



Office of Inspector General
U.S. Government Accountability Office

DATA ACT

Audit of GAO's FY 2017, Second Quarter,
DATA Act Submission

November 2017
OIG-18-1



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Office of Inspector General

United States Government Accountability Office

November 8, 2017

Memorandum For: Congressional Committees

From: Adam R. Trzeciak
Inspector General

Subject: Transmittal of Office of Inspector General's Audit Report

This memorandum transmits the independent auditors' report on the Government Accountability Office (GAO) compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) (P.L. No. 113-101). The DATA Act expanded the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA) (P.L. No. 109-282). The act requires agencies to begin reporting data, consistent with data standards established by the Office of Management and Budget (OMB) and the Department of Treasury, to Treasury for publication on USASpending.gov, beginning with second quarter of fiscal year 2017 data.

We contracted with the independent certified public accounting firm of CliftonLarsonAllen (CLA) to audit GAO's compliance with the DATA Act. The contract required CLA to perform the audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS), and to follow the Federal Audit Executive Council's (FAEC) guidance when reviewing GAO's DATA Act compliance for the second quarter of fiscal year 2017.

CLA found that GAO was able to sufficiently implement the required DATA Act elements, and transmitted its fiscal year 2017 second quarter DATA Act submission timely to the Treasury's DATA Act Broker. However, internal control weaknesses adversely affected the completeness, quality, and accuracy of its submission.

The report contains two recommendations intended to help at strengthen GAO's DATA Act controls for ensuring future DATA Act submissions fully comply with the act's requirements. GAO agreed with the report's recommendations. Actions taken by GAO in response to the recommendations are expected to be reported to our office within 60 days. We will conduct follow-up work to assess GAO's actions to address the intent of CLA's recommendations and report the status of those actions in our semiannual reports to Congress.

Evaluation and Monitoring of Auditor Performance

CLA is responsible for the attached auditor's report. We engaged CLA to assess and report to us on (1) the completeness, timeliness, quality and accuracy of the GAO's fiscal year 2017, second quarter (January 2017 through March 2017) financial and award data submitted for publication on USASpending.gov and (2) GAO's implementation and use of the Government-wide financial

data standards established by the Office of Management Budget (OMB) and the Treasury, as required by the DATA Act of 2014.

We reviewed CLA's audit of GAO's DATA Act 2nd quarter submission in accordance GAGAS. Specifically, we

- evaluated the independence, objectivity, and qualifications of the auditors and specialists;
- reviewed the approach and planning of the audit;
- attended key meetings with auditors and GAO officials;
- monitored the progress of the audit;
- examined audit documentation; and
- reviewed the auditor's report.

Our monitoring review, as limited to the procedures listed above, disclosed no instances in which CLA did not comply, in all material respects, with GAGAS.

We are sending copies of this report to the Comptroller General and other members of GAO's Executive Committee, GAO's Congressional Oversight Committees, GAO's Audit Advisory Committee, and other managers with responsibilities relevant to DATA Act. The report is also available on the GAO website at <http://www.gao.gov/about/workforce/ig.html> and at <https://www.oversight.gov>.

If you have questions about this report, please contact me at (202) 512-5748 or trzeciaka@gao.gov.

List of Committees

The Honorable Ron Johnson
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The Honorable Claire McCaskill
Ranking Member
Committee on Homeland Security and Governmental Affairs
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The Honorable John Yarmuth
Ranking Member
Committee on Budget
House of Representatives



**U.S. Government Accountability Office
Report of the Government Accountability Office's Compliance with the Digital
Accountability Transparency Act of 2014 for Second Quarter FY 2017**



CliftonLarsonAllen

November 8, 2017

Adam R. Trzeciak
Inspector General
United States Government Accountability Office
Office of the Inspector General
441 G Street, NW
Washington, DC 20548

Dear Mr. Trzeciak:

Enclosed is our draft report on the U.S. Government Accountability Office (GAO) Fiscal Year (FY) 2017 second quarter DATA Act submission. The GAO Office of Inspector General (OIG) contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP to conduct a performance audit of GAO's financial and payment data submission for the second quarter of FY 2017, as required by the Digital Accountability and Transparency Act of 2014 (DATA Act).

Our audit objectives were to assess (1) the completeness, timeliness, quality and accuracy of FY 2017, second quarter financial and award data submitted by GAO for publication on USASpending.gov and (2) GAO'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.

The audit concluded that GAO submitted the required financial and award files consistent with the data standards defined by Treasury and OMB on time as required by the DATA Act. However, we identified accuracy, completeness, and quality concerns pertaining to GAO's submission. This resulted from the agency's need to develop an alternative methodology for generating its response within days of the required deadline after identifying errors in the draft submission prepared by its service provider. We made two recommendations, which GAO agreed to, that are intended to strengthen GAO controls over future submissions required by the DATA Act. Actions taken in response to our recommendations are expected to be reported to the OIG within 60 days.

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

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

Very truly yours,

CLIFTONLARSONALLEN LLP

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ACRONYMS

CLA	CliftonLarsonAllen
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DOT/ESC	Department of Transportation Enterprise Service Center
FAR	Federal Acquisition Regulation
FY	Fiscal Year
FPDS-NG	Federal Procurement Data System - Next Generation
FFATA	Federal Funding Accountability and Transparency Act of 2006
FSRS	FFATA Subaward Reporting System
GAO	Government Accountability Office
OIG	Office of Inspector General
OMB	Office of Management and Budget
PRISM	Purchase Request Information System
SAM	System for Award Management
SAO	Senior Accountable Official

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this performance audit were to assess (1) the completeness, timeliness, quality and accuracy of the Government Accountability Office's (GAO) FY 2017, second quarter (January 2017 through March 2017) financial and award data submitted for publication on USASpending.gov and (2) GAO's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury), as required by the Digital Accountability and Transparency Act of 2014 (DATA Act).¹

To achieve our objectives, we conducted inquiries and walkthroughs of the data submission process, and interviews with GAO's Senior Accountable Official (SAO) and other key DATA Act managers, as appropriate, to obtain an understanding of GAO's internal control design and process used to complete its DATA Act submission. We assessed whether internal controls over authoritative source systems [financial (Delphi) and award (PRISM)] used by GAO for its DATA Act submission were properly designed, implemented, and operating effectively. Also, we assessed the design, implementation, and operating effectiveness of GAO policy, procedures and controls for extracting financial and award data from these source systems for submission in compliance with the DATA Act, and consistent with government-wide data standards.

Further, we selected and reviewed a statistical sample of GAO's certified data submission to the Treasury's DATA Act Broker (Broker) for File C (award level transactions) to determine whether GAO's DATA Act submission was complete, timely, and accurate. Additional information on our objective, scope and methodology is presented in Appendix I.

We conducted this performance audit from April 2017 through November 2017 in accordance with generally accepted government auditing standards, as specified in the GAO's *Government Auditing Standards*.² 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 objectives.

BACKGROUND

The DATA Act, which became law on May 9, 2014, expanded the Federal Funding Accountability and Transparency Act (FFATA) of 2006³ to link federal agency spending to federal program activities so that taxpayers and policymakers can more effectively track federal spending. The act requires agencies to begin reporting their financial and payment data by May 2017, consistent with data standards established by Treasury and OMB. The reported data will be posted by Treasury on a website available to taxpayers and policymakers on a monthly basis if practicable, but not less than quarterly.

The new data standards established by OMB and Treasury specify the items to be reported under the DATA Act, and define and describe what is to be included in each item

¹ Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

²GAO, *Government Auditing Standards*, GAO-12-331G (Washington, D.C.: December, 2011).

³Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), codified at 31 U.S.C. § 6101 note.

(i.e., data element) to ensure that information across federal agencies will be consistent and comparable.

Treasury’s DATA Act Implementation Playbook version 2.0 and DATA Act Information Model Schema (DAIMS) version 1.0 describes the data elements and layout of the data files required for DATA compliance. The layout of the data files submitted by GAO for DATA Act compliance are shown in table 1 below.

Table 1: Identification and Description of Data Files submitted by GAO for the DATA Act

File Name	File Contents	File Description
File A	Appropriations Account	File A includes fiscal year cumulative Federal appropriation account summary-level data. Information is submitted by agency’s financial system.
File B	Program Activity and Object Class	File B includes fiscal year cumulative Federal object class and program activity summary level data. Information is submitted by agency’s financial system
File C	Award-Level Financial	File C includes the obligation amounts for awards made and/or modified during the reporting period. Information is submitted by agency’s financial system.
File D1	Award and Awardee Attributes-Procurement Awards	File D1 contains detailed demographic information for award-level transactions reported in File C. The file is submitted by an external award reporting system to Treasury’s DATA Act Broker.
File E	Additional Awardee Attributes	File E contains detailed demographic information for award-level transactions reported in File C. The file is submitted by an external award reporting system to Treasury’s DATA Act Broker.

Source: Information from the *Inspectors General Guide to Compliance Under the DATA Act Report Number - Treasury OIG: OIG-CA-17-01*

The DATA Act also provides for oversight by Inspectors General (IGs) and the Comptroller General of the United States by requiring a series of reports that assess the completeness, timeliness, quality, and accuracy of the data submitted. Specifically, the DATA Act requires the 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 Federal agencies, the CIGIE Federal Audit Executive Council (FAEC) established the DATA Act Working Group to provide the common approach and methodology used on this audit.

A key factor in improving accountability in achieving an agency’s mission is to implement an effective internal control system. An effective internal control system helps an agency adapt to shifting environments, evolving demands, changing risks, and new priorities—such as DATA Act reporting. The *Standards for Internal Control in the Federal Government* (Green Book) provides managers criteria for designing, implementing, and operating an effective internal control system. The Green Book defines the standards

through components and principles and explains why they are integral to an entity's internal control system.

While legislative branch agencies are generally not subject to the DATA Act, the mandate does apply to GAO.⁴ During the period of our audit, GAO obtained financial management services through an interagency agreement with the Department of Transportation's Enterprise Service Center (DOT/ESC), a shared service provider.⁵ Those services consist of hosting, general accounting, accounts payable processing, travel interface processing, accounts receivable processing, reports analysis and periodic financial reporting processing. Further, DOT/ESC scope of services include reporting GAO's financial and award data in compliance with the DATA Act of 2014. Although the DOT/ESC performs specific DATA Act financial reporting duties, as the data owner, GAO is primarily responsible to ensure that the integrity and quality of the data reported is complete, accurate and timely.

AUDIT RESULTS

We found that GAO was able to sufficiently implement the required DATA Act elements, and transmitted its DATA Act submission timely to the Broker. However, GAO did not fully comply with the DATA Act due to internal control weaknesses that affected the reliability of its DATA Act submission. These weaknesses included a lack of documented policies and procedures and inadequate implementation and execution of control activities, which resulted in incomplete and inaccurate data files included in its DATA Act submission for the FY 2017 second quarter.

To achieve DATA Act compliance, GAO planned to rely on its service provider to submit complete, and accurate financial and award data to the Broker for the FY 2017 second quarter. However, due to errors detected in its service provider's preliminary submission, GAO developed and implemented its own alternative solution to comply with the DATA Act in a compressed timeframe. Consequently, GAO did not have sufficient time to adequately document and implement controls related to its alternative solution, which resulted in the weaknesses and errors identified in our report.

Assessment of Internal Control over Source Systems

The GAO uses DOT/ESC's Purchase Request Information System (PRISM) and Delphi operating systems for processing and recording its procurement and financial award activities. The DOT/ESC PRISM is a procurement system that supports GAO's purchase requisition and contract award processes. Delphi is the financial system used to record accounting transactions related to contract award and contract modification activities. Delphi's Purchasing module records the commitments, obligations and accrued expenses at a detailed level. Collectively, these systems were the sources of information used by GAO to report its FY 2017 2nd quarter financial data to the Broker as required by the DATA Act.

We performed procedures to determine whether the internal controls over the source systems used by GAO for its DATA Act submission were properly designed, implemented

⁴The definition of federal agency in the DATA Act includes GAO. DATA Act at § (2)(a)(3).

⁵GAO is currently in the process of migrating to a new service provider and integrated financial management system.

and operating effectively. Those procedures consisted of the following:

- made inquiries of key personnel and performed a walkthrough of the source system to confirm our understanding of the design of the controls over GAO's financial and award activities.
- performed a detailed review of the source documentation used to record GAO's financial and award activities to assess the operating effectiveness of the controls over the source system.
- reviewed the DOT's *ESC Statement on Standards for Attestation Report on the Description of the Enterprise Service Center's (ESC) System and the Suitability of the Design and Operating Effectiveness of Controls (SSAE 18 – Type 2 Report)* for the period of October 1, 2016 – June 30, 2017 and assessed the general and application controls pertaining to the financial management systems from which the financial and award data elements were derived and linked.
- reviewed prior GAO financial statement audit reports, including management letters, and preliminary results of GAO's 2017 financial statement audit to determine whether any significant issues were identified regarding the reliability of source systems.

Our assessment concluded that GAO maintained effective internal control over its source (financial and award) systems used for its DATA Act submission. See Appendix II Summary of DATA Act Test Results, Section 1: Results of Assessment of Internal Controls over Source Systems.

Assessment of Internal Controls over Data Act Submission

GAO implemented a strategy to rely on DOT/ESC, its shared service provider, to prepare the FY 2017 DATA Act submission for compliance with the DATA Act. This strategy included reliance on its service provider's documentation of control objectives and control activities associated with the DATA Act submission process. During management's review of the DATA Act 2nd quarter FY 2017 information, GAO identified critical errors in preliminary data files generated by DOT/ESC 12 days prior to the final DATA Act submission reporting deadline. According to responsible GAO managers, the obligations incurred and outlays data in File B did not reconcile to the Standard Form 133, *Report on Budget Execution and Budgetary Resources*.⁶ As a result of errors in the DOT/ESC prepared preliminary submission, GAO generated and submitted its own DATA Act files directly to the Broker rather than rely further on its service provider. Specifically, GAO developed a data validation tool to analyze data from its source systems (Delphi and PRISM), and generate the required data files for the agency's 2nd quarter submission to the Broker. The results of the validation tool were the primary basis for the SAO's certification regarding the completeness, accuracy, and quality of GAO's FY 2017 2nd quarter submission. We found that GAO submitted its data files to the Broker within the time frame required for the 2nd quarter submission and consistent with the Government-

⁶The Standard Form 133 is prepared quarterly and is the principal source of information for Statement of Budgetary Resources. It also fulfills the requirement that the President review federal expenditures at least four times a year.

wide financial data standards established by OMB and Treasury, as required by the DATA Act.

However, we found that GAO may not have adequately assessed the risk associated with its reliance on DOT/ESC for achieving DATA Act compliance. Consequently, GAO lacked sufficient time to adequately develop and document its DATA Act process and the key controls implemented for the achievement of the DATA Act compliance objectives. Specifically, GAO's DATA Act managers could not provide us with the standard operating policies and procedures, or support that key control activities, such as segregation of duties and proper execution of transactions, were established and operating effectively for its 2nd quarter DATA Act submission to the Broker.

GAO prepared a memo to describe the critical event timelines and the general process, including its validation tool, used to review the submission initially prepared by ESC and to generate GAO's final DATA Act 2nd quarter submission. The memo confirmed GAO's decision to utilize an alternate approach to create its own DATA Act files due to the errors identified in ESC's submission. However, it did not establish the who, what, when, where, and why relevant to effective internal control execution. For example, the memo did not provide sufficient detail that described the key roles and responsibilities for all GAO staff involved in the DATA Act reporting process. Also, the memo did not include a description of the critical key internal control objectives and related control activities that were followed to achieve the DATA Act reporting objectives. Further, the memo referred to a validation tool developed by a single employee who was also the individual primarily responsible for managing the review and analysis of the agency's DATA Act submission.

GAO asserted that an independent verification of some of the DATA Act validation tool results was performed by the DATA Act managers/staff. However, GAO did not provide documentary evidence such as a signatory acknowledgement by a supervisor or managerial staff to support that the end-to-end process followed by GAO and related results were independently reviewed prior to the SAO's certification and submission of the data files to the Broker. Further, when we met with GAO managers responsible for DATA Act implementation, including GAO validation tool, they consistently referred us to a single employee (the developer) for information when asked questions regarding how the tool worked, the review process, and other matters. The lack of documented standard operating policies and procedures may have led to the inadequate key control activities, including segregation of duties and controls over information processing, we identified as needed to ensure that the control objectives of the DATA Act reporting were achieved.

In addition, the SAO is required to certify to the validity and reliability of the complete DATA Act submission, including linkages across all the data in Files A, B, C, D and E.⁷ A reconciliation, or the comparison of transactions to proper support documentation and resolving any discrepancies identified, is a process that ensures the accuracy and completeness of data through the examination and resolution of any data variances or exceptions identified between reports. However, we found that GAO did not perform an adequate reconciliation of its DATA Act files.

During our audit, GAO managers asserted that the data validation tool performed a comparison. GAO's data validation tool output included comparison tabs intended to

⁷OMB M-17-04, Additional Guidance for DATA Act Implementation; Further Requirements for Reporting and Assuring Data Reliability (November 4, 2016)

capture variances identified between Files A and B and Files C and D. We performed an independent reconciliation of the DATA Act files submitted by GAO to Treasury to the source systems used by GAO to generate the files. Similar to the results of GAO's validation tool, we did not identify any variances between the Files A and B and their source systems. As a result, we concluded that controls over data files A and B were adequate in ensuring the completeness, accuracy, and quality of these files.

However, our independent reconciliation of File C to its related source system (i.e. Delphi) identified 23 transactions with a value of \$2,268,887 that were erroneously excluded from GAO's File C submission.⁸ Based on our review of documentation related to GAO's DATA Act submission, including its validation tool results, we found that GAO identified 21 of the 23 transactions in its comparison of File C to File D documentation. However, GAO did not resolve the differences, a key step in the reconciliation process for ensuring the completeness, accuracy, and quality of its submission which resulted in the omission of these transactions from its 2nd quarter submission. GAO management indicated that because it only had 12 days to develop and implement its alternate approach to generate its 2nd quarter submission, it did not have time to finalize its reconciliation. GAO identified differences but did not perform the research necessary to determine whether they occurred during the FY 2017, 2nd quarter and thereby included in its submission.

Our review of documentation supporting these transactions found that the accountable event (i.e. contract signature date) occurred in the second quarter of FY 2017. Therefore, these transactions should have been included in GAO's File C submission. Also, we found that 2 transactions, which totaled \$947, were erroneously excluded from File C. GAO decided to exclude these transactions because the amount was less than the reportable transaction amount \$3,000 as required by the Federal Procurement Data System (FPDS). The DATA Act does not have a dollar threshold requirement for reporting purposes. Therefore, the transactions should have been reported in the 2nd quarter DATA Act submission.

See Appendix II, Summary of DATA Act Test Results, Section 2: Results of Assessment of Internal Controls over DATA Act Submission, and Section 3: Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy.

RESULTS OF SAMPLE TESTS PERFORMED AT THE AWARD LEVEL

We performed testing on the federal award transactions submitted in the File C report for the FY 2017 2nd quarter at the detail level, based on a random statistical sample, to assess whether GAO successfully implemented the required 57 data elements and to assess the completeness, quality, accuracy, and timeliness of each transaction. 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 applicable data elements required by the DATA Act.

Quality focuses on the utility, objectivity, and integrity of disseminated information.⁹ Accuracy is the percentage of transactions that are complete and consistent with the

⁸GAO reported in its File C for FY 2017, 2nd quarter a total of 87 transactions with total value of \$5,292,665.

⁹Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.

system(s) of record or other authoritative sources. Timeliness represents the award activity reported within 30 days after the quarter in which it occurred.¹⁰

We selected a statistically random sample of 71 federal award transactions from the File C report. We did not identify deficiencies with GAO’s implementation of the required 57 DATA elements, or the timeliness attributes for the federal award samples. However, as presented in table 2 below, we found that 5 of the 71 transactions sampled, or an estimated 7% of the federal awards reported by GAO for the period, were not reported accurately, affecting the quality of GAO’s submission.¹¹ These five transactions with a value of \$2,000,469 represent federal awards activity that occurred outside of the FY 2017 2nd quarter and should not have been reported in the 2nd quarter submission to the Broker. We found that three of the five transactions listed in Table 2 below were signed in December 2016 (FY 2017 1st quarter – October 2016 through December 2016) but not recorded in Delphi until January 2017 (FY 2017 2nd quarter). As a result, GAO relied on incorrect transaction dates when it included these award transactions in its File C submission.

Table 2: Federal award transactions erroneously included in GAO’s File C for FY 2017 2nd quarter.

Contract #	Line Item	Contractor Name	Type of Services	Award Transaction	Award Transaction Date
GAO-13-SB-011/0025	00009 00010 00011	EMCOR Government Services	Commercial Facilities Management	\$(37,845)	5/19/2017
GAO-13-SB-011/0025	00019	EMCOR Government Services	Commercial Facilities Management	\$(3,457)	5/19/2017
GAO-15-SB-0009/0003	00002	Building People, LLC	SF Phase II	\$103,015	12/21/2016
GAO-16-BP-0002/0001	00001	Advanced Automation Technologies	Photography Services	\$(216)	12/13/2016
GAO-13-SB-0011/0093	00001	EMCOR Government Services	Commercial Facilities Management	\$1,938,972	12/30/2016

See Appendix II, Summary of DATA Act Test Results, Section 4a: Results of Sample Tests Performed at the Award-Level Transactions, for additional information.

¹⁰Inspectors General Guide to Compliance Under the DATA Act Report Number - Treasury OIG: OIG-CA-17-012.

¹¹We are 95 percent confident that between 5.0 and 10.8 percent of the transactions in GAO’s FY 2017 2nd quarter DATA Act submission were not accurately reported.

OTHER CONSIDERATIONS

Certain authoritative data sources used by Federal agencies to support their award processes are under central rather than agency specific operational control. As such, certain data pertaining to GAO was extracted by the Treasury DATA Act Broker and not by GAO for submission in compliance with the DATA Act. Our audit was focused on GAO's submission, as a result, we did not assess the completeness, accuracy, timeliness, and quality of data extracted by the Broker from these systems for File E. We did perform additional testing of file D1 related to the Broker, but made no recommendations to GAO regarding our findings as discussed below.

Testing Limitations for Data Reported from File E

File E of the DATA Act Information Model Schema (DAIMS) contains additional awardee attribute information, such as the names of each highly compensated officer and total compensation amount, extracted from the System for Award Management (SAM) via the Broker. It is the prime awardee's responsibility to report sub-award and executive compensation information in SAM and the FFATA Subaward Reporting System (FSRS). Data reported from these two award reporting systems are generated by the broker for display on USASpending.gov. As outlined in OMB's Management Procedures Memorandum 2016-03,¹² the authoritative sources for the data reported in File E is SAM 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 via the DATA Act Broker.

Government-wide Data Reporting Issues

Data from the (1) Current Total Value of Award and (2) Potential Total Value of Award elements in file D1 are extracted from the Federal Procurement Data System – Next Generation (FPDS-NG) via the legacy USASpending.gov and provided to the Broker. 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.

Out of the 71 award transactions we sampled from file C for testing, we determined that 58 of those transactions were in file D1. Due to timing differences within FPDS-NG, the remaining 13 were not yet recorded in file D1. Based on our review of the 58 award transactions, we found that data for the Current Total Value of Award and Potential Total Value of Award elements in file D1 were inconsistent with agency records. For example, 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. We disclosed the total errors that are specific to the data extracted by the Broker in Appendix II Summary of DATA Act Test Result, Section 4b: Results of Sample Tests Performed at the Award-Level Transactions for additional information (Broker only).

¹²OMB, Additional Guidance for DATA Act Implementation: Implementing a Data Centric Approach for Reporting Federal Spending Information, Management Procedures Memorandum No. 2016-03 (Washington, D.C.: May 3, 2016).

Because this is a Government-wide issue that Treasury, and not GAO, is responsible for addressing, we are not making a recommendation to GAO regarding this matter. Treasury's 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 GAO does not have responsibility for how data is extracted by the Broker, we did not evaluate the reasonableness of Treasury's planned corrective action.

Data Quality Assessments

Until the weaknesses identified in this report are addressed, any efforts to assess the quality of GAO's data submitted for publication on Beta.USASpending.gov will be limited.

CONCLUSION

In its December 2016 report on GAO's DATA Act readiness, the GAO OIG reported that GAO's strategy for complying with DATA Act requirements by May 2017 was heavily dependent upon its service provider.¹³ Further, the OIG reported that DOT/ESC was experiencing delays in implementing a series of system and related changes needed to fully comply with DATA Act requirements. We found that GAO identified significant errors in the preliminary, 2nd quarter DATA Act submission prepared by DOT/ESC which resulted in GAO developing and implementing a workaround to meet the reporting deadline. GAO was aware of the risk that its reliance on DOT/ESC presented to the agency's compliance with DATA Act requirements, as documented in the agency's June 2016 DATA Act Implementation Plan. GAO could have developed and adequately documented its automated validation tool in advance, but chose a reactive rather than proactive approach to addressing this risk. With 12 days to submit its files to the data broker, GAO lacked sufficient time to adequately design, test, document, and implement effective controls to ensure the completeness, quality, timeliness and accuracy of all required data files.

GAO is in the process of completing its migration to a new service provider in FY 2018. Until the migration is fully completed the agency will rely, in part, on manual workarounds to complete various financial management activities. This represents a risk to GAO and its ability to ensure the accuracy, completeness and quality of its DATA Act reports and emphasizes the need for well designed and implemented controls to mitigate these risks. GAO obtains its financial management support through a service provider. However, as the owner of the data, GAO is ultimately responsible for ensuring that the integrity and quality of the data reported is complete, accurate, and timely as required by the DATA Act, regardless of who it relies on to support its operations.

¹³ OIG, *DATA Act: GAO's Implementation Plan Evolves to Include Strategy and Risks Present Beyond Initial Reporting Deadline*, [OIG-17-3](#) (Washington, D.C.: Dec. 20, 2016).

RECOMMENDATIONS

We recommend the Comptroller General direct the SAO to:

1. Develop and document standard operating policies and procedures specific to ensuring the completeness, quality, accuracy, and timeliness of GAO DATA Act reporting. These procedures should also delineate lines of responsibility and identify proper documentation for the validation procedures performed by separate individuals.
2. Document and implement a reconciliation process between source systems, and the DATA Act submission files to ensure that reconciliation differences are identified and resolved prior to the SAO asserting to the completeness, timeliness and accuracy of GAO's DATA Act submission.

AGENCY COMMENTS AND OUR EVALUATION

We provided GAO with a draft of this report for review and comment. In its written comments, reprinted in Appendix III, GAO agreed with our recommendations, but took exception to the characterization of our findings.

In its response, GAO acknowledged it had planned to rely on DOT/ESC for its 2nd quarter FY 2017 DATA Act submission. But, as the deadline approached and critical errors were identified, GAO determined that it had to develop and execute a workaround to meet the April report submission date. The agency focused, rightly so, on making its submission. As GAO stated previously "we did not have two years' worth of time to formally document in standard operating procedure format. We had to forego all their data and process documentation that had been developed over two years in favor of better numbers." We applaud GAO's efforts and recognition of its responsibility over its data. However, we believe GAO identified the risks much earlier as documented in its June 2016 DATA Act Implementation Plan, but chose to take a reactive rather than proactive posture in addressing it. As a result, GAO did not have time to effectively plan, design, test, execute, and document its strategy for generating, validating, and ensuring the quality, completeness, and accuracy of its DATA Act reports.

GAO agreed with our first recommendation while asserting that its "data validation tool serves as strong evidence and documentation of our process." We disagree. As stated in our report, we found the tool and other documentation provided by GAO inadequate in documenting management's design of internal control.

GAO agreed with our second recommendation, while asserting that it did perform reconciliation. We disagree. Our finding focuses on the identification of any variances or differences between files and initiating documentation (e.g., a signed contract). Due to timing challenges, GAO did not seek to understand why differences between the files existed. Had GAO completed the reconciliation by researching and understanding the differences, it would likely not have underreported 23 transactions totaling about \$2.3 million to the Broker. Our recommendation is not intended to turn back the clock, rather to ensure that a complete reconciliation process is in place with lines of responsibility clearly drawn, to ensure errors and omissions do not occur when files do not reconcile. As reflected in its response, GAO has efforts underway to improve its reconciliation process,

including that any reconciliation differences are identified and resolved prior to the SAO asserting the completeness, timeliness and accuracy of GAO's DATA Act submission.

Finally, GAO management stated that it disagreed with our characterization of three contracts identified in table 2 as erroneously included in its submission. Management indicated that while the contracts for these three transactions were signed in December 2016 (before the start of the 2nd quarter) they were recorded in DELPHI by January 2017, within 30 days of award. As asserted by GAO, these transactions occurred (i.e. the contracts were signed) during 1st quarter and, according to Data Act guidance, should not have been part of the 2nd quarter submission.

OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of this performance audit were to assess (1) the completeness, timeliness, quality and accuracy of GAO's fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov and (2) GAO's implementation and use of the Government-wide financial data standards established by OMB and Treasury, as required by the Government Accountability Office compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act).¹⁴

The scope of our detailed testing was limited to fiscal year 2017, second quarter financial and award data submitted by GAO for publication on USASpending.gov and any applicable procedures, certifications, documentation, and controls developed and implemented by GAO to support its DATA Act submission. The GAO OIG contracted with CLA, an independent certified public accounting firm, to perform this performance audit on GAO's compliance with the DATA Act.

We followed the audit methodology prescribed in the Inspector General Guide to Compliance under the DATA Act, as amended.¹⁵ We performed tests to determine whether the internal controls over GAO's source system were properly designed, implemented and operating effectively and whether the internal controls over the DATA Act submissions were sufficient enough to assure the completeness, accuracy, timeliness and quality of the reporting submission.

In addition to the procedures documented in the Assessment of Internal Controls Sources Systems above, we performed the following to achieve our audit objective:

- obtained an understanding of any regulatory criteria related to its agency's responsibilities to report financial and award data under the DATA Act;
- assessed GAO's systems, processes and internal controls in place over data management under the DATA Act;
- assessed GAO's internal controls in place over the financial and award data reported to USASpending.gov per OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, OMB Circular A-123;
- assessed the general and application controls pertaining to the financial management systems from which the data elements were derived and linked;
- reviewed a statistically valid sample from fiscal year 2017, second quarter financial and award data submitted by GAO for publication on USASpending.gov (See appendix II for additional information regarding the sample and test results);
- assessed the completeness, timeliness, quality, and accuracy of the financial and award data sampled;
- assessed GAO's implementation and use of the 57 data definition standards established by OMB and Treasury; and
- obtained the Senior Accountable Official (SAO) certification to determine whether the quarterly assurance on GAO's controls supporting the reliability and validity of the agency's summary-level and award-level data reported for publication on USASpending.gov is supported.

¹⁴Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

¹⁵FAEC DATA Act Working Group, *Inspectors General Guide to Compliance Under the DATA Act* (Feb. 27, 2017).

We conducted this performance audit from April 2017 through November 2017 in accordance with generally accepted government auditing standards, as specified in the Government Accountability Office's *Government Auditing Standards*.¹⁶ 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 objectives.

¹⁶GAO, *Government Auditing Standards*, [GAO-12-331G](#) (Washington, D.C.: December, 2011).

SUMMARY OF DATA ACT TEST RESULTS

This table below provides a synopsis of the results of our review of GAO's compliance with the DATA Act for the 2nd quarter of fiscal year 2017. The table should be used in conjunction with our discussion of the results in the Assessment of Internal Control over Source Systems, Assessment of Internal Controls over Data Act Submission and Results of Sample Test performed at the Award Level sections above.

Government Accountability Office 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
*Auditors Note: If selected "No" in any columns above, include details in section 3.			
Section 2: Results of Assessment of Internal Controls over 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			
Description of Control Deficiency	Impact of Control Deficiency		
	Completeness¹	Timeliness²	Accuracy³
DATA Act Control Environment and Control Activities	Yes	None identified	Yes
DATA Act File Reconciliations	Yes	None identified	Yes

Section 4a: Results of Sample Tests Performed at the Award-Level Transactions			
Description of Attribute Testing	Completeness¹	Timeliness²	Accuracy³
Error Rate ⁴	7%	0%	7%
Sampling Error (margin of error)	2.9%+/-	0%	2.9%+/-
Source of Sample (File C, D1, D2)	C	C	C
Population Size (Federal awards)	87 \$5,292,665	87 \$5,292,665	87 \$5,292,665
Type of Statistical Sampling Methodology Used ⁵	Random	Random	Random
Confidence Level	95%	95%	95%
Sample Size	71 \$4,454,728	71 \$4,454,728	71 \$4,454,728
Section 5: Overall Assessment of Implementation and Use of Data Standards⁶			
There were no differences between the agency's definitions of the data standards and OMB guidance [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.]			

¹Completeness is measured as the percentage of transactions containing all data elements required by the DATA Act.

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

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

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

Section 4b below provides a synopsis of the Broker specific errors related to Government-wide data reporting issues. These errors represent the contract value reported in File D1 and the total contract value reported on the source documentation maintained by GAO for the federal award activity we sampled. File D1 is populated by FPDS-NG.

Section 4b: Results of Sample Tests Performed at the Award-Level Transactions (Broker only)	
Description of Attribute Testing	Accuracy³
Error Rate ⁴	67%
Sampling Error (margin of error)	10.2% +/-
Source of Sample (File C, D1, D2)	D1
Population Size (Federal awards)	161 \$6,041,130
Type of Statistical Sampling Methodology Used ⁵	Random
Confidence Level	95%
Sample Size	58 \$966,608

MANAGEMENT COMMENTS



Memorandum

Date: November 7, 2017
To: Adam Trzeciak, Inspector General
From: Deirdre Hardiman, Deputy Director, FM/ DATA Act Coordinator *Deirdre Hardiman*
Subject: DATA Act Report - Management Comments

Recommendation # 1

We agree with your recommendation. Like all federal agencies that use SSP's, GAO appropriately relied on our SSP (DOT's ESC) to prepare for the DATA Act implementation effort due to their ownership and maintenance of our Financial System from which the data would be derived. For two years leading up to the DATA Act filing deadline (April 29, 2017), ESC executed their plan for all of their customers. This plan included documentation of the process they developed over the two years leading to the DATA Act submission as well as independent GAO documents. GAO, and all of ESC's customer agencies, regularly participated in ESC's monthly agency DATA Act update meetings as well as separate individual meetings.

As we were approaching the filing deadline, we identified critical submission errors by ESC and built our own submission data in order to be prepared in case ESC did not resolve their submission errors in time. We continued to evaluate both submissions' data (ESC's and ours) and up until 12 days before the reporting deadline, we were relying on ESC's reporting mechanism and related formalized documentation. Starting on April 17, we developed our own version of Files A – C for reporting and ultimately determined our files to be more accurate than those of ESC. This determination was made by reconciling the internal edits checks and Treasury Broker warnings and errors between our submission versus ESC's. As such, we did not have two years' worth of time to formally document in standard operating procedure format. We had to forego all their data and process documentation that had been developed over two years in favor of better numbers. For example, ESC had 3,096 File C Broker Warnings, compared to GAO's 24 File C Broker warnings.

Further, we believe that our sophisticated automated validation tool serves as strong evidence and documentation of our process. This tool contains documentary evidence of user-friendly tabs with source data, reconciliations between data sources, summary errors, and resultant transmission files allowing for easy and clear reviewer corroboration of results prior to submission. Several GAO employees participated in ensuring the integrity and reliability of our reported data. On a at least eight different occasions involving at least four different FMBO staff to include the SAO, staff other than the main program author reviewed the SQL code and performed separate validations and comparisons of the data tool utilized by GAO. Instructions for using the GAO automated validation tool were documented. Lastly, given that the fiscal year 2017 3rd and likely 4th quarter data compilation filing will be performed by ESC (who's large data warnings were since resolved) and given that the fiscal year 2018 data will be compiled under a brand new financial system, we will continue to ensure the full documentation of the new processes under the new system to include validation procedures by separate individuals.

As you are aware, GAO is migrating to Momentum version 7.4 in fiscal year 2018, which is designed to be Data Act compliant in FY 2018. GAO's migration plan includes a staggered implementation of certain sub-systems, all of which will be fully implemented before the end of the first quarter. Our conversion plan controls are strong and designed to capture all financial management activities accurately.

Recommendation #2

We agree with your recommendation. GAO did perform a reconciliation of the SQL code that generated both the Delphi Purchases tab query and the GL detail query and determined that the Delphi Purchases query was a subset of the GL detail query. Further, a reconciliation was performed between transactions in File C and File D1 where 21 of the 23 auditor listed transactions were originally identified by us as in File D1 but not File C. This reconciliation was included in the Validator tool provided to the auditors. Due to the tight timeframe of the filing, these items were identified as needing further research with the majority of the items related to timing differences between when Delphi posted a transaction versus when FPDS posted the transaction. These timing differences were highlighted by our SAO in the Treasury Certification process. The following note was added by the SAO in the filing, "GAO submission for the DATA Act pull data from multiple sources. Each of these sources has a different frequency for updating the relevant data to USAspending.gov. These timing differences can result in data being displayed at different intervals throughout the quarter, at times resulting in potential delays in awards matching appropriations account-level data." Further, we continued to improve upon the methodology after the first filing (for the 2nd Quarter) and identified enhancements to the File A-C generation reducing the number of File C to D1 reconciling items for the 3rd quarter from 85 warnings down to 41.

Finally, in Table 2: Federal award transactions erroneously included in GAO's File C for FY 2017 2nd quarter, for the three contracts shown dated December 2016, we disagree with your characterization as an error. The DATA Act requires Files C to be a subset of Files A and B. Files A and B should be consistent with our SF-133 Report on Budget Execution and Budgetary Resources which includes these transactions. Our system of record, Delphi, recorded these transactions in January 2017, within 30 days of award.

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