



DATA Act Implementation

Report No. OIG-AMR-83-18-01

CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND	2
<i>Statutory Requirements</i>	<i>2</i>
<i>DATA Act Submission Process</i>	<i>2</i>
OBJECTIVE, SCOPE AND METHODOLOGY.....	3
FINDINGS.....	4
EVALUATION OF INTERNAL CONTROLS	4
<i>Data Controls</i>	<i>5</i>
<i>Certification of DATA Act Submission</i>	<i>5</i>
DATA QUALITY	6
<i>Completeness</i>	<i>6</i>
<i>Files A, B, and E.....</i>	<i>7</i>
<i>Files C and D1.....</i>	<i>7</i>
<i>Recommendations.....</i>	<i>9</i>
<i>Accuracy.....</i>	<i>9</i>
<i>Analytical Testing</i>	<i>9</i>
<i>Data Element Testing.....</i>	<i>10</i>
<i>Recommendation</i>	<i>11</i>
IMPLEMENTATION AND USE OF FINANCIAL DATA STANDARDS.....	12
APPENDIX	

Memorandum from the Chief Financial Officer, Data Act Implementation
Audit, dated October 20, 2017

EXECUTIVE SUMMARY

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006. The DATA Act, in part, requires that Federal agencies report financial and payment data in accordance with Governmentwide financial data standards established by the Treasury and the Office of Management and Budget. The DATA Act also requires the Office of Inspector General of each Federal agency to report on its agency's DATA Act submission and compliance.

The objectives of the audit were to:

Evaluate whether the National Labor Relations Board's internal controls over spending data have been properly designed, implemented, and operating effectively to manage and report financial and award data in accordance with the DATA Act;

Assess the completeness, timeliness, quality, and accuracy of the National Labor Relations Board's Fiscal Year 2017, second quarter, financial award data submitted for publication on USAspending.gov; and

Assess the National Labor Relations Board's implementation and use of the Governmentwide financial data standards established by the Office of Management and Budget and Treasury.

We determined that the Agency's internal controls over the DATA Act submission were not sufficient to allow the Senior Accountable Official, who is the Chief Financial Officer, to provide reasonable assurance that the Agency financial and award data submitted for publication on USAspending.gov were complete, timely, accurate, and of quality. We also determined that while the data in the Agency's Fiscal Year 2017, second quarter DATA Act submission was timely, the data was not complete or accurate. Therefore, the data lacked quality. For the third objective, we determined that the Interior Business Center, the Agency's Federal Shared Service Provider, is responsible for determining the applicable data standards for its customers. We made three recommendations for corrective actions.

The Chief Financial Officer submitted Management Comments on the draft report that generally agree with the findings and recommendations. The Chief Financial Officer noted that the Agency compiled "lessons learned" and will incorporate them into the solutions for the DATA Act submission process. Additionally, the Agency is actively addressing the system issues and errors with its shared service provider. The Management Comments are provided in their entirety as an appendix to the report.

BACKGROUND

Statutory Requirements

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006. The DATA Act, in part, requires that Federal agencies report financial and payment data in accordance with Governmentwide financial data standards established by the Treasury and the Office of Management and Budget (OMB). Once submitted, the data is to be displayed on a searchable Web site available to taxpayers and policy makers. The DATA Act also requires the Office of Inspector General of each Federal agency to report on its agency's DATA Act submission and compliance.

DATA Act Submission Process

The DATA Act process begins when a requisition is created in the Oracle financial system, the National Labor Relations Board's (NLRB or Agency) financial system that is provided by the Interior Business Center (IBC), the Agency's shared service provider. The requestor inputs the information related to the requisition, including the accounting line, into the Oracle financial system. The requisition is sent to the approver, who reviews and sends it to the Budget Branch. The Budget Branch approves the requisition after determining that the funds are available and transmits it to the Contracting Officer in the Acquisition Management Branch. The Contracting Officer will complete the award and report the award in the Federal Procurement Data System – Next Generation (FPDS-NG).

After the end of each quarter, IBC sends the NLRB Files A, B, and C containing data from the Oracle financial system. The Office of the Chief Financial Officer (OCFO) uploads these files to the DATA Act broker. The OCFO and the DATA Act broker then go through a validation process to detect errors. Once the validations are complete, the DATA Act broker will generate File D1 from FPDS-NG. The DATA Act broker then performs cross-validation between the different files, such as Files A and B or Files C and D1. The OCFO and the DATA Act broker go through a second validation process. Once the errors are corrected, Files E and F are created by the DATA

Act broker, and the files are ready to be certified. Staff in the OCFO then certifies the submission to the DATA Act broker. The data is then uploaded to USAspending.gov.

OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of the audit were to:

- Evaluate whether the NLRB’s internal controls over spending data have been properly designed, implemented, and operating effectively to manage and report financial and award data in accordance with the DATA Act;
- Assess the completeness, timeliness, quality, and accuracy of the NLRB’s Fiscal Year (FY) 2017, second quarter, financial award data submitted for publication on USAspending.gov; and
- Assess the NLRB’s implementation and use of the Governmentwide financial data standards established by the Office of Management and Budget and Treasury.

We reviewed laws, regulations, and Governmentwide policies related to the implementation of the DATA Act. We interviewed staff in the OCFO to learn about internal controls over the DATA Act submission. We reviewed the quarterly assurance statement provided as part of the submission and the final matching/validation reports to determine whether the Agency’s internal controls identified issues with the DATA Act submission and took steps to remedy those issues.

We obtained the Agency’s DATA Act submission from the DATA Act broker for the FY 2017, second quarter, which consisted of the following files:

- File A – Appropriations Account;
- File B – Object Class and Program Activity;
- File C – Award Information – Financial;
- File D1 – Awards and Awardee Attributes – Procurement Awards;
- File E – Additional Awardee Attributes; and
- File F – Sub-award Attributes.

Except for Files E and F, we performed analytical tests on the files to determine the accuracy, completeness, timeliness, and quality of the data. We compared File A and File B to each other and to the Agency's Report on Budget Execution and Budgetary Resources (SF-133) submission for FY 2017, second quarter, to determine whether they equaled and whether all Treasury Account Symbols were included. We compared the Program Activity Names and Codes in File B with the President's Budget Program and Financing Schedule. We determined whether all applicable procurement awards in File C were included in File D1, and whether all awards in File D1 were in File C. We obtained the contract files for all awards in File D1 and compared them to the DATA Act submission to determine the accuracy of the data. We determined whether the DATA Act submission was submitted on a timely basis. On the basis of the accuracy, completeness, and timeliness of the data, we concluded on the quality of the data.

For File E, we performed analytical tests to determine completeness and timeliness. We did not test for accuracy because the source of information is not maintained by the NLRB. File F is not applicable to the NLRB.

We conducted this performance audit in accordance with generally accepted government auditing standards during the period May 2017 through October 2017. 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.

FINDINGS

EVALUATION OF INTERNAL CONTROLS

The Agency's internal controls over the DATA Act submission were not sufficient to allow the Senior Accountable Official (SAO), who is the Chief Financial Officer, to provide reasonable assurance that the Agency financial and award data submitted for publication on USAspending.gov were complete, timely, accurate, and of quality.

Data Controls

OMB Memorandum 17-04 states that agencies should have internal controls in place over all of the data reported for display on USAspending.gov. We observed that:

- The Agency did not have documented controls in place to ensure the accuracy of the data that was entered into FPDS-NG;
- The Agency did not perform its own validation of the files that were submitted to the DATA Act broker; and
- The Agency received validation reports on the DATA Act files; the validation reports contained warning messages related to the files; and when the DATA Act submission was certified, these errors were not communicated as part of the certification statement, as required by OMB Memorandum 17-04.

As a result of not having these controls in place, the Agency had issues with completeness and accuracy that are discussed in the Data Quality section below.

Certification of DATA Act Submission

OMB Management Procedures Memorandum (MPM) 2016-03 states that SAOs or their designees must provide a quarterly assurance that their agency's internal controls support the reliability and validity of the agency account-level and award-level data reported for display on USAspending.gov.

OMB Memorandum 17-04 states that the SAO assurance will be submitted through the DATA Act broker process and requires the SAO to assure that:

- The alignment among Files A-F is valid and reliable; and
- The data in each DATA Act file submitted for display on USAspending.gov are valid and reliable.

To provide this assurance, the SAO will be required to attest to the validity and reliability of the complete DATA Act submission, including the interconnectivity/linkages across all the data in the DATA Act files and confirm that internal

controls over data quality mechanisms are in place for the data submitted in DATA Act files.

The quarterly assurance statement for FY 2017, second quarter, was submitted to the DATA Act broker as part of the certification process by staff in the Budget Branch. There were no statements of assurance by the SAO about the validity and reliability of the complete DATA Act submission, including linkages, or confirmation that the internal controls over data quality mechanisms were in place for data submitted in the DATA Act files. The statement contains only information about when the submission was certified and the files were submitted.

There were also no comments about any of the discrepancies that were found during our audit work and discussed below. Given that these issues were not described, we conclude that the SAO was unaware of these issues when the submission was certified.

DATA QUALITY

The quality of data is defined by OMB as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended user, objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner, and integrity refers to the protection of information from unauthorized access or revision. As a measurement of the quality, we looked at the completeness, accuracy, and timeliness of the data.

We determined that while the data in the Agency's FY 2017, second quarter, DATA Act submission was timely, the data was not complete or accurate. Therefore, the data lacked quality.

Completeness

Completeness of data is defined by the Government Accountability Office (GAO) as the extent that relevant records are present and the fields in each record are populated appropriately. It is measured in two ways: all transactions that should have been recorded are recorded in

the proper period, and transactions contain all applicable data elements required by the DATA Act.

The DATA Act Implementation Playbook, last updated June 24, 2016, requires that agencies submit multiple files, including:

- a) File A – appropriation summary level data;
- b) File B – obligation and outlay information at the program activity and object class level;
- c) File C – obligations at the award and object class level;
- d) File D1 – award and awardee attributes for procurement data pulled from the FPDS-NG;
- e) File E – additional prime awardee attributes; and
- f) File F – sub-award attributes (not applicable to the NLRB).

We determined that the each of the files had all of the required data elements.

Files A, B, and E

We determined that Files A, B, and E were complete in that all files have entries in the required data fields.

Files C and D1

The DATA Act Implementation Playbook states that the data in File D1 is pulled from FPDS-NG. The award and awardee details for File D1 are to be linked to File C using the Unique PIID and Parent PIID for procurement awards in File D1.

Section 4.606 of the Federal Acquisition Regulation (FAR) discusses reporting in FPDS-NG, stating that at a minimum, agencies must report the following contract actions over the micro-purchase threshold [\$3,500], regardless of solicitation process used, and agencies must report any modification to these contract actions that change previously reported contract action data, regardless of dollar value:

(i) Definitive contracts, including purchase orders and imprest fund buys over the micro-purchase threshold awarded by a contracting officer.

(ii) Indefinite delivery vehicle (identified as an "IDV" in FPDS).

There were 88 records in File D1, procurement awards reported by NLRB to FPDS-NG, that should have a matching record in File C, award information from NLRB's Oracle financial system. Using our auditing software, we compared File D1 to File C and found that there were 36 awards in File D1 that did not have matching information in File C. We then manually reviewed File D1 and observed that 7 of those 36 awards did not match File C because the award unique identifier (Parent ID) was different in the two files.

We reviewed the USAspending.gov Beta Web site for the 29 awards without information in File C and the 7 awards with mismatched Parent IDs. None of those awards had financial information on USAspending.

In our review of File C, we did not find any additional discrepancies between the Parent IDs other than those identified in our testing of File D1 above. We did observe that eight awards in File C should have been reported in File D1, in accordance with 48 C.F.R. 4.606, but were not. We reviewed the USAspending.gov Beta Web site for the eight awards that were in File C, but were not reported in File D1, and none of those awards had financial information on USAspending.

The errors in File D1 and File C resulted in 44 of the 96 NLRB procurement awards (45.8 percent) required to be reported on the USAspending.gov Web site missing data or not being reported.

File C and File D1 were not complete because the NLRB's Acquisition Management Branch has not developed or implemented effective internal controls to ensure that:

- a) Parent IDs are uniform in the data reported to FPDS-NG and the Oracle financial system;
- b) Procurement awards are reported to FPDS-NG as required by Section 4.606 of the FAR; and

- c) File C contains all of the financial data for the procurement awards that are reported in File D1 prior to submitting the files to the DATA Act broker.

Recommendations

We recommend that the Chief Financial Officer:

1. Develop and implement internal controls to ensure that:
 - a. Parent IDs are uniform in the data reported to FPDS and the Oracle financial system;
 - b. Procurement awards are reported to FPDS as required by Section 4.606 of the FAR; and
 - c. File C contains all of the financial data for the procurement awards that are reported in File D1 prior to submitting the files to the DATA Act broker.
2. Coordinate with other users of the Oracle financial system to determine if they had similar findings and, if they did, address the issue with IBC.

Accuracy

The accuracy of data is defined by GAO as the extent that recorded data reflect the actual underlying information. We measured the accuracy by testing whether transactions were complete and agreed with the Agency's contract documentation.

Analytical Testing

File A and File B each contain financial data for 6 fiscal years. The files should match each other and the source data that is found in the Agency's Report on Budget Execution and Budgetary Resources (SF-133). To test the accuracy, we compared the data in Files A and B and the SF-133. We found that the data in File B matched the SF-133. We also found that for two data fields, Gross Outlays and Obligations Incurred, File A did not match the data in File B or the SF-133 for FY 2017. Because the differences in the data were miniscule, we determined that the variances were immaterial.

OMB MPM 2016-03 states that the authoritative source for Program Activity Codes and Names is the Program and Financing Schedule in the President’s Budget. When we compared the Program and Financing Schedule from the FY 2017 President’s Budget to File B, we found that three of the six program activity codes and names in File B differed from the FY 2017 President’s Budget Program and Financing Schedule, as shown in the table below.

File B		FY 2017 President’s Budget Program And Financing Schedule	
Program Activity Code	Program Activity Name	Program Activity Code	Program Activity Name
1	Field Investigation	1	Casehandling
2	Administrative law judge hearing	2	Administrative Law Judges
3	Board Adjudication	3	Board Adjudication
4	Securing Compliance with Board Orders	Not Used	Not Used
5	Internal Review	5	Internal Review
6	Mission Support	6	Mission Support

Data Element Testing

Files C and D1 contain specific award data. To test the accuracy of the File C and File D1 data, we compared the data to the contract file.

We found no data errors in 19 fields and insignificant errors (less than 10 percent) in 15 fields.

We found that two fields in File C (Program Activity Name and Program Activity Code) had no data. We also found 12 data fields with error rates greater than 10 percent, an error rate that we considered significant, as shown in the table below:

	Correct	Incorrect	No Documentation
Object Class	89.83	5.08	5.08
NAICS Code/Description	82.95	5.68	11.36
Ultimate Parent Legal Entity Name	88.64	3.41	7.95
Ultimate Parent Unique Identifier	85.23	0.00	14.77
Primary Place of Performance Zip+4	53.41	38.64	7.95
Primary Place of Performance Congressional District	68.18	11.36	20.45
Legal Entity Zip + 4	85.23	11.36	3.41
Legal Entity Congressional District	71.59	4.55	23.86
Period of Performance Start Date	26.14	70.45	3.41
Period of Performance Current End Date	85.23	12.50	2.27
Period of Performance Potential End Date	78.41	19.32	2.27
Primary Place of Performance City	88.64	9.09	2.27

For the Period of Performance Start Date field, we observed that the date entered into FPDS and then brought into File D1 was generally the same date as the Action Date. These are not the same date. As defined in the Data Standards, the Period of Performance Start Date is “the date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective.” The Action Date is “the date the action being reported was issued / signed by the Government or a binding agreement was reached.”

Recommendation

3. We recommend that the Chief Financial Officer develop and implement internal controls to identify and correct data errors in the Oracle financial system and in FPDS-NG.

We observed that the cumulative totals reported on USAspending were incorrect for the NLRB’s procurement actions except for the NLRB’s new procurement actions. As described earlier, the data for File D1 is pulled by the DATA Act broker from the data that the Agency enters into FPDS-NG. When we compared FPDS-NG data, as derived from File D1, to the contract files, we found only insignificant errors, reported above as such, in the fields for current “Base and Exercised Options Value” and current “Base and All Options Value.” For both of those fields, when the Agency processes

a modification that adjusts the amount of the obligation, only the change in the obligation is entered, and FPDS-NG makes the required adjustments and then reports the cumulative totals in the total “Base and Exercised Options Value” and total “Base and All Options Value.” When the DATA Act broker generated File D1, it apparently pulled the current “Base and Exercised Options Value” and current “Base and All Options Value,” rather than the cumulative totals for those fields. The data was then renamed “Current Total Value of Award” and “Potential Total Value of Award” in File D1. The table below shows the results of our testing:

FPDS-NG Data Field	FPDS-NG Data Compared to Contract File						Broker Data Field	Comparison of File D1 and Contract File Cumulative Totals					
	Correct			Incorrect		No Documentation		Correct			Incorrect		
		Pct			Pct			Pct			Pct		Pct
Base and Exercised Options Value	84	95.45		1	1.14	3	3.41	Current Total Value of Award	19	21.59		69	78.41
Base and All Options Value	84	95.45		1	1.14	3	3.41	Potential Total Value of Award	19	21.59		69	78.41

Because the errors in reporting the cumulative contract totals on USAspending appear to be the result of a technical issue and we have been informed that the DATA Act broker is aware of this issue, we are not making a recommendation for corrective action.

IMPLEMENTATION AND USE OF FINANCIAL DATA STANDARDS

We determined that IBC, the Agency’s Federal Shared Service Provider, is responsible for determining the applicable data standards for its customers. In our testing for completeness, we determined that the data elements required in OMB’s data standards were in the Agency’s FY 2017, second quarter submission.

APPENDIX



**UNITED STATES GOVERNMENT
NATIONAL LABOR RELATIONS BOARD
OFFICE OF THE CHIEF FINANCIAL OFFICER
1015 HALF STREET SE – SUITE 3097
WASHINGTON DC 20570**

MEMORANDUM

TO: David Berry
Inspector General

FROM: Mehul Parekh
Chief Financial Officer

SUBJECT: Data Act Implementation Audit

DATE: October 20, 2017

The Office of the Chief Financial Officer (OCFO) has reviewed the Data Act audit report and concurs with the report's findings and recommendations. This was the first round of submission for the Data Act reporting requirements for the National Labor Relations Board (NLRB). The CFO team continues to work with its Shared Service Provider, Interior Business Center (IBC) to address the issues identified to date. The NLRB has compiled the lessons learned through this process and will make every effort to incorporate the solutions developed into future submissions.

The Agency is also actively addressing with IBC the system issues and errors encountered in our submissions to date. These actions and information are necessary to assist the NLRB in developing appropriate processes and procedures. Upon completion of such internal controls procedures, we are confident that the errors identified will be corrected quickly. Implementation of a joint validation effort will allow the NLRB and IBC to ensure the integrity and accuracy of the data is significantly improved in the Agency's Data Act reports.

As the Inspector General recommended, the OCFO also plans to discuss those issues that appear to be inherent in Oracle with other agencies that utilize the same financial system.

We appreciate the opportunity to comment on these findings.

Respectfully,

A handwritten signature in blue ink, appearing to read "Mehul Parekh".

Mehul Parekh, Chief Financial Officer