit Guaranty Corporation

Established by Congress in 1974, Pension Benefit Guaranty Corporation (PBGC) insures the defined benefit pensions of workers and retirees in private-sector pension plans. PBGC's mission is to enhance retirement security by preserving plans and protecting pensioners' benefits. PBGC guarantees payment of basic pension benefits earned by about 40 million American workers and retirees. The Corporation operates two programs to insure different types of defined benefit pension plans: the single-employer plan program and multiemployer plan program. These two insurance programs are operated and financed separately.

In part, PBGC meets its mission through:

- The single-employer program, which covers defined benefit pension plans that are sponsored by one employer. When an underfunded single-employer plan terminates, PBGC steps in to provide guaranteed benefits. This typically happens when the employer sponsoring an underfunded plan goes bankrupt or out of business and can no longer afford to keep the plan going. In this type of termination, PBGC takes over the plan's assets, administration, and payment of plan benefits up to the legal limits.
- The multiemployer program, which provides financial assistance (in the form of loans) to failed multiemployer plans. Multiemployer plans are set up pursuant to collective bargaining agreements involving more than one unrelated employer, generally in one industry. PBGC does not directly pay benefits to people in failed multiemployer plans. Instead, the agency provides financial assistance to the plans themselves, which continue to pay retirees.
- Contracting for services and goods such as paying beneficiaries, plan administration, gathering and organizing relevant participant information upon plan termination, some actuarial valuation services, and investment management.

The agency receives no funds from general tax revenues. PBGC finances its operations through insurance premiums set by Congress and paid by sponsors of defined benefit plans, investment income, assets from terminated plans, and recoveries from the companies formerly responsible for the plans. Although PBGC earns its own revenue, PBGC participates in the federal budget process. Congress imposes spending limitations for each fiscal year on the use of funds for administrative expenditures. PBGC is subject to various laws pertaining to federal agencies, including the Digital Accountability and Transparency Act of 2014 (DATA Act).

DATA Act

The DATA Act expanded previous legislation - Federal Funding Accountability and Transparency Act (FFATA) - by requiring the disclosure of direct federal agency expenditures and linking federal contract, loan, and grant spending information to programs of federal agencies. The DATA Act is intended to increase the availability, accuracy, and usefulness of online federal spending information. To achieve this goal, the DATA Act, among other things:

- Expands the required federal spending information reported online by agencies.
- Mandates that the information appear in a form that is both searchable and downloadable.
- Requires the establishment of data standards to generate uniform, consistent, and comparable agency data.

A key step in implementing the DATA Act was the development of government-wide standards to ensure the reporting of reliable and consistent federal spending data for public use.

The DATA Act Information Model Schema (DAIMS) gives an overall view of the hundreds of distinct data elements used to tell the story of how federal dollars are spent. It provides technical guidance for federal agencies on what data to report to the U.S. Department of Treasury (Treasury), including the authoritative sources of the data elements and the submission format. DAIMS includes:

- Information Flow, which provides an overview of the reporting timeframes and sources of data included in DAIMS across the federal government. Agencies were required to electronically submit data files to the DATA Act Broker (the Broker) starting May 2017.
- Report Submission Specification (RSS), which is a listing of the data elements with specific instructions for submitting content in the appropriate format for Files A, B, and C (table 1).
- Interface Definition Document (IDD), which is a listing of the data elements that will be extracted from government-wide procurement and financial assistance systems and explains how the data will be collected and reported for Files D1, D2, E and F. Some data elements will be obtained from government-wide intermediary systems for procurement data, recipient attributes, and sub-award information (table 1).
- DAIMS Diagrams, which provides visual representations of how the data elements from the RSS and IDD fit together in context.
- XBRL Schema Files machine-readable version of the data standard that includes accounting-related and award related content.
- Online Data Dictionary, which is a comprehensive list of data elements.

In 2015, OMB and Treasury identified and provided final standards for 57 financial data elements required for reporting by government agencies on USASpending.gov (see appendix IV). The initial agencies' submissions for the fiscal year (FY) 2017, second quarter, were due no later than May 2017.

Table 1 provides information on the files containing the financial and award data that is submitted to the Broker or pulled from government-wide external systems.

Table 1: Submission Data by File

File Name	File Content	File Description	Source
File A	Appropriations Account Detail	Treasury Account Symbol (TAS) level, including Budget Authority Appropriated, Unobligated Balance, and Other Budgetary Resources	Agency internal financial system
File B	Object Class and Program Activity Detail	Summary Obligation and Outlay at TAS, Program Activity and Object Class level	Agency internal financial system
File C	Award Financial Detail	Procurement and loan assistance Award level detail including TAS, Program Activity and Object Class	Agency internal financial system
File D1	Award and Awardee Attributes (Procurement)	Procurement award actions at the transaction level	External award reporting system, Federal Procurement Data System -Next Generation (FPDS-NG)
File D2	Award and Awardee Attributes (Financial Assistance)	Financial Assistance and loans award actions at the transaction level	External award reporting portal, Award Submission Portal (ASP)
File E	Additional Awardee Attributes	Prime contract awardee attributes	External reporting systems, System for Award Management (SAM)
File F	Sub-Award Attributes	Sub-Award information	External reporting systems, Federal Sub-Award Reporting System (FSRS)

Source: DATA Act Schema.

Agencies are required to submit Files A, B, and C quarterly to the Broker. To complement Files A, B, and C, the Broker generates Files D1, D2, E, and F for a specified date range at the agency's request.

Files A and B are summary-level financial data. File A includes fiscal year cumulative federal appropriations account summary-level data and File B includes fiscal year cumulative federal object class and program activity summary-level data. Files C, D1, D2, E and F provide award-level data specific to each individual award.

Relevant Federal Systems

FPDS-NG serves as the primary government-wide central repository for procurement data. The system contains detailed information on contract actions over $3,500 and any modification to that contract regardless of dollar value.

ASP was created by Treasury to allow federal agencies to report financial assistance to USASpending.gov. It is the platform federal agencies use to upload assistance files, corrections to records, and to report that an agency has no submissions for a specific month.

SAM is the primary U.S. government repository for prospective federal awardee and federal awardee information, and the centralized government system for certain contracts and grants. Entities that do business with federal agencies must maintain an active registration in SAM unless exempt. SAM populates entity legal business name and address in FPDS-NG. SAM also prepopulates certain executive compensation data in FSRS.

FSRS is a reporting tool that prime contractors and prime grant recipients use to capture and report subcontractor or sub-award data including executive compensation.

OIG Requirements under the DATA Act

The DATA Act requires the agency Office of Inspector General (OIG) (1) to review a statistically valid sample of spending data submitted by its agency, and (2) issue to Congress and make publicly available a report assessing the completeness, timeliness, quality, and accuracy of the data sampled, and the implementation and use of data standards.

Objective

To comply with this law, our objective was to assess:

- The completeness, timeliness, quality, and accuracy of PBGC's fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov, and
- PBGC's implementation and use of the government-wide financial data standards established by OMB and Treasury.

Audit Results

Summary

We found that PBGC generally complied with the requirements for completeness, timeliness, quality, and accuracy of the data, and implementation and use of the government-wide financial data standards established by OMB and Treasury. However, we observed some inconsistencies, omissions and errors which caused the information available to the public and Congress on Beta.USAspending.gov to not fully reflect PBGC's operations. This occurred because PBGC relied on automated tools that included the DATA Act Processor, the exception reports, and the Broker to validate the data. However, these programs and procedures did not identify all errors. Appendix III provides a summary table of audit results including error rates.

We shared our results with management throughout the course of the audit and observed that PBGC initiated corrective actions. Our audit coverage did not include verification of the adequacy or sufficiency of these corrective actions.

Finding 1: PBGC Complied with the Requirements for Completeness, Timeliness, Quality, and Accuracy, and the Use of Government-Wide Financial Data Standards for the Summary Level Data

Results of Tests Performed of the Summary Level Data

We tested PBGC's cumulative second quarter, FY 2017 federal appropriations account summary level data (File A) and federal object class and program activity summary data (File B) according to the *Inspectors General Guide to Compliance under the DATA Act*, dated February 2017. We compared federal appropriations account summary-level data (File A) to the information contained in SF-133, Report on Budget Execution, to determine if all transactions were included in the reporting period. We also compared Files A and B to make sure the data in the files agreed. We also verified all object class codes from File B matched the codes defined in Section 83 of OMB Circular No. A-11 and ensured all program activity names and codes from File B matched the names and codes defined in the Program & Financing Schedule in the President's Budget. Based on the procedures performed, we did not identify any issues with completeness, accuracy, timeliness, quality, and compliance with government-wide financial data standards for summary level data.

Finding 2: Award-Level Transaction Data Contained Some Inconsistencies and Omissions

Results of Sample Tests Performed at the Award-Level Transaction Data

As required by the DATA Act, we reviewed a statistical sample of award level spending data for completeness, timeliness, quality, and accuracy. Our sample size consisted of 192 transactions from the combined population of 382 contracting and multiemployer loan transactions. Specifically, we sampled 158 of the 316 contract actions from File D1 and 34 of the 66 multiemployer financial assistance loans from File D2 (see appendix III, section 4, for the population and sample size). We defined omissions when a transaction in our sample lacked a required data element.

Completeness

Completeness is measured in two ways: (1) all transactions that should have been recorded are recorded in the proper reporting period, and (2) as the percentage of transactions containing all applicable data elements required by the DATA Act.

We determined that:

1. Of the 192 contract actions and loan obligations we sampled, all (100 percent) were properly reported in the second quarter of FY 2017.
2. Of the 192 contract actions and loan obligations we sampled, 136 (71 percent) of the transactions contained all applicable 57 data elements. The completeness error rate is the percentage of transactions that do not contain all applicable data elements. We determined the completeness error was 29 percent. Some of the errors included are attributable to agency supplied information and some are issues with the Broker where the agency does not have control. In some cases, we were not able to determine the root cause, but there is evidence that it may be Broker related. We did not calculate separate error rates for agency and Broker errors. Of the 192 transactions, we found the following incomplete DATA Act elements:

    a. Treasury Account Symbol (TAS), Program Activity and Object Class were not included for 41 transactions due to omission in File C of deobligations (21 percent).

    b. Legal Entity Congressional District was missing for 6 transactions (3 percent).

c. Ultimate Parent Legal Entity Name was missing for 11 out of 158 contract actions (7 percent).

d. Parent Award (ID) Number was missing for 1 transaction (less than 1 percent).

e. Legal Entity Address, Legal Entity Country Name, Legal Entity Country Code was not included for 1 transaction (less than 1 percent).

Finding 3 provides the reasons and recommendation for the missing financial data elements. The remaining non-financial data elements were missing in File D1 due to government-wide issues.

Accuracy

Accuracy is measured as the percentage of transactions that are complete and consistent with the systems of record or other authoritative sources. To assess accuracy, we compared 192 transactions from our sample to PBGC's accounting records in the financial systems or other authoritative sources. Of the 192 contract actions and loan obligations reviewed, 56 transactions had inconsistencies with the systems of record or other authoritative sources, which represents the error rate for accuracy of 29 percent. Some of the errors included are attributable to PBGC's supplied information and some are issues with the Broker where PBGC doesn't have control. In some cases, we could not determine the root cause, but there is evidence that it may be Broker related. We did not include some Broker-related issues in our overall rate of error for the reasons described below. We did not calculate separate error rates for agency and Broker errors.

We found that the following DATA Act data elements had inconsistencies with the systems of records or other authoritative sources as reported below. Some transactions had inconsistencies in more than one data element.

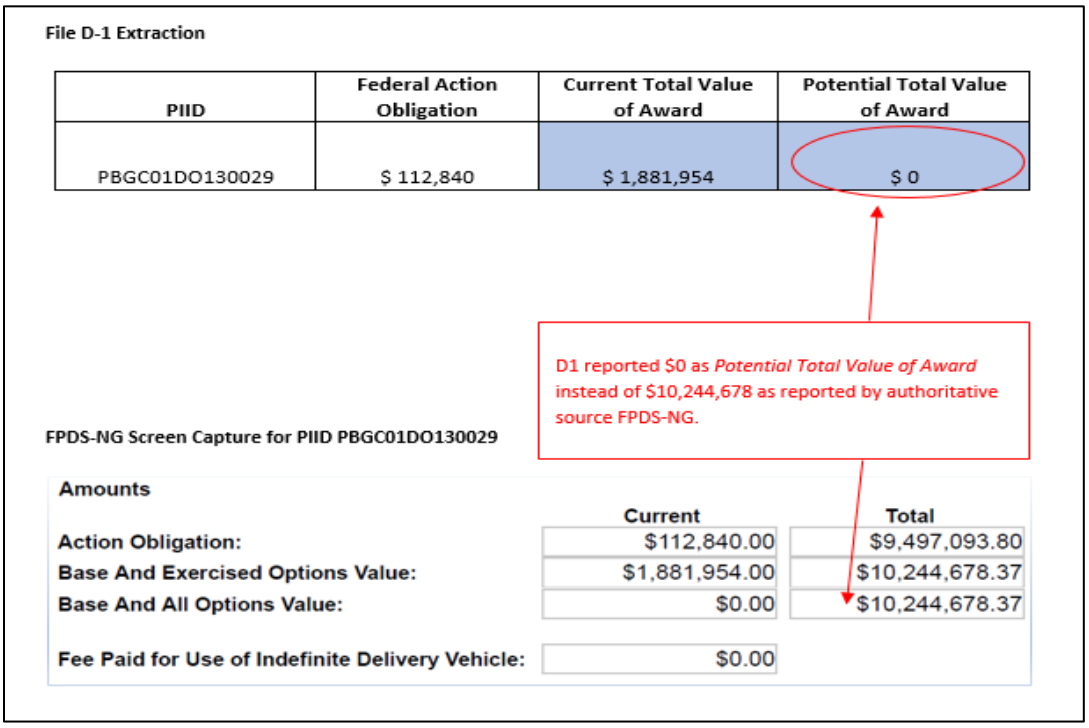
Contract Actions:

1. Action Type was not accurately displayed for 1 out of 158 transactions (less than 1 percent). PBGC reported the action type for this contract action as a "supplemental agreement for work within scope" modification. However, PBGC's records indicated the action type was an "other administrative action" modification. We included this transaction in our error rate calculation.
2. North American Industrial Classification System (NAICS) Code and NAICS Description (2 data elements) did not match in 47 out of 158 transactions. NAICS description is derived

from NAICS code. We communicated these inconsistencies to PBGC officials and they informed us the NAICS Codes were populated from SAM to FPDS-NG using the DUNS number of the contractor. We used SAM to verify the accuracy of the 47 NAICS Codes that we could not trace to PBGC records. We could not match 10 out of the 47 NAICS Codes to SAM. PBGC confirmed 1 out of 10 NAICS Codes was inaccurate and updated the report to reflect the correct NAICS Code for this sample item. The remaining 9 NAICS Codes were entered in FPDS-NG by General Service Administration (GSA) and were unavailable for editing by PBGC. We included these 10 transactions (6 percent) in our error rate calculation.

3. Potential Total Value of Award, which represents the total amount that could be obligated on a contract if the base and all options are exercised, was not accurately displayed for 142 out of 158 transactions in File D1. File D1 displayed the current award amount for those transactions, instead of the total amount for the award displayed in FPDS-NG (figure 1).

Figure 1: Potential Total Value of Award in D1 Does Not Match FPDS-NG



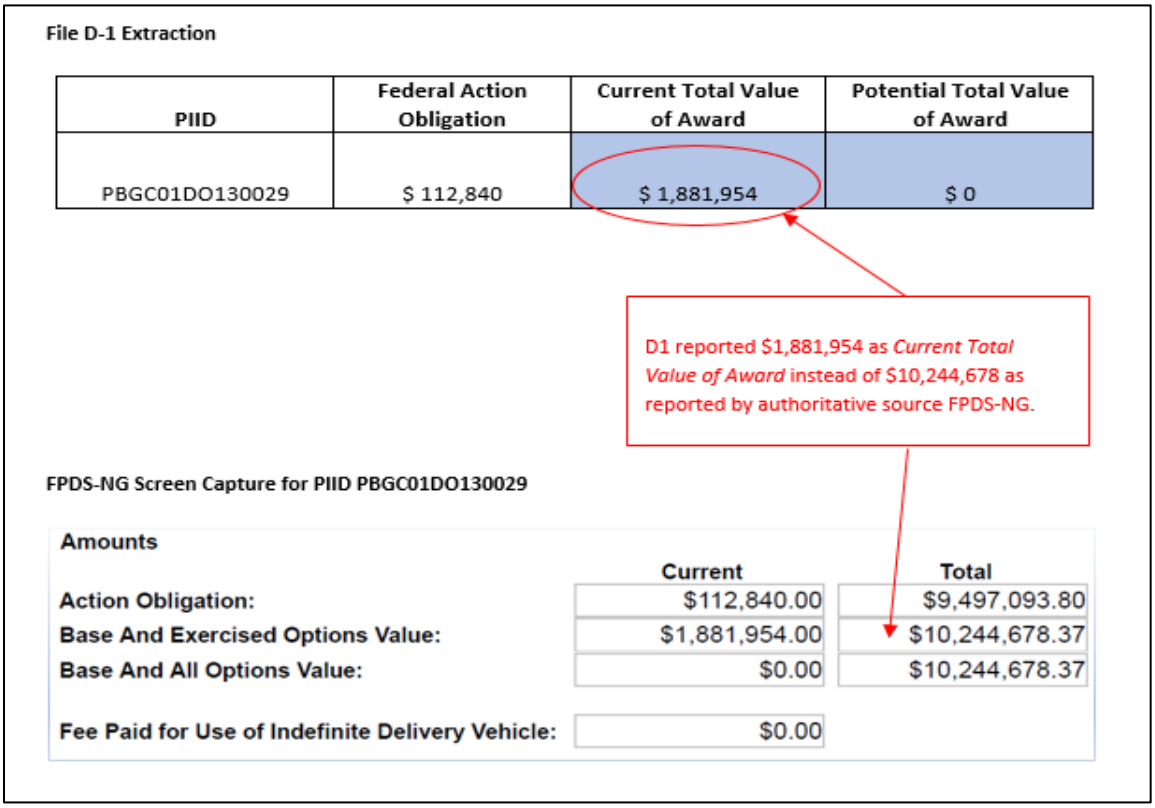
Source: File D1 and FPDS-NG.

We did not include these transactions in our rate of error calculation because the information was in FPDS-NG but was not displayed in File D1.

For the remaining 16, one (1 percent) did not match the agency records. One transaction reported $2.66 million for potential total value of award in FPDS-NG. However, PBGC's record showed this amount is $2.63 million. PBGC confirmed this was an error and corrected the FPDS-NG report to reflect the correct amount. We included this transaction in our error rate calculation.

4. Current Total Value of Award, which is the total amount obligated to date on a contract, including the base and exercised options, was not accurately displayed for 142 of the 158 transactions. For example, File D1 reported $1.88 million as the current total value of the award instead of $10.24 million reported in FPDS-NG (figure 2). We did not include these transactions in our rate of error calculation because the information is in FPDS-NG, but was not displayed in File D1.

Figure 2: Current Total Value of Award in D1 Does Not Match FPDS-NG



Source: File D1 and FPDS-NG.

In summary, Potential Total Value of Award and Current Total Value of Award were not accurately displayed due to government-wide data reporting issues associated with Procurement Award Modifications. Data from the (1) Potential Total Value of Award and (2) Current Total Value of Award elements are extracted from FPDS-NG via the legacy USASpending.gov and provided to the Broker.[1] Specifically, data for these elements are extracted from the following FPDS-NG fields, respectively: (1) base and exercised options value and (2) base and all options value. These two fields are categorized in FPDS-NG under two columns for data entry labeled "Current" and "Total." The "Current" column contains amounts entered into the system by the agency. The "Total" column contains cumulative amounts computed by FPDS-NG based on the modification amounts entered into the system by the agency. Procurement award modifications, included in our sample, reported values for these elements from FPDS-NG's "Current" column, which displays the modification amount, rather than the "Total" column, which displays the total award value. As a result, data for the Potential Total Value of Award and Current Total Value of Award elements were inconsistent with agency records.

A no-cost modification would cause the "Total" column to display an erroneous zero balance. Procurement awards (base awards) that were not modified did not produce the same errors. The Department of the Treasury's PMO Government-wide DATA Act Program Management Office officials confirmed that they are aware that the Broker currently extracts data for these elements from the "Current" column rather than the "Total" column. A Treasury official stated that the issue will be resolved once DAIMS version 1.1 is implemented in the Broker and related historical data from USASpending.gov are transferred to Beta.USASpending.gov during fall 2017. However, as PBGC does not have responsibility for how data is extracted by the Broker, we did not evaluate the reasonableness of Treasury's planned corrective action.

5. The Awardees Legal Entity Name did not match the agency system of records for 22 out of the 158 transactions. PBGC officials stated that the awardee or recipient legal entity name in FPDS-NG is populated from SAM at the time of the original contract award and cannot be changed by PBGC after that event. We performed further research and found that 3 of the 158 (2 percent) legal entity names did not match SAM. We included these 3 transactions in our error rate calculation.

[1] The legacy USASpending.gov uses FPDS Version 1.4 to extract and map that data from FPDS-NG. This was a one-time extraction for second quarter transactions.

6. The Awardee Legal Entity Address did not match the agency system of records for 77 out of 158 procurement actions. PBGC officials stated that the legal entity address was not pulled from the agency's award system but from SAM. They also explained that PBGC maintains vendors' mailing and payment addresses in the award system. We further researched this issue and found that for 25 transactions out of 158 (16 percent), the awardee legal entity address did not match SAM. PBGC officials stated that in most of those instances, the address was different because FPDS-NG extracted the address from SAM at the time of the award and PBGC cannot edit legal entity address in the event of an address change. PBGC acknowledged there is a need to correct a few addresses in the agency's system of record. We included these 25 transactions in our error rate calculation.

7. The Legal Entity Congressional District was not captured in FPDS-NG. However, we traced this element to SAM and found 1 transaction out of 158 transactions (1 percent) did not match SAM. We included this transaction in our error rate calculation.

8. The Awardee Unique Identifier (DUNS Number) did not match for 2 out of the 158 transactions (1 percent). The officials stated that this information in FPDS-NG is populated from SAM at the time of the award and PBGC contracting officer cannot make edits. We included this transaction in our error rate calculation.

9. The Ultimate Parent Unique Identifier (Parent's DUNS number) was not displayed in the agency's system for 127 out of the 158 transactions. Out of the remaining 31, Parent's DUNS number did not match the system of record number for 16 contract actions. The agency official stated that PBGC Procurement Department does not verify Parent's DUNS number because it is not relevant to the award. PBGC also stated that the parent vendor information is pulled from SAM based on the awardee DUNS number. We did not include 127 transactions in our error rate calculation because PBGC does not systematically maintain this information. However, we included the 16 transactions (10 percent) that did not match the agency's system of record in our error rate calculation.

10. The Ultimate Parent Legal Entity Name was not displayed in the agency's system for 145 out of 158 transactions. Out of the remaining 13, Parent Legal Entity Name was missing for 11 contract actions, which we reported in the completeness section of this finding; the remaining 2 contract actions matched the agency's system. PBGC also stated that the parent vendor information is pulled from SAM based on the awardee DUNS number.

We did not include the 145 transactions in our error rate calculation because PBGC does not systematically maintain this information.

Multiemployer loans:

11. Action Type did not match the agency's system of record for 3 out of the 34 transactions (9 percent). PBGC coded the plans' initial financial assistance payment as a continuation payment instead of a new assistance award. According to Federal Spending Transparency Data Standards, the data element "Action Type" identifies whether the action is a new agreement or modification. Agency officials acknowledged using the incorrect code and stated that it was a data entry error. We included these 3 transactions in our error rate.

Testing Limitations for Data Reported from Files E and F

File E of DAIMS contains additional awardee attribute information extracted from SAM via Broker. File F contains sub-award attribute information extracted from the FFATA FSRS via Broker. It is the prime awardee's responsibility to report sub-award and executive compensation information in SAM and FSRS. Data reported from these two award reporting systems are generated in the Broker for display on USASpending.gov. As outlined in OMB's *Management Procedures Memorandum 2016-03*, the authoritative sources for the data reported in Files E and F are SAM and FSRS, respectively with no additional action required of Federal agencies. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the DATA Act Broker.

Legal Entity City Code and Primary Place of Performance County Name Errors

IDD, a DAIMS artifact, states that data from Legal Entity City Code and Primary Place of Performance County Name, for financial assistance awards in File D2, are extracted via Treasury's ASP. During fieldwork, we noted that data for these two fields were consistently blank. A Treasury official stated that data for Legal Entity City Code had not been derived since January 2017 and there were plans to reconsider how this element would be handled. The Treasury official further explained that data derived for Primary Place of Performance County Name would not be implemented until September 2017. Because data for these elements were not derived or implemented, these data fields were consistently blank and, therefore, not reported for display on USASpending.gov. However, as PBGC does not have responsibility for how data is extracted by the Broker from Treasury's ASP, we did not evaluate the reasonableness of Treasury's planned corrective action.

As many of these observations resulted from mismatching of PBGC's records with external sources, we are not making any recommendations. The accuracy of the external sources is not in our scope.

Timeliness

Timeliness is measured as the percentage of transactions reported within 30 days of quarter end in which they occurred. We determined that all 192 (100 percent) sampled transactions tested were reported within 30 days of the quarter end.

Quality

Quality is defined as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision. To assess quality, we reviewed the results of the tests in our sample and the results of the internal controls assessment of the DATA Act submission process. Until the issues identified in this report are addressed, any efforts to assess the quality of PBGC's data submitted for publication on USASpending.gov will be limited.

Finding 3: Award Financial Detail (File C) Did Not Properly Report Data, and Award and Awardee Attributes (File D2) Had Incorrect Agency Code

Results of Review of PBGC's Use of the Government-Wide Financial Data Standards

We assessed PBGC's implementation and use of the government-wide financial data standards established by OMB and Treasury. In accordance with the DATA Act Information Model Schema (DAIMS) specifications, File C provides award level financial details including TAS, program activity, and object class for each award required to be reported under the DATA Act. To determine the completeness and reliability of File C, we assessed the agency's reconciliations and performed other analysis.

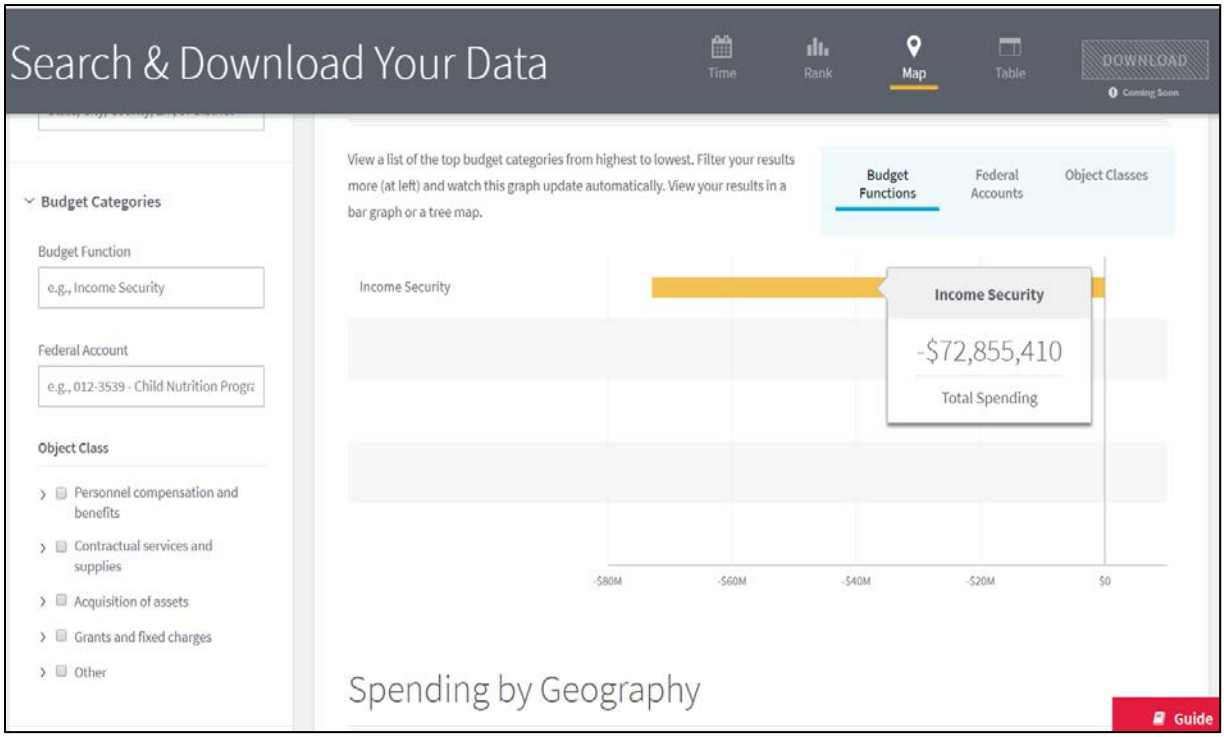
We determined that File C was incomplete due to an error in the design of PBGC's DATA Act submission procedures. The system did not include contract deobligations and PBGC's DATA Act exception reports did not identify missing deobligations in File C. The agency's Data Act processor did not match correctly the agency's financial and award level data by Procurement Instrument Identifier (PIID). As a result, the obligations for matched PIIDs were included in File C, but the deobligations were not. The reconciliations that were built into the process failed to

detect these omissions. Thus, File C procurement total amount was overstated by $18.5 million or 35 percent.

Also, the amounts in File C were not formatted in accordance with DAIMS. As a result, loans and contract awards were reported in File C as deobligations instead of obligations. An obligation represents a definite commitment that creates a legal liability to the government for the payment of goods and services ordered and received. A deobligation represents a reduction or cancellation of previously incurred obligation. Because of incorrect signage in File C, obligations (commitments to spending government funds) were displayed as negative amounts (reductions or cancellations legal liabilities to the government) on Beta.USAspending.gov (figure 3).

Figure 3 shows the total budget number as a negative number that did not include deobligations for procurement and the loans.

Figure 3. www.Beta.USAspending.gov Screen Capture of PBGC's Spending by Budget Category

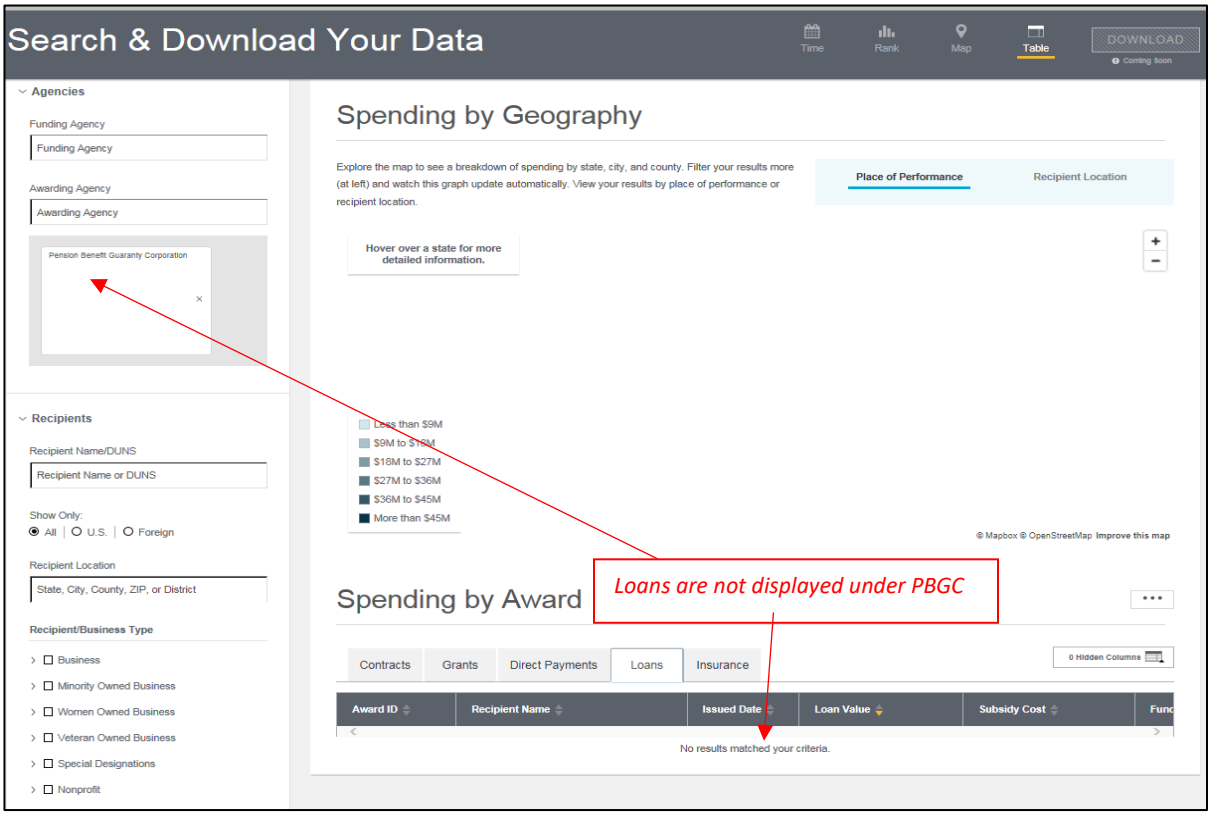


Source: www.Beta.USAspending.gov, as of July 6, 2017.

Additionally, we found that Awarding Agency Code and Awarding Agency Name in the award and awardee attributes File D2 for PBGC loans were not reported in accordance with OMB and Treasury established 57 data definition standards or Treasury Data Act Broker Submission Procedures.

We found that an incorrect agency code was used in PBGC's submission for File D2. PBGC used the OMB awarding agency code instead of Treasury Agency Code as required by Federal Spending Transparency Data Standards. Thus, all 66 multiemployer financial assistance loans (totaling $37.6 million) were reported in File D2 under the wrong agency code and name and were not displayed on Beta.USAspending.gov under PBGC (figure 4).

Figure 4. www.Beta.USAspending.gov Screen Capture of PBGC's Spending by Award



Source: www.Beta.USAspending.gov, as of June 27, 2017.

During our audit, PBGC made corrections to the awarding agency code for the second quarter, 2017 and resubmitted a corrected File D2.

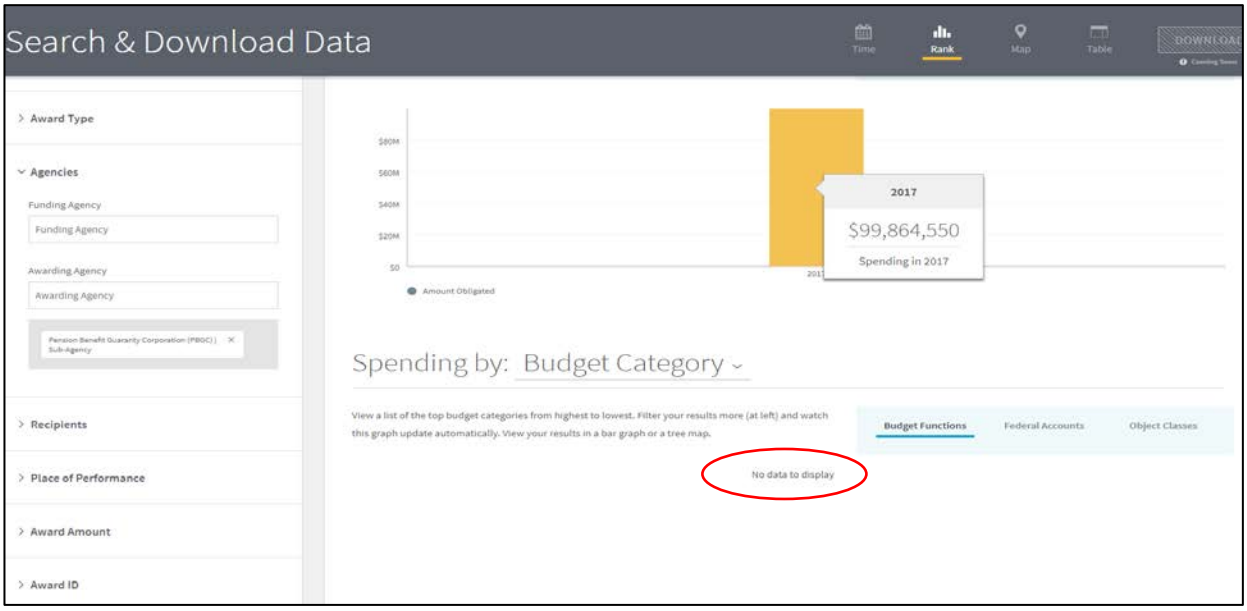
We believe these issues occurred because PBGC relied on its DATA Act Processor, the exception reports, and the Broker to validate the data. However, these programs and procedures did not identify all errors. Therefore, additional controls are necessary to strengthen the data quality. For example, if PBGC officials completed a quality control review of Files C, D1, and D2 before each quarterly data submission and reviewed the publication on Beta.USAspending.gov website after each submission for errors and incompleteness, they would reduce the risk of reported incorrect information.

Other Matters

During our audit, we identified one contract action that was not included in either PBGC's award system or FPDS-NG. This occurred because OIG procurement operations are not managed by PBGC Procurement Department and OIG had not entered the information into FPDS-NG. As a result, this contract action was not included in File C and File D1. This discrepancy is not significant as it represents only 1 of 316 actions (less than 1 percent) and approximately $1.9 million of obligation activity (3.5 percent). We are including the description of this omission as a matter of transparency because the observation involves an OIG transaction. OIG has since entered in an agreement with GSA to manage its contracts and future transaction information on this contract will be reported as required.

Finally, PBGC reports its SF-133 budget execution report to OMB through the U.S. Department of Labor (DOL). On August 3, 2017, PBGC resubmitted second quarter, 2017 data for publication on Beta.USAspending.gov. PBGC resubmitted the information independently from DOL who performed the initial submission and certification. The resubmission included corrected award financial File C and the award and awardee attributes File D2 with corrected awarding agency code and name. However, we observed that Beta.USAspending.gov did not display all PBGC's data (figure 5). PBGC officials explained that the agency was resolving the issue of separate files submission with DOL.

Figure 5. www.Beta.USAspending.gov Screen Capture of PBGC's Spending by Budget Category



Source: www.Beta.USAspending.gov, as of September 17, 2017.

Recommendation

During the course of this audit, PBGC adjusted procedures and resubmitted the files with correction to File C signage, completeness, and awarding agency code and awarding agency name in File D2. We, therefore, make no recommendation regarding these issues. PBGC's views on the issues are included in appendix V: Agency Response. However, based on the findings above there are opportunities for PBGC to further strengthen procedures. We recommend that the Financial Operations Department:

1. **Develop and implement procedures to ensure a quality control review of Files C, D1 and D2 is completed before each quarterly data submission and review Beta.USAspending.gov after publication for indications of errors and incompleteness. (OIG Control Number FOD-403)**

PBGC's Response and OIG's Evaluation

Resolved. PBGC agreed with the recommendation and provided actions taken or planned to strengthen quality control over data submission to include:

- Strengthening the controls over File C, by deploying an enhancement to the Consolidated Financial System DATA Act Processor which improved its reconciliation processes by modifying the Exclusion Report 9.0 and the Reconciliation Report 9.1. The Exclusion Report 9.0 identifies unmatched transactions between PBGC's financial system and operation department records. The Reconciliation Report 9.1 compares and calculates differences between PBGC's financial system operation department records at the summary and detail levels by PIID.
- To address any data issues, PBGC will review Files DI and D2 after each quarterly submission for those data elements that PBGC can update in SAM, FPDS-NG or the USASpending, Financial Assistance Broker Submission Portal starting with the fourth quarter of FY 2017 submission. This review will help ensure that those data elements are correct or PBGC will update any data elements in SAM, FPDS-NG or the USASpending, Financial Assistance Broker Submission Portal that PBGC can update. PBGC departments responsible for File D1 and File D2 will document their respective reviews in writing by acknowledging that they have conducted the review and have made any necessary updates.

Closure of this recommendation will occur when PBGC provides evidence of the successful implementation of the reconciliation reports and quarterly reviews of Files D1 and D2 including necessary updates for two successive quarters beginning on or after the first quarter of FY 2018.

Appendix I: Objective, Scope, and Methodology

Objective

Our objective was to assess:

- The completeness, timeliness, quality, and accuracy of PBGC's fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov and
- PBGC's implementation and use of the government-wide financial data standards established by OMB and Treasury.

Scope

We reviewed PBGC's financial award and award data for FY 2017, second quarter. PBGC incurred $3.1 billion of cumulative obligations through the second quarter, 2017. For the second quarter 2017, PBGC obligated $91.9 million of procurement contracts and multiemployer loans. We performed fieldwork at PBGC Headquarters in Washington, D.C., from April through October 2017. We performed our review of the initial submission of PBGC's data and assessed the agency's corrective actions including the corrections made to the files after the initial submission.

Methodology

In consultation with GAO, CIGIE developed and issued the *Inspectors General Guide to Compliance under the DATA Act* to set a baseline framework for the required reviews performed by the IG community and to foster a common methodology for performing the mandated work. We used the overall methodology, objectives and review procedures as outlined in the CIGIE guide in our audit.

To answer our objectives, we:

- Obtained an understanding of any regulatory criteria related to PBGC's responsibilities to report financial and award data under the DATA Act.

- Assessed PBGC's systems, processes, and internal controls in place over data management under the DATA Act.

- Assessed the general and application controls pertaining to the financial management systems (loans, contract actions) from which the data elements were derived and linked.

- Assessed PBGC's internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123.

- Reviewed a statistically valid sample from FY 2017, second quarter, financial and award data submitted by PBGC for publication on USASpending.gov.

- Assessed the completeness, timeliness, quality, and accuracy of the financial and award data sampled.

- Assessed PBGC's implementation and use of the 57 data definition standards established by OMB and Treasury.

Statistical Sampling

As required by the DATA Act, we completed a statistically valid sample of PBGC's spending data.

We followed the guidance established in the *Inspectors General Guide to Compliance under the DATA Act.* Sample parameters criteria included:

- Population Size – the number of detail award transactions included in PBGC's quarterly certified data submission calculated by adding the total number of detail award transactions in submission in Files D1 and D2.

- Confidence level – the percentage of all possible samples that expected to include the true population parameter; set at 95 percent.

- Expected error rate – the estimated number of errors in the population set at 50 percent.

- Sample Precision – the expected difference between the true population parameter and a sample estimate of that parameter; established at plus or minus 5 percent.

Sample size consisted of 192 transactions from the combined population of 382 contracting and multiemployer loan activity transactions. We applied the finite correction factor specified in the CIGIE guidance because of the small size of the transaction population. Since File C was incomplete and not suitable for sampling, we selected our sample from Files D1 (procurement) and D2 (multiemployer financial assistance loans).

Standards Followed During Audit Performance

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 documentation to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the documentation obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Use of Computer-Processed Data

We relied on computer processed data files A, B, C, D1, D2, E and F which we extracted from the DATA Act Broker. To assess the reliability of the data, we compared the computer processed-data across multiple sources.

For example, we compared the data in the files to the agency source systems, intermediary reporting systems and external reports where applicable. Based on our tests, we concluded the computer processed data that we used for this audit was sufficiently reliable.

Review of Internal Controls

Assessments of Internal Controls Over PBGC's Source Systems

We assessed whether the internal controls over the agency financial and award systems are properly designed, implemented, and operating effectively. We assessed the internal controls related to our audit objectives. OMB Circular A-123 provides guidance to federal managers on improving the accountability and effectiveness of federal programs and operations by establishing, assessing, correcting, and reporting on internal controls. To assess internal controls over the agency financial and award systems we reviewed agency internal controls procedures, interviewed agency officials, performed walkthroughs over processes, reviewed previously issued OIG reports, and tested internal controls based on a sample of 45 contracts and loan transactions out of our sample of 192 transactions. We did not identify any internal control weaknesses relating to PBGC's control activities over the source systems. Based on the results of our assessment, we determined that PBGC's financial and award systems were reliable as an authoritative source for the detailed test of transaction.

Assessments of Internal Controls Over PBGC's Data Act Submission Process

We evaluated the design, implementation, and operating effectiveness of the process, systems, and controls that PBGC has in place to extract financial and award data reported under the Data

Act for publication on Beta.USAspending.gov. We assessed the effectiveness of PBGC's internal controls to ensure completeness, accuracy, timeliness, and quality of data submitted and whether the governmental-wide financial data standards and requirements established by the Treasury and OMB were followed by PBGC. In performing our assessment, we obtained senior accountable official's certification, reviewed PBGC DATA Act submission procedures manual, tested PBGC's reconciliations and validations, and tested linkages among the files. As a result, we identified some deficiencies in the internal controls over the DATA Act submission process that are described in Findings 2 and 3 of the report.

Appendix II: Acronyms

ASP	Award Submission Portal
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DUNS	Unique nine-digit identifier for businesses
FPDS-NG	Federal Procurement Data System Next Generation
FFATA	Federal Funding Accountability and Transparency Act
FSRS	Federal Sub-Award Reporting System
FY	Fiscal Year
GAO	Government Accountability Office
IDD	Interface Definition Document
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier
PBGC	Pension Benefit Guaranty Corporation
RSS	Report Submission Specification
SAM	System for Award Management
TAS	Treasury Account Symbol

Appendix III: Summary of PBGC DATA Act Results

Summary of DATA Act Results 2nd Quarter, Fiscal Year 2017.

Section 1: Results of Assessment of Internal Controls over Source Systems			
Control Objectives	**Controls Properly Designed to Achieve Control Objective? (Yes/No)**	**Controls Implemented to Achieve Control Objective? (Yes/No)**	**Controls Operating Effectively to Achieve Control Objective? (Yes/No)**
Overall Conclusion	Yes	Yes	Yes
Internal controls over data management to ensure the integrity and quality of the data.	Yes	Yes	Yes
Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.	Yes	Yes	Yes
Section 2: Results of Assessment of Internal Controls over Data Management and Processes (DATA Act Submission)			
Control Objectives	**Controls Properly Designed to Achieve Control Objective? (Yes/No)**	**Controls Implemented to Achieve Control Objective? (Yes/No)**	**Controls Operating Effectively to Achieve Control Objective? (Yes/No)**
Overall Conclusion	No	No	No
Internal controls over data management to ensure the integrity and quality of the data.	No	No	No
Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.	No	No	No
***Auditors Note: If selected "No" in any columns above, include details in section 3.**			
Section 3: Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy			
	Impact of Control Deficiency		
Description of Control Deficiency	**Completeness[1]**	**Timeliness[2]**	**Accuracy[3]**
File C that reports the obligations at the award and object class level was incomplete and didn't provide financial elements for 21 % of 192 samples.	Yes	No	No
[Include summary of other control deficiencies identified that do not specifically impact completeness, timeliness, or accuracy.] Awarding Agency Code and Awarding Agency Name in the award and awardee attributes File D2 for PBGC loans were incorrect.			

Section 4: Results of Sample Tests Performed at the Award-Level Transactions			
Description of Attribute Testing	**Completeness[1]**	**Timeliness[2]**	**Accuracy[3]**
Error Rate[4]	0% (100 % loans and contracts complete) 29% (contract actions and loans containing all applicable 57 elements)	0%	29%
Source of Sample	D1 and D2	D1 and D2	D1 and D2
Population Size *(# and $ of each type of transactions for grants, loans, contracts, and others)*	316 contact actions in the amount of $54,322,211; 66 loan obligations in the amount of $37,604,100	316 contact actions in the amount of $54,322,211; 66 loan obligations in the amount of $37,604,100	316 contact actions in the amount of $54,322,211; 66 loan obligations in the amount of $37,604,100
Type of Statistical Sampling Methodology Used[5]	random	random	random
Confidence Level	95%	95%	95%
Expected Error Rate	50%	50%	50%
Sample Precision	+/-5%	+/-5%	+/-5%
Sample Size	192	192	192

Section 5: Overall Assessment of Implementation and Use of Data Standards[6]

[Describe any differences between the agency's definitions of the data standards and OMB guidance.]

Awarding Agency Code and Awarding Agency Name in the award and awardee attributes File D2 for PBGC loans were incorrect. PBGC had used the OMB awarding agency code instead of Treasury Account Symbol.

[List specific data elements identified from the sample with a rate of errors above 50%.]

Awarding Agency code and Awarding Agency name were incorrect for 100 % of the loans in File D2.

[Describe any other non-compliance issues identified, including any lack of completeness with specific types of transactions, programs, or components where spending data was not submitted as required.]

File C that reports the obligations at the award and object class level was overstated by $18.5 million or 35 percent (procurement only) and was incorrectly formatted (wrong sign).

[1]Completeness is measured as the percentage of transactions that are recorded in a correct period and containing all data elements required by the DATA Act.

[2]Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.

[3]Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.

[4]Error Rate is displayed as the percentage of transactions tested that were not in accordance with policy.

[5]Type of statistical sampling methodology used could include dollar unit sampling, classical variables estimation, classical probability proportional to size, or random.

[6]Agency's implementation and use of data standards is assessed as part of the tests for completeness of summary-level data and award-level transaction data.

Appendix IV: Data Elements

The Table Represents 57 Data Elements Established by OMB and Treasury.

1. Action Date
2. Action Type
3. Award Description
4. Award Identification Number (also known as PIID)
5. Award Modification Amendment Number
6. Award Type
7. NAICS Code (NAICS)
8. NAICS Description
9. Ordering Period End Date
10. Parent Award Identification(ID) Number
11. Period of Performance Current End Date
12. Period of Performance Potential End Date
13. Period of Performance Start Date
14. Primary Place of Performance Congressional District
15. Primary Place of Performance Country Code
16. Current Total Value of Award
17. Federal Action Obligation
18. Potential Total Value of Award
19. Awardee or Recipient Legal Entity Name
20. Awardee or Recipient Unique Identifier
21. Legal Entity Address
22. Legal Entity Congressional District
23. Legal Entity Country Code
24. Legal Entity Country Name
25. Ultimate Parent Legal Entity Name
26. Ultimate Parent Unique Identifier
27. Awarding Agency Code
28. Awarding Agency Name
29. Awarding Office Code
30. Awarding Office Name
31. Awarding Sub Tier Agency Code
32. Awarding Sub Tier Agency Name
33. Funding Agency Code
34. Funding Agency Name
35. Funding Office Code
36. Funding Office Name
37. Funding Sub Tier Agency Code
38. Funding Sub Tier Agency Name
39. Business Types
40. Catalog of Federal Domestic Assistance (CFDA)Number
41. Catalog of Federal Domestic Assistance (CFDA) Title
42. Primary Place of Performance Address
43. Primary Place of Performance Country Name
44. Record type
45. Amount of Award
46. Non-Federal Funding Amount
47. Highly Compensated Officer name
48. Highly Compensated Officer Total Compensation
49. Appropriations Account
50. Budget Authority Appropriated
51. Object Class
52. Obligation
53. Other Budgetary Resources
54. Outlay
55. Program Activity
56. Treasury Account Symbol
57. Unobligated Balance

Appendix V: Agency Response

Pension Benefit Guaranty Corporation
Protecting America's Pensions
1200 K Street, N.W., Washington, D.C. 20005-4026

October 23, 2017

TO: Nina N. Murphy
Assistant Inspector General for Audit

FROM: Patricia Kelly
Chief Financial Officer

SUBJECT: PBGC's Audit Recommendation Response for Incorporation into the Office of Inspector General Draft DATA Act Audit Report

On behalf of PBGC management (specifically Procurement Department (PD), and Office of Negotiations and Restructuring/ Multiemployer Program Division (ONR/MEPD)), attached please find our responses to the findings and recommendation in the draft Office of Inspector General DATA Act Audit Report. The responses include detailed information related to each finding and PBGC's corrective actions.

As the PBGC Senior Accountability Officer, I have shared the draft report with PBGC's DATA Act managers, including managers from the PD, ONR/MEPD, Budget Department, and Financial Operations Department.

Thank you for providing us the opportunity to respond. If you have questions or comments, please contact me at extension 3552, Theodore J. Winter, Jr. at extension 6296, or Edward Picard at extension 3574.

Attachment

cc: Steve Block
Steven Kvalevog
Ross Marcelin
Alex Reed
Edgar Bennett
Diane Braunstein
Theodore J. Winter, Jr.
Walter Luiza
Edward Picard
Bruce Johnson

October 23, 2017

PBGC's DATA Act Audit Recommendation Response

Recommendation

During the course of this audit, PBGC adjusted procedures and resubmitted the files with correction to File C signage, completeness, and awarding agency code and awarding agency name in File D2. We, therefore, make no recommendation regarding these issues. However, based on the findings above there are opportunities for PBGC to further strengthen procedures. We recommend that the Financial Operations Department:

1. Develop and implement procedures to ensure a quality control review of Files C, D1 and D2 is completed before each quarterly data submission and review Beta.usaspending.gov after publication for indications of errors and incompleteness.

Response

PBGC management agrees with the recommendation and has implemented the corrective actions, see corrective actions described in the related audit finding responses listed below.

Finding 1: PBGC Complied with the Requirements for Completeness, Timeliness, Quality, and Accuracy and the Use of Government-Wide Financial Data Standards for the Summary Level Data

Results of Tests Performed of the Summary Level Data

We tested PBGC's cumulative 2nd quarter, FY 2017 federal appropriations account summary level data (File A) and federal object class and program activity summary data (File B) according to the *Inspectors General Guide to Compliance under the DATA Act*, dated February 2017. We compared federal appropriations account summary-level data (File A) to the information contained in SF - 133, Report on Budget Execution, to determine if all transactions were included in the reporting period. We also compared Files A and B to make sure that the data in the files agreed. We also verified that all object class codes from File B matched the codes defined in Section 83 of OMB Circular No. A-11 and ensured that all program activity names and codes from File B matched the names and codes defined in the Program & Financing Schedule in the President's Budget. Based on the procedures performed, we did not identify any issues with completeness, accuracy, timeliness, quality, and compliance with government-wide financial data standards for summary level data.

Response

PBGC management has no further comment.

Finding 2: Award-Level Transaction Data Contained Some Inconsistencies and Omissions

Results of Sample Tests Performed at the Award-Level Transaction Data

As required by the DATA Act, we reviewed a statistical sample of award level spending data for completeness, timeliness, quality, and accuracy. Our sample size consisted of 192 transactions from the combined population of 382 contracting and multiemployer loan transactions. Specifically, we sampled 158 of the 316 contract actions from File D1 and 34 of the 66 multiemployer financial assistance loans from File D2. See Appendix III, section 4, for the population and sample size. We defined omissions when a transaction in our sample lacked a required data element.

Response

In a few cases (four out of 16 data elements), PBGC management agrees that the missing or incorrect data element should have been reported correctly. In these cases, the Financial Operations Department (FOD), Procurement Department (PD), and the Multiemployer Program Division (MEPD) corrected the information in the File C that was uploaded to the to the Department of the Treasury's (Treasury) Broker (Broker), Federal Procurement Data System-Next Generation (FPDS-NG), or USASpending, Financial Assistance Broker Submission Portal, as may be the case.

In most cases (12 out of 16 data elements), PBGC management, as pointed out by the Office of Inspector General, agrees that the missing or incorrect data elements were caused by known government-wide issues with the General Services Administration's (GSA) System for Award Management (SAM) or Federal Procurement Data System-Next Generation (FPDS-NG). These issues are not within FOD's, PD's, or MEPD's control to correct.

Each of the data elements identified by the OIG are discussed in greater detail below.

Data Element	Management Response
a. Treasury Account Symbol (TAS), Program Activity and Object Class were not included for 41 transactions due to omission in File C of deobligations (21 percent).	The FOD agrees that the Treasury Account Symbol (TAS), Program Activity and Object Class for deobligating transactions were not included in the initial second quarter submission to the Department of the Treasury's (Treasury) Broker (Broker). After deploying an enhancement to the Consolidated Financial Systems (CFS) Data Act Processor, the updated second quarter submission included the deobligations, and the related TAS, Program Activity and Object Class for those transactions.
b. Legal Entity Congressional District was missing for 6 transactions (3 percent).	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
c. Ultimate Parent Legal Entity Name was missing for 11 transactions (7 percent).	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.

Data Element	Management Response
d. Parent Award (ID) Number was missing for 1 transaction (1 percent).	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
e. Legal Entity Address, Legal Entity Country Name, Legal Entity Country Code was not included for 1 transaction (1 percent).	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
1. Action Type was not accurately displayed for 1 out of 158 transactions (1 percent). PBGC reported the action type for this contract action as a "Supplemental agreement for work within scope" modification. However, PBGC's records indicated the action type was an "other administrative action" modification. We included this transaction in our error rate calculation.	PD agrees the mod reason was selected erroneously and has corrected the action. PD will focus training on the importance of accurate reporting.
2. North American Industrial Classification System (NAICS) Code and NAICS Description (2 data elements) did not match in 47 out of 158 transactions. NAICS description is derived from NAICS code. We communicated these inconsistencies to PBGC officials and they informed us the NAICS Codes were populated from SAM to FPDS-NG using the DUNs number of the contractor. We used SAM to verify the accuracy of the 47 NAICS Codes that we could not trace to PBGC records. We could not match 10 out of the 47 NAICS Codes to SAM. PBGC confirmed 1 out of 10 NAICS Codes was inaccurate and updated the report to reflect the correct NAICS Code for this sample item. The remaining 9 NAICS Codes were entered in FPDS-NG by General Service Administration (GSA) and were unavailable for editing by PBGC. We included these 10 transactions (6 percent) in our error rate calculation.	PD agrees with the one incorrect NAICS code and has correct the action. The remaining nine were entered by GSA and cannot be edited by PD.
3. Potential Total Value of Award, which represents the total amount that could be obligated on a contract if the base and all options are exercised, was not accurately displayed for 142 out of 158 transactions in File D1. File D1 displayed the current award amount for those transactions instead of the total amount for the award displayed in FPDS-NG (Figure 1).	PD agrees Treasury's Broker is extracting the incorrect data field for File D1. No action for PD to take.
4. Current Total Value of Award, which is the total amount obligated to date on a contract, including the base and exercised options, was not accurately displayed for 142 of the 158 transactions. For example, File D1 reported $1.88 million as the current total value of the award instead of $10.24 million reported in FPDS-NG, (Figure 2). We did not include these transactions in our rate of error calculation because the information is in FPDS-NG, but was not displayed in File D1.	PD agrees Treasury's Broker is extracting the incorrect data field for File D1. No action for PD to take.
5. The Awardees Legal Entity Name did not match the agency system of records for 22 out of the 158 transactions. PBGC officials stated that the awardee or recipient legal entity name in FPDS-NG is populated from SAM at the time of the original contract award and cannot be changed by PBGC after that event. We performed further research and found that 3 of the 158 (2 percent) legal entity names did not match SAM. We included these 3 transactions in our error rate calculation.	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.

Data Element	Management Response
6. The Awardee Legal Entity address did not match the agency system of records for 77 out of 158 procurement action. PBGC officials stated that the legal entity address was not pulled from the agency's award system but from SAM. They also explained that PBGC maintains vendors' mailing and payment addresses in the award system. We further researched this issue and found that for 25 transactions out of 158 (16 percent), the awardee legal entity address did not match SAM. PBGC officials stated that in most of those instances, the address was different because FPDS-NG extracted the address from SAM at the time of the award and PBGC cannot edit legal entity address in the event of an address change. PBGC acknowledged that there was a need to correct a few addresses in the agency system of record. We included these 25 transactions in our error rate calculation.	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
7. The Legal Entity Congressional District was not captured in FPDS-NG. However, we traced this element to SAM and found 1 transaction out of 158 (<1 percent) transactions did not match SAM. We included this transaction in our error rate calculation.	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
8. The Awardee Unique Identifier (DUNS Number) did not match for 2 out of the 158 (1 percent) transactions. The officials stated that this information in FPDS-NG is populated from SAM at the time of the award and PBGC contracting officer cannot make edits. We included this transaction in our error rate calculation.	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
9. The Ultimate Parent Unique Identifier (Parent's DUNS number) was not displayed in the agency's system for 127 out of the 158 transactions. Out of the remaining 31, Parent's DUNS number did not match the system of record number for 16 contract actions. The agency official stated that PBGC Procurement Department does not verify Parent's DUNS number because it is not relevant to the award. PBGC also stated that the parent vendor information is pulled from SAM based on the awardee DUNS number. We did not include 127 transactions in our error rate calculation because PBGC does not systematically maintain this information. However, we included the 16 (10 percent) transactions that did not match the agency's system in our error rate calculation.	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.
10. The Ultimate Parent Legal Entity Name was not displayed in the agency's system for 145 out of 158 transactions. Out of the remaining 13, Parent Legal Entity Name was missing for 11 contract actions which we reported in the completeness section of this finding and the remaining 2 contract actions matched the agency's system. PBGC also stated that the parent vendor information is pulled from SAM based on the awardee DUNS number. We did not include the 145	FPDS-NG pulls this information from the SAM, and cannot be edited or added by PD.

Data Element	Management Response
transactions in our error rate calculation because PBGC does not systematically maintain this information.	
Multiemployer loans: 11. Action Type did not match the agency's records for 3 out of the 34 (9 percent) transactions. PBGC coded the plans' initial financial assistance payment as a continuation payment instead of a new assistance award. According to federal spending transparency, the data element action type data identifies whether the action is a new agreement or modification. Agency officials acknowledged using the incorrect code and stated that it was a data entry error. We included these 3 transactions in our error rate.	Once the MEPD was alerted to this incorrect code, the submissions were corrected. Going forward, the MEPD changed the process to automatically include this data element in each report.

For additional corrective action for these data elements, see the response to *Finding 3: Award Financial Detail (File C) Did Not Properly Report Data and Award and Awardee Attributes (File D2) Had Incorrect Agency Code*.

Finding 3: Award Financial Detail (File C) Did Not Properly Report Data and Award and Awardee Attributes (File D2) Had Incorrect Agency Code

Results of Review of PBGC's Use of the Government-Wide Financial Data Standards

We assessed PBGC's implementation and use of the government-wide financial data standards established by OMB and Treasury. In accordance with the DATA Act Information Model Schema (DAIMS) specifications, File C provides award level financial details including TAS, program activity, and object class for each award required to be reported under the DATA Act. To determine the completeness and reliability of File C, we assessed the agency's reconciliations and performed other analysis.

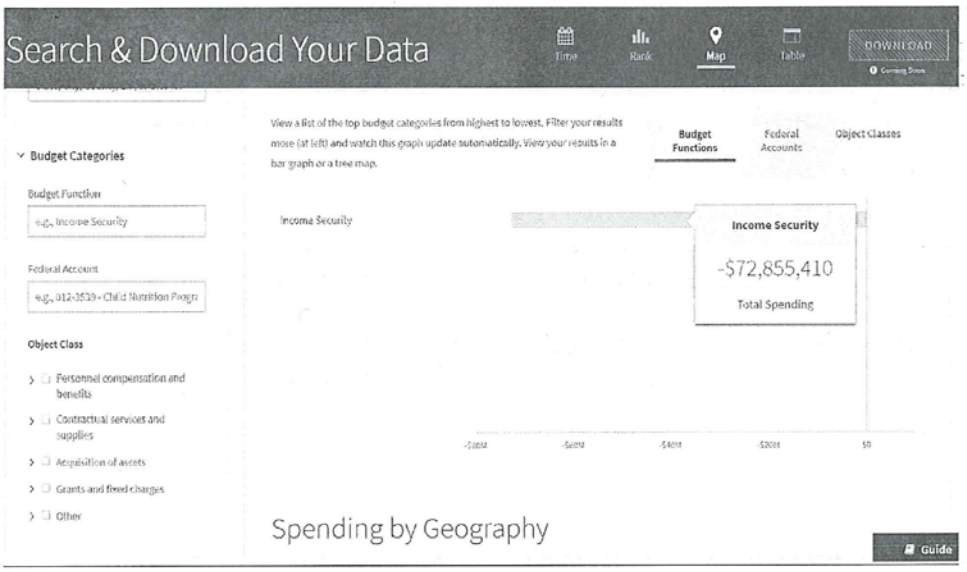
We determined that File C was incomplete due to an error in the design of PBGC's DATA Act submission procedures. The system did not include contract deobligations and PBGC's DATA Act exception reports did not identify missing deobligations in File C. The agency's Data Act processor did not match correctly the agency's financial and award level data by Procurement Instrument Identifier (PIID). As a result, the obligations for matched PIIDS were included in File C, but the deobligations were not. The reconciliations that were built into the process failed to detect these omissions. Thus, File C was overstated by $18.5 million or 35 percent.

Also, the amounts in File C were not formatted in accordance with DAIMS. As a result, loans and contract awards were reported in File C as deobligations instead of obligations. An obligation represents a definite commitment that creates a legal liability to the government for the payment of goods and services ordered and received. A deobligation represents a reduction or cancellation of previously incurred obligation. Because of incorrect signage in File C, obligations

(commitments to spending government funds) displayed as negative amounts (reductions or cancellations legal liabilities to the government) on Beta usaspending.gov (Figure 3).

Figure 3 shows the total budget number as a negative number that did not include deobligations for procurement and the loans.

Figure 3. www.Beta.usaspending.gov Screen Capture of PBGC's Spending by Budget Category

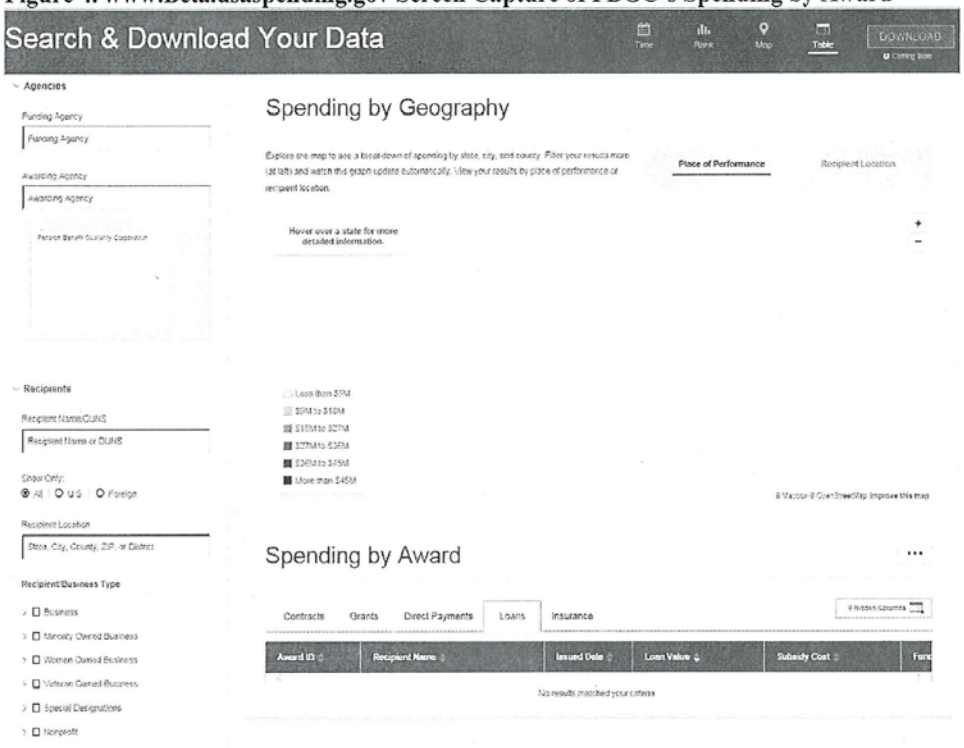


Source: www.Beta.usaspending.gov, as of July 6, 2017.

Additionally, we found that Awarding Agency Code and Awarding Agency Name in the award and awardee attributes File D2 for PBGC loans were not reported in accordance with OMB and Treasury established 57 data definition standards or Treasury Data Act Broker Submission Procedures.

We found that an incorrect agency code was used in PBGC's submission for File D2. PBGC used the OMB awarding agency code instead of Treasury Agency Code as required by Federal Spending Transparency Data Standards. Thus, all 66 multiemployer financial assistance loans (totaling $37.6 million) were reported in File D2 under the wrong agency code and name and were not displayed on Beta.usaspending.gov under PBGC (Figure 4).

Figure 4. www.Beta.usaspending.gov Screen Capture of PBGC's Spending by Award



Source: www.Beta.usaspending.gov, as of June 27, 2017.

During our audit, PBGC made corrections to the awarding agency code for the second quarter, 2017 and resubmitted a corrected file D2.

We believe this occurred because the PBGC relied of the DATA Act Processor, the exception report, and the Broker to validate the data. However, these programs did not identify all errors. Therefore, additional controls are necessary to strength the data quality. For example, if PBGC officials completed a quality control review of Files C, D1, and D2 before each quarterly data submission and reviewed the publication of Beta.usaspending.gov website after each submission for errors and incompleteness, they would reduce the risk of reported incorrect information.

Response

FOD agrees that de-obligating transactions were not included and the positive and negative values for obligating and de-obligating transactions were reversed in the initial second quarter submission to the Treasury's Broker. After deploying an enhancement to the CFS Data Act Processor, the updated second quarter submission (and Third Quarter Submission) included the de-obligations, and the related TAS, Program Activity and Object Class for those transactions, and the transactions were reported with the correct signs.

To further strengthen the controls over File C, the CFS Data Act Processor enhancement also improved the reconciliation process by modifying two reconciliation reports, as described below.

1. Exclusion report 9.0 - contains the CFS transactions excluded from File C and unmatched transactions with PD & MEPD files. This report shows object class transactions in CFS that are not reported in File C. This report is reviewed to ensure that File C is not missing award level data that should be reported to Treasury's broker.

2. Reconciliation Report 9.1 - compares and calculates the differences between CFS, Procurement Department, and File C award level information in detail and in summary by PIID. All differences are analyzed to determine the cause and corrective action, if necessary.

Likewise, the MEPD agrees that it used the Office of Management and Budget's (OMB) Agency Code instead of using Treasury's Agency Code for the PBGC, which are different Agency Codes for the same agency. The MEPD corrected the awarding agency code for the second quarter and submitted a corrected File D2. The MEPD also corrected all the records for FY 2017 and will continue to use Treasury's Agency Code.

To address any data issues, PD and MEPD will review Files D1 and D2 after each quarterly submission for those data elements that PD and MEPD submitted to and can update in SAM, FPDS-NG or the USASpending, Financial Assistance Broker Submission Portal. This review will help ensure that those data elements are correct or PD and MEPD will update any data elements in SAM, FPDS-NG or the USASpending, Financial Assistance Broker Submission Portal that PD and MEPD can update. PD and MEPD will document their respective reviews in writing by acknowledging that they have conducted the review and have made any necessary updates. These reviews will be stored in FOD's Data Act SharePoint site.

Other Matters

During our audit, we identified one contract action that was not included in either PBGC's award system or FPDS-NG. This occurred because OIG procurement operations are not managed by the PBGC Procurement Department and OIG had not entered the information into FPDS-NG. As a result, this contract action was not included in File C and File D1. This discrepancy is not significant as it represents only 1 of 316 contracts (less than 1 percent) and approximately $1.9 million of obligation activity (3.5 percent). We are including the description of this omission as a matter of transparency since the observation involves an OIG transaction. OIG has since entered in an agreement with GSA to manage its contracts and future transaction information on this contract information will be reported as required.

Response

FOD would like to note that this award was not included in File C because it was recorded in the CFS as part of an Interagency Agreement between the PBGC, OIG and the General Services Administration. Interagency Agreements are not included in File C because PD does not report these awards to the FPDS-NG pursuant to FAR 4.6.

Other Matters

Finally, PBGC reports its SF -133 budget execution report to OMB through the U.S. Department of Labor (DOL). On August 3, 2017, PBGC resubmitted 2nd quarter, 2017 data for publication on Beta.usaspending.gov. PBGC resubmitted the information independently from DOL who performed the initial submission and certification. The resubmission included corrected award financial File C and the awards and awardee attributes File D2 with corrected awarding agency code and name. We observed that Beta.usaspending.gov does not display all PBGC's data (Figure 5). PBGC officials explained that the agency is currently resolving the issue of separate files submission with DOL.

Response

This issue was caused by a limitation in the Broker that prevented the PBGC from submitting its files as its own entity. After Treasury deployed an enhancement to the Broker, FOD uploaded its revised second quarter and third quarter Data Act submissions independent of the Department of Labor. Going forward, FOD plans to continue reporting as its own entity. Otherwise, there is no further action that can be taken by FOD.

Appendix VI: Staff Acknowledgements

Staff Acknowledgement	Joseph Marchowsky, Audit Manager; Anna Oglesby, Auditor-In-Charge; Christina Harris, Auditor; Yolanda Young, Auditor; and Natali Dethomas, Auditor, made key contributions to this report.

Appendix VII: Feedback

Please send your comments, suggestions, and feedback to OIGFeedback@pbgc.gov and include your name, contact information, and the report number. You may also mail comments to us:

Office of Inspector General
Pension Benefit Guaranty Corporation
1200 K Street, NW, Suite 480
Washington, DC 20005

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 326-4030.