November 8, 2017

TO: Kim Mansaray
                Acting Chief Executive Officer

FROM: Stuart Axenfeld */s/*
                Assistant Inspector General for Audit

SUBJECT: Office of Inspector General (OIG) Final Report 18-05: *Performance Audit of the Corporation for National and Community Service's Compliance under the Digital Accountability and Transparency Act of 2014*

Attached is the OIG Final Report 18-05: *Performance Audit of the Corporation for National and Community Service's Compliance under the Digital Accountability and Transparency Act of 2014.* The audit was conducted by CliftonLarsenAllen (CLA) in accordance with standards established by the *Government Auditing Standards,* issued by the Comptroller General of the United States.

Under the Corporation's audit resolution policy, a final management decision on the findings and recommendations in this report is due by May 8, 2018. Notice of final action is due by November 8, 2018.

If you have questions pertaining to this report, please contact James M. Berry Schneck, Audit Manager, at (202) 606-9357 or j.schneck@cncsoig.gov; or me at (202) 606-9360 or s.axenfeld@cncsoig.gov.

Attachment

cc: Mikel Herrington, Acting Chief of Staff
       Timothy Noelker, General Counsel
       Jeffrey Page, Chief Operating Officer
       Robert McCarty, Chief Financial Officer
       Tom Hanley, Chief Information Officer
       Lori Giblin, Chief Risk Officer
       Mia Leswing, Engagement Partner, CliftonLarsenAllen

November 8, 2017

Mr. Stuart Axenfeld
Assistant Inspector General for Audit
Corporation for National and Community Service
250 E Street, SW
Washington, DC 20525

Dear Mr. Axenfeld:

Enclosed is our final report on the Corporation for National & Community Service's Compliance Digital Accountability and Transparency Act of 2014. CNCS contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP to conduct an audit of financial and award data for the second quarter of fiscal year (FY) 2017 submitted by CNCS as required by the DATA Act of 2014.

The objectives of this performance audit were to assess the (1) completeness, timeliness, quality and accuracy of fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov and (2) Federal agency's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Our audit was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is for the purpose of concluding on the audit objective described above. Accordingly, this report is not suitable for any other purpose.

We appreciate the assistance we received from the staff of CNCS and appreciate the opportunity to serve you and will be pleased to discuss any questions you may have.

Very truly yours,

Mia Leswing, CPA, CGFM, CICA, CISA
Principal

Office of Inspector General
Corporation for National and Community Service

**PERFORMANCE AUDIT OF THE
CORPORATION FOR NATIONAL &
COMMUNITY SERVICE'S COMPLIANCE
UNDER THE DIGITAL ACCOUNTABILITY
AND TRANSPARENCY ACT OF 2014**

OIG REPORT 18-05

Prepared by:

CliftonLarsonAllen LLP
901 North Glebe Road, STE 200
Arlington, VA 22203

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ACRONYMS

Award ID	Award Identification
ASP	Award Submission Portal
BOC	Budget Object Class
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLA	CliftonLarsonAllen
CNCS	Corporation for National & Community Service
DATA Act	Digital Accountability and Transparency Act of 2014
DAIMS	DATA Act Information Model Schema
FAIN	Federal Award Identification Number
FFATA	Federal Funding Accountability and Transparency Act of 2006
FFMIA	Federal Financial Management Improvement Act of 1996
FSRS	FFATA Sub-award Reporting System
FPDS-NG	Federal Procurement Data System - Next Generation
IDD	Interface Definition Document
RSS	Reporting Submission Specifications
OIG	Office of Inspector General
OMB	Office of Management and Budget
OC	Object Class
PIID	Procurement Instrument Identifier
SAM	System for Award Management
SV	Standard Voucher
TAS	Treasury Account Symbol

In compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act), the Corporation of National & Community Service (CNCS, the Corporation) is required to submit quarterly financial and award data for publication on USASpending.gov. CNCS's Office of Inspector General (OIG) contracted with CliftonLarsonAllen LLP (CLA), an independent certified public accounting firm, to conduct a performance audit on CNCS' compliance under the DATA Act.

OBJECTIVES

The objectives of our performance audit are to assess:

    (1) The completeness, timeliness, quality, and accuracy of CNCS fiscal year (FY) 2017, second quarter financial and award data submitted for publication on USASpending.gov, and

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

BACKGROUND

The DATA Act (Public Law No. 113-101) was enacted on May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA) and make Federal spending data more accessible, searchable, and reliable. It requires Federal agencies to report financial and award data in accordance with 57 data definition standards established by the OMB and Treasury. The DATA Act also requires the Inspector General (IG) of each Federal agency to review a statistically valid sample of the spending data submitted by its Federal agency and to submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the Government-wide financial data standards by the Federal agency.

To meet the DATA Act review needs of the IG community and to assure the consistency of the testing approach and methodology used by the IGs across the Federal agencies, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) established the DATA Act Working Group to provide a common approach and methodology, referred to as the IG guide.

The following sections briefly describe the data submission requirements under the DATA Act implementing guidance from the Treasury and OMB, and the IG guide.

DATA STANDARDS, SCHEMA, AND SUBMISSION

The DATA Act requires Treasury and OMB to:

- Establish Government-wide financial data standards for any Federal funds made available to or expended by Federal agencies and entities receiving Federal funds
- Include common data elements for financial and payment information to be reported

On August 31, 2015, OMB and Treasury finalized 57 data definition standards, and on April 29, 2016, Treasury issued the final version of the DATA Act Information Model Schema v1.0 (DATA Act Schema). The DATA Act schema guides agencies in the production and submission of the required data. Appendix IV lists the 57 data standards. Federal agencies are required to submit

their financial data to Treasury using the DATA Act Broker[1] (broker) software. The broker also pulls procurement and financial assistance award and sub-award information from government-wide systems, as agencies are already required to submit such data. Those systems are:

- *Federal Procurement Data System - Next Generation (FPDS-NG)* – Repository for Federal procurement award data operated by the General Services Administration
- *Award Submission Portal (ASP)* – Repository for financial assistance transactions on awards of more than $25,000 operated by Treasury
- *Federal Funding Accountability and Transparency Act Sub-award Reporting System (FSRS)* – Reporting tool prime awardees use to capture and report sub-award and executive compensation data operated by the General Services Administration
- *System for Award Management (SAM)* – System that collects registration information from entities doing business with the Federal government.

REPORTING SUBMISSION SPECIFICATION (RSS) AND THE INTERFACE DEFINITION DOCUMENT (IDD)

The DATA Act schema includes two documents that contain specifications for reporting required data — the RSS and the IDD.

The RSS provides details on data to be submitted to the broker from an agency's financial system as required by the DATA Act and OMB Circular M-15-12[2]. This includes appropriations account, object class (OC), program activity, and award financial data. Federal agencies must generate and submit three files to the broker:

- *File A* – *"Appropriations Account Detail"* – Contains appropriation summary level data that are aligned with OMB Standard Form 133, "Report on Budget Execution and Budgetary Resources" (SF-133) reporting.
- *File B* – *"Object Class and Program Activity Detail"* – Includes obligation and outlay information at the program activity and object class level.
- *File C* – *"Award Financial Detail"* – Reports the obligation and outlay information at the award level.

The IDD provides detail on data that will be extracted by the broker from other government-wide systems pertaining to procurement and financial assistance data, recipient attributes, and sub-award information. The following four files are generated by this process:

- *File D1* – *Award and Awardee Attributes for Procurement (from FPDS-NG)* – Award and awardee details are to be linked to File C
- *File D2* – *Award and Awardee Attributes for Financial Assistance (i.e., direct loans, loan guarantees, grants, etc.) (from Award Submission Portal)* – Award and awardee details are to be linked to File C
- *File E* – *Additional Awardee Attributes (from SAM)* – Includes additional prime awardee

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[1] The broker is a virtual data layer developed by the U.S. Department of Treasury that maps, ingests, transforms, validates, and submits agency data into a format consistent with the DATA Act Schema (i.e., data exchange standards).

[2] OMB memorandum M-15-12, Increasing Transparency of Federal Spending by Making Federal Spending DATA Quality for USASpending.gov.

attributes
- *File F – Sub-award Attributes (from Federal Funding Accountability and Transparency Act Sub-award Reporting System)* – Includes sub-award information

FAEC DATA Act Working Group Inspectors General Guide to Compliance under the DATA Act (IG GUIDE)

The IG Guide requires auditors to perform procedures in the following areas:

- ***Internal control over agency source systems –*** Auditors are to determine the extent to which agency systems can be relied on as authoritative sources for the information reported in accordance with the DATA Act.
- ***Internal control over DATA Act submission*** – Auditors are to assess the effectiveness of the internal controls implemented to reasonably assure that the data submitted are complete, accurate, timely, and of quality.
- ***Detail testing of FY 2017 second-quarter data submitted to the broker****:* Auditors are to test an agency's submission to the DATA broker, which is used to populate USASpending.gov, for FY 2017 second quarter data as follows:
  - *Summary level financial data* – auditors are to test the reliability of summarized financial data contained in Files A and B
  - *Award-level linkages* – auditors are to test whether individual award data can be linked for Files C through F
  - *Award-level transaction data* – auditors are to test a statistically valid sample of awards to determine the completeness, accuracy, timeliness, and overall quality of the data submitted, including the use of the required data standards.

Results of these procedures are to be summarized in a standard template to be used across all agencies. The completed template for this audit is found in Appendix I. Please see Appendix II, Scope and Methodology, for a description of how we implemented the IG Guide.

PRIOR REVIEWS

CNCS-OIG performed a Readiness Review (OIG Final Memo dated February 27, 2017) of the Corporation's DATA Act implementation status between May 2016 and October 2016. This review noted that CNCS faced challenges regarding (a) documentation of internal control procedures to ensure reliability and validity of data; (b) turnover among the Corporation's DATA Act subject matter experts; and (c) lack of participation in the government wide DATA Act working group. CNCS-OIG concluded that the Corporation would need to address these challenges in order to achieve successful implementation in May 2017.

OVERALL AUDIT RESULTS

CNCS did not fully comply with the DATA Act due to weaknesses in its existing financial reporting system (internal control over source systems) and internal control weaknesses within financial reporting, data management, and data reporting processes. CNCS did not submit complete, timely, quality, and accurate financial and award data for the FY 2017 second quarter. The Corporation continues to grapple with the implementation challenges previously reported in the readiness review, as well as new challenges identified by this performance audit. Our assessment was as of November 7, 2017, when our fieldwork concluded.

KEY FINDINGS

Our key findings are organized by the following sections:

1. Internal control over source systems
2. Internal controls over DATA Act submission and Test of the DATA Act submission
3. Tests of summary-level data
4. Tests of award level linkages
5. Tests of award level transaction data

Section 1: Results of Our Assessment of Internal Control Over Source System

CNCS uses Momentum to report and record its financial transactions. Momentum interfaces with eGrants (housed in CNCS) and the Payment Management System (housed in US Department of Health & Human Services) to capture grant transaction data from those systems. CGI Federal, Inc. serves as the Corporation's shared service provider for Momentum, as well as the shared service provider for other Federal agencies.

Per the IG Guide, the auditor may rely on the internal control and substantive testing performed on the financial statements audit to assess internal controls over the agency's source systems. Our ongoing audit of CNCS's financial statements identified control deficiencies at the time that CNCS submitted its FY 2017 second quarter data. We noted that system limitations in Momentum and management's financial reporting practices have affected CNCS's ability to report object class activity for File B in conformance with OMB Circular A-11[3]. We also noted deficiencies within CNCS's control environment and around its source systems that affect the Corporation's ability to meet the DATA Act reporting requirements.

A. Systems Limitations in Momentum Around the Use of Object Classification Codes:

1. The Corporation's financial reporting practices are not in line with OMB requirements to use object class

- OMB Circular A-11, Section 83 requires Federal agencies to report obligations using established object classification codes. We found that, although in 2011, CNCS adjusted Momentum to prevent use of the "2500" budget object class (BOC), Other Contractual Services, going forward, prior obligations continue to be reported under BOC 2500, which is inaccurate. These inaccuracies will persist until the legacy contracts expire and funds are liquidated or de-obligated. CNCS informed CLA that its initial second quarter File B submission to the broker rejected transactions with the "250"[4] object class. As a result, CNCS manually adjusted File B to replace the "250" object class with accurate object class information prior to final submission.

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[3] OMB Circular A-11 - P*reparation, Submission, and Execution of the Budget* (July 2017)
[4] CNCS uses a four digit object classification code in Momentum. CNCS management reclassified the four digit code to three digit code for the second quarter DATA Act submission reporting and compliance with OMB Circular A-11.reporting

- CNCS has not consistently applied object classification when recording transactions in Momentum. This condition was identified and reported during the financial statements audit as key accounts that impact obligation transactions such as the general ledger accounts 48XX - Undelivered Orders, and 49XX - Delivered Orders contained significant balances with no associated object class. CNCS classifies transactions using general ledger accounts and by documents used within Momentum. Certain transactions do not report object classification codes at all. For example, management informed CLA that it is not reporting object class on standard voucher (SV) transactions and accrual transactions within Momentum.

- Our review of the File B submission found that 31 out of the 391 transactions reported did not report object class information and CNCS received the following warning from the broker for failing to meet Treasury validation rule B11,

    o "*Must be a valid 3-digit object class as defined in OMB Circular A-11 Section 83.6, or a 4-digit code which includes a 1-digit prefix that distinguishes direct, reimbursable, and allocation obligations. Do not include decimal points when reporting in the Schema. For amounts that cannot yet be allocated to a valid object class, input 000, although note that this will prompt a warning.*"

2. **System limitations regarding the use of Direct versus Reimbursable Funds affect the accuracy of information reported for the DATA Act.**

The CNCS DATA Act second quarter FY 2017 Validation and Certification Report identified issues with the reporting of Direct and Reimbursable transactions during the submission. The transaction definitions established within Momentum to process transactions were not properly configured to be consistent with OMB and Treasury requirements for Direct and Reimbursable Funds. These limitations led to inaccuracies in CNCS's financial reporting and required the use of Standard Vouchers (SVs) to adjust balances in order to meet Federal reporting requirements.

Section 2: Results of Assessment of Internal Controls over DATA Act Submission and Test of CNCS's DATA Act submission

A. Assessment of Internal Controls over CNCS's DATA Act submission

1. CNCS did not resolve the findings in the prior readiness review

CNCS's DATA Act team did not document in detail their procedures for validating the DATA Act files submitted to the data broker. Management provided CLA with a high level business process narrative discussing the steps taken to submit the DATA Act files and the validations performed. However, the document lacked the necessary detail to explain how the validations were conducted. Also key DATA Act files were excluded from the narrative. For example, the validations process for Files D2 through F were not documented in the narrative. Also, internal controls implemented were not identified in the document.

We also noted that management did not have complete documentation of the errors identified during the submission and their resolutions. Corrective action plans were not formally

documented in detail to prevent similar errors in future submissions.

2. Review of the 57 data standards not clearly described

CNCS procedures did not clearly describe the process used for (a) reviewing the 57 data standards, (b) the reconciliation process before the file submissions, (c) how the reconciliation should be documented, and (d) how variances or errors should be resolved and documented.

3. No Reconciliation Performed Between File B and File C

CNCs did not conduct a File B to File C reconciliation and document its process for determining which OC or other transaction reported in File B contained award-level information. Management provided a listing of "Document Types"[5] that were excluded from File C but no reconciliation between File B and File C.   In addition, management did not provide balances for the activity associated with the document types and did not map the document types to the transactions reported in File B.   The DATA Act second quarter Validation Report contained 43 warnings for file B.   CNCS did not provide evidence documenting how these warnings were addressed before the submission.

4. Differences identified in File C to File D1 and File D2 reconciliation

CNCS management could not provide a complete reconciliation of File C with Files D1 and D2. The differences between the File C and Files D1 and D2 submitted to the broker was $29,558,988, representing 211 transactions.   CNCS management did not (a) clearly document which of the files contained the correct amount, (b) identify the specific cause of the variance, or (c) document corrective action taken, if any, to ensure that such errors were explained or resolved satisfactorily.

The following table shows the differences between the submitted File C and Files D1 and D2 identified by CLA.

File C to D1 and D2 Reconciliation performed by CLA		
File	**Number of Transactions**	**Obligation Amount**
File D1	133	$ 8,702,269
File D2	735	$ 65,989,016
Total (File D1 + D2)	868	$ 74,691,285
File C	657	$ 45,132,297
Difference	211	$ 29,558,988

B. Test of CNCS DATA Act Submission

1. Management did not report program activity name and program activity code in File B

Consistent with OMB Circular A-11's requirement, the DATA Act requires Federal agencies to report obligation and expenditure activities at the object class and program activity level in File B. CNCS's File B submission to the broker was missing two required data elements,

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[5] Document Types are transactions processed within Momentum with associated general ledger impact.

Program Activity Name and Program Activity Code. CNCS reported "Unknown" for the Program Activity Name data element and "0" for the Program Activity Code data element.

2. Duplicate transactions reported in File D2

CNCS's DATA Act team encountered duplication issues while validating the Federal Assistance information reported in File D2. These included inconsistencies among the information reported in internal and external source systems including Momentum, eGrants, the Award Submission Portal (ASP) of USA Spending, and the FPDS-NG. As a result, CNCS decided to resubmit File D2 and uploaded a new file of transactions into ASP. However, CNCS failed to ensure that submission of the new would overwrite the previously submitted file. This oversight resulted in duplicate files submitted to USASpending.gov and ultimately differences in CNCS's File C to D2 reconciliation. Because the error was not timely discovered, CNCS did not have enough time to resubmit file D2. Details regarding the differences identified by CLA in the File C to File D1 and D2 reconciliations appear in section 3.2 below.

3. No quarterly assurance statement from the Senior Accountable Official (SAO)

CNCS did not provide the required assurance statement from the SAO, or a designee, attesting to the validity and reliability of the complete DATA Act submission including linkages across all the data in Files A through F. The SAO, or a designee, was required to provide quarterly assurance that CNCS's internal controls support the reliability and validity of CNCS's summary-level and award-level data reported for publication on USASpending.gov. The Chief Financial Officer (CFO) was designated CNCS's SAO for this purpose but did not provide the required assurance statement. OMB's M-17-04[6] and MPM[7]-2016-03 specify that this assurance should leverage data quality and management controls established in statute, regulations, and Federal-wide policy and be aligned with the internal control and risk management strategies in OMB Circular No. A-123[8].

SECTION 3: Results of Test of Summary Level DATA Files A and B

Our testing of summary level data in Files A and B identified exceptions that overlap with previously reported exceptions within in this report. Refer to the following exceptions already reported in this the following section:

1. Exceptions with the use of object classification codes (refer to section 1.A.1);
2. Exceptions regarding CNCS's review of the 57 data standards (refer to section 2.A.2); and
3. Exceptions regarding CNCS's failure to report program activity names and program activity codes (refer to section 2.B.1.

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[6] OMB Memorandum M-17-04, Additional Guidance for DATA Act implementation: Further Requirements for Reporting and Assuring DATA Reliability.

[7] OMB Memorandum 2016-03, Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information.

[8] OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and internal Control

SECTION 4: Results of Tests of Award-Level Linkages

Following the IG Guide, we selected a sample of 243 transactions from File C, using a statistical random sampling approach to perform testing of:
- Award-level linkages; and
- Award-level transaction data – see Section 5 below.

We noted the following 38 exceptions in testing sampled transactions:

a. For one sample, the PIID from File C could not be identified in File D1.
b. For one sample, the highly compensated employees in File E was not found in SAM.
c. For one sub-award transaction in File F, the highly compensated officer name was not found in FFATA FSRS.
d. For 35 grant samples selected from File C, we did not find a corresponding Financial Assistance Identifier Number (FAIN) in File D2. Tracing the FAIN from File C to File D2 is necessary to identify the awardee or recipient unique identifier information required to conduct a search in SAM or FSRS.

SECTION 5: Results of Tests Award-Level Transaction Data

We noted the following 17 exceptions:

a. For one sample, the address of the entity in SAM did not match with the sample information in File D1.
b. For nine samples, CLA was unable to trace the grantee records from File D2 to SAM.
   i. For two out of the nine samples, we did not find the record of the transaction in SAM.
   ii. For seven samples, we were not able to review the information in SAM due to the following message displayed for each sample:
       "Access to this entity registration is restricted. You must be U.S. Government user or have roles with the entity to view the registration information."
c. For two samples, information did not match with the source system, Momentum.
   i. For one sample, the parent award identification (ID) and transaction obligation amount in File C did not match the information reported in Momentum.
   ii. For the other sample, the parent award ID in File C did not match the information reported in Momentum.
d. For five samples, the OC number in the sample did not match with the OC in the source system, Momentum.

For the exceptions we found in File E (SAM) and File F (FSRS), CLA was not able to determine whether these errors were caused by the broker, third party vendors, or grantees..

Overall Assessment of Implementation and Use of Data Standards

As reported in Sections 1 through 5, CNCS must overcome numerous challenges to achieve c complete compliance with the DATA Act. CNCS did not develop specific internal guidance on how it will carry out and document its compliance prior to the file submission. Management was not able to assert to the completeness, timeliness, and accuracy of the information included in the second quarter DATA Act file submission because key reconciliations of linkages between the files were either not adequate, not documented, or not performed.

CORRECTIVE ACTIONS RECOMMENDED

We recommend that CNCS management:

1. Ensure the detail level requirements for meeting the DATA Act will be captured when transactions occur. This can be done by working with CNCS's shared service provider CGI Federal, Inc., to update transaction processing in Momentum to ensure that current and upcoming DATA Act requirements (such as program activity name, program activity code, object class, etc.) are incorporated.

2. Validate the required Program Activity Name, Program Activity Code, and Object Class data fields reported in File B against the source system prior to its submission to the DATA broker.

3. Focus on reducing the amount of SVs by fixing the root causes. SV's should be limited to those related to accrual adjustments or one-time, unusual transactions only. However, in the event an SV is required the SVs recorded should contain data elements required for File B such as the program activity name, program activity code, and object class.

4. Validate SVs to address errors and invalid balances carried forward from prior years and correct the data for submission in File A and File B.

5. Research and resolve warnings identified by the DATA broker before the DATA Act files submission. Document the actions taken to resolve the warnings so future errors can be avoided.

6. Capture institutional knowledge and mitigate the effects of employee turnover by documenting CNCS's DATA Act compliance processes and keeping them up to date. In addition, develop a succession plan to ensure that CNCS retains required expertise and capabilities even if personnel with highly technical and specialized knowledge leave or retire from the agency.

7. Develop policies and procedures that ensure: 1) the completion and documentation of data inventory, data mapping, and data validation for the required DATA Act Schema data elements, and 2) reconciliation between File A and File B; File B to File C; and File B to Files D1 and D2 are completed prior to data submission through the DATA broker.

8. Obtain DATA Act training for CNCS staff on the use and functionalities of the Award Submission Portal.

9. Ensure that accurate and complete data is presented to the general public by verifying the quality of the CNCS information residing in external systems like SAM and the FFATA Sub-Award Reporting System. CNCS should also reconcile the information reported in the CNCS source systems with these external sites.

APPENDIX I – SUMMARY OF DATA ACT AUDIT 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	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 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[9]**	**Timeliness[10]**	**Accuracy[11]**
System limitations in Momentum and management's financial reporting practices impact CNCS's ability to report object class activity	Yes	No	Yes

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

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

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

in accordance with OMB A-11 for File B. (Section 1.A.i)			
System limitations regarding the use of Direct versus Reimbursable Funds impact the accuracy of information reported for the DATA Act. **(Section 1.A.ii).**	No	No	Yes
Prior year findings reported by Office of Inspector General remain during the second quarter submission. **(Section 2.A.i).**	Yes	Yes	Yes
Control weakness around the review of 57 DATA Elements. **(Section 2.A.ii).**	Yes	No	Yes
Control Weakness Related to File B – Program Activity Name and Program Activity Code not submitted. **(Section 2.B.i).**	Yes	No	Yes
Duplicate transactions reported in File D2. **(Section 2.B.ii).**	Yes	No	Yes
Control Weakness Related to Reconciliation of Submitted Files- No File B to File C reconciliation performed by CNCS. **(Section 2.D.i).**	Yes	Yes	Yes
Control Weakness Related to Reconciliation of Submitted Files- unreconciled differences identified between File C and File D1 and File D2. **(Section 2.D.ii).**	Yes	Yes	Yes
Section 4: Results of Sample Tests Performed at the Award-Level Transactions			
Description of Attribute Testing	**Completeness**	**Timeliness**	**Accuracy**
Error Rate[12]	0%	0%	21.399%
Sampling Error (margin of error) [13]	+/-0.973%	+/-0.973%	+/-4.096%[14]
Source of Sample (File C, D1, D2)	C	C	C
Population Size (# and $ of each type of transactions for grants, loans, contracts, and others)	657/ $45,132,297	657/ $45,132,297	657/ $45,132,297
Type of Statistical Sampling	Random	Random	Random

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

[13] Based on the exact binomial distribution. Upper limit of (one-sided) 95% confidence interval 0.01225. The finite-population correction (fpc) is $\sqrt{\frac{657-243}{657-1}} = 0.7444$. Consequently, error margin is the distance from the point estimate (0%) to this upper limit times the fpc i.e., $\sqrt{\frac{657-243}{657-1}} \times 0.01225 = 0.00973$ or 0.973%.

[14] The standard error of the estimate of the error rate is $\sqrt{\frac{\frac{52}{243}\left(1-\frac{52}{243}\right)}{243}} = 0.21399$. Thus the margin of error is $0.21399 \times 1.96 \times fpc = 0.0409 \times 0.7944 = 0.04096$ or 4.096%

Methodology Used[15]			
Confidence Level	95%	95%	95%
Expected Error Rate	50%	50%	50%
Sample Precision	+/-5%	+/-5%	+/-5%
Sample Size	243	243	243
Section 5: Overall Assessment of Implementation and Use of Data Standards[16]			
[Describe any differences between the agency's definitions of the data standards and OMB guidance.] We did not identify instances where the CNCS definition of the data standards was inconsistent with the OMB guidance.			
[List specific data elements identified from the sample with a rate of errors above 50 percent.] We did not identify data elements with an error rate of 50 percent or above.			
[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.] We did not identify any other non-compliances with specific types of transaction, programs, or components where spending data was not submitted as required.			

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

[16] 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 II – SCOPE AND METHODOLOGY

Scope

The CNCS OIG contracted with CLA to perform an audit to report on CNCS' compliance under the DATA Act, Public Law 113-101. 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 planned to provide Congress with their first required reports by 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 describing 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. This report is in fulfillment of the OIG's responsibility to report to Congress by November 8, 2017.

The scope of this performance audit was the FY 2017, second quarter financial and award data CNCS submitted for publication on USASpending.gov and any applicable procedures, certifications, documentation, and controls to achieve this process. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We conducted our work at the CNCS' offices located in Washington, D.C. CNCS' management is responsible for the implementation of the DATA Act.

Methodology

We followed the audit methodology prescribed in the Inspector General Guide to Compliance under the DATA Act, February 27, 2017, updated on July 6, 2017 issued by the FAEC DATA Act Working Group. General summary of audit procedures consistent with the IG Guide include:

- Obtained an understanding of regulatory criteria related to the CNCS's responsibilities to report financial and award data under the DATA Act.
- Assessed CNCS'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 (e.g. grants, loans, procurement) from which the data elements were derived and linked.
- Assessed the agency's internal controls in place over the financial and award data reported to USASpending.gov.
- Reviewed a statistically valid sample from fiscal year 2017, second quarter financial and award data submitted by the agency for publication on USASpending.gov.
- Assessed the completeness, timeliness, quality, and accuracy of the financial and award data sampled.
- Assessed the agency's implementation and use of the 57 data definition standards established by OMB and Treasury.

We randomly selected a statistically valid sample of 243 transactions from File C. The sample is based on a population size of 657 transactions, confidence level of 95 percent, expected error rate set at 50 percent, and sample precision of +/-5 percent. The IG Guide recommended that agencies select 385 transactions for consistency in reporting results of testing. However, because of the smaller population size at CNCS, we applied the finite correction factor using the following formula to determine the recommended sample size: 385/ [1+385+ (385/N)], where "N" represents the population size.

For the sample transactions, we reviewed source systems, if deemed reliable, to validate that reporting elements in CNCS' DATA Act submissions were complete, accurate and submitted for the proper time period. We reviewed the information, residing at the source system, Momentum and eGrants and obtained additional supporting information from CNCS. We also reviewed the information published in US Government websites, SAM, FSRS, and FPDS. We brought issues we found to the attention of the CNCS management.

APPENDIX III – STANDARD REPORT LANGUAGE

The following is standard report language provided by the Federal Audit Executive Council DATA Act Working Group to describe errors caused by broker issues that were beyond an agency's control. The language provides a proper context for matters we reported.

Testing Limitations for Data Reported from Files E and F – File E of the DAIMS contains additional awardee attribute information extracted from the System for Award Management via the broker. File F contains subaward attribute information extracted from FSRS via the 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 memorandum 2016-03, the authoritative sources for the data reported in Files E and F are SAM and, 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 broker.

Government-wide Data Reporting Issues
Current Total Value of Award and Potential Total Value of Award Errors for Procurement Award Modifications – Data from the (1) Current Total Value of Award and (2) Potential Total Value of Award elements are extracted from FPDS-NG via the legacy USAspending.gov and provided to the broker.[17] [18] 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 Current Total Value of Award and Potential 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 these 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 CNCS does not have responsibility for how data is extracted by the broker, we did not evaluate the reasonableness of Treasury's planned corrective action.

Legal Entity City Code and Primary Place of Performance County Name Errors – The Interface Definition Document, 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 Award Submission Portal. During fieldwork, we noted that data for these two fields

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[17] OMB defines the current total value of award data element as the total amount obligated to date on a contract, including the base and exercised options. Potential total value of award is defined as the total amount that could be obligated on a contract, if the base and all options are exercised.

[18] 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 2nd quarter transactions.

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 CNCS does not have responsibility for how data is extracted by the broker from Treasury's Award Submission Portal, we did not evaluate the reasonableness of Treasury's planned corrective action.

Data Quality Assessments

Until the broker weaknesses identified in this report are addressed, any efforts to assess the quality of CNCS data submitted for publication on Beta.USAspending.gov will be limited.

APPENDIX IV – DEFINITIONS

- Awards include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance; and contracts, subcontracts, purchase orders, task orders, and delivery orders.

- An appropriation is a provision of law authorizing the expenditure of funds for a given purpose.

- Obligations represent a legal liability of the Federal government such as a contract or grant award.

- Object class is a means of identifying obligations by types of goods or services purchased (such as personnel compensation, supplies and materials, and equipment).

- Program activity is a specific activity or project as listed in the program and financing schedules of the annual budget of the US Government. The Program Activity section of the President's Budget shows the new obligations incurred for each of the principle program activities or projects financed.

- The Treasury Account Symbol is an identification code assigned by Treasury, in collaboration with OMB and the owner agency, to an individual appropriation, receipt, or other fund account. All financial transactions of the Federal government are classified by TAS for reporting to OMB and Treasury.

APPENDIX V – FEDERAL SPENDING TRANSPARENCY DATA STANDARDS
(57 standards)

Element Number	Data Element	Data Standards
1	Appropriations Account	Account Level
2	Budget Authority Appropriated	Account Level
3	Object Class	Account Level
4	Obligation	Account Level
5	Other Budgetary Resources	Account Level
6	Outlay	Account Level
7	Program Activity	Account Level
8	Treasury Account Symbol (excluding sub-account)	Account Level
9	Unobligated Balance	Account Level
10	Action Date	Award Characteristic
11	Action Type	Award Characteristic
12	Award Description	Award Characteristic
13	Award Identification (ID) Number	Award Characteristic
14	Award Modification/Amendment Number	Award Characteristic
15	Award Type	Award Characteristic
16*	Business Types	Award Characteristic
17	CFDA Number	Award Characteristic
18	CFDA Title	Award Characteristic
19	NAICs Code	Award Characteristic
20	NAICS Description	Award Characteristic
21	Ordering Period End Date	Award Characteristic
22	Parent Award Identification (ID) Number	Award Characteristic
23	Period of Performance Current End Date	Award Characteristic
24	Period of Performance Potential End Date	Award Characteristic
25	Period of Performance Start Date	Award Characteristic
26	Primary Place of Performance Address	Award Characteristic
27	Primary Place of Performance Congressional District	Award Characteristic
28	Primary Place of Performance Country Code	Award Characteristic
29	Primary Place of Performance Country Name	Award Characteristic
30	Record Type	Award Characteristic
31	Amount of Award	Award Amount
32	Current Total Value of Award	Award Amount

Element Number	Data Element	Data Standards
33	Federal Action Obligation	Award Amount
34	Non-Federal Funding Amount	Award Amount
35	Potential Total Value of Award	Award Amount
36	Awardee/Recipient Legal Entity Name	Award Amount
37	Awardee/Recipient Unique Identifier	Award Amount
38	Highly Compensated Officer Name	Award Amount
39	Highly Compensated officer Total Compensation	Award Amount
40	Legal Entity Address	Award Amount
41	Legal Entity Congressional District	Award Amount
42	Legal Entity Country Code	Award Amount
43	Legal Entity Country Name	Award Amount
44	Ultimate Parent Legal Entity Name	Award Amount
45	Ultimate Parent Unique Identifier	Award Amount
46	Awarding Agency Code	Awarding Entity
47	Awarding Agency Name	Awarding Entity
48	Awarding Office Code	Awarding Entity
49	Awarding Office Name	Awarding Entity
50	Awarding Sub Tier Agency Code	Awarding Entity
51	Awarding sub Tier Agency Name	Awarding Entity
52	Funding Agency Code	Awarding Entity
53	Funding Agency Name	Awarding Entity
54	Funding Office Code	Awarding Entity
55	Funding Office Name	Awarding Entity
56	Funding Sub Tier Agency Code	Awarding Entity
57	Funding Sub Tier Agency Name	Awarding Entity

APPENDIX VI – MANAGEMENT COMMENTS

Corporation for National and Community Service
NationalService.gov

Date: November 7, 2017

To: Stuart Axenfeld, Assistant Inspector General for Audit

From: Jeffrey Page, Chief Operating Officer

Re: Request for Comments on the Office of Inspector General's (OIG) Draft Report: Performance Audit of the Corporation for National and Community Service's (CNCS) Compliance under the Digital Accountability and Transparency Act of 2014

This memo responds to the OIG's November 6, 2017 memo requesting comments on the subject draft report.

CNCS appreciates the auditor's review and recognizes that, like all agencies, it has room to improve as the DATA Act guidance continues to evolve. Yet, some of the auditors' recommendations fail to acknowledge the procedures, business practices and internal controls CNCS currently has in place, which ensure that CNCS has reported reliable data to the public.

CNCS will adopt recommendation #7, and will continue its ongoing efforts to improve and fully document its DATA Act policies and procedures. That being said, CNCS has executed and documented each step of its DATA Act submissions, including validation, reconciliation, submission, and certification to ensure that CNCS provides timely, complete, and accurate information to the public.

cc: Mikel Herrington, Acting Chief of Staff
Timothy Noelker, General Counsel
Robert McCarty, Chief Financial Officer
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