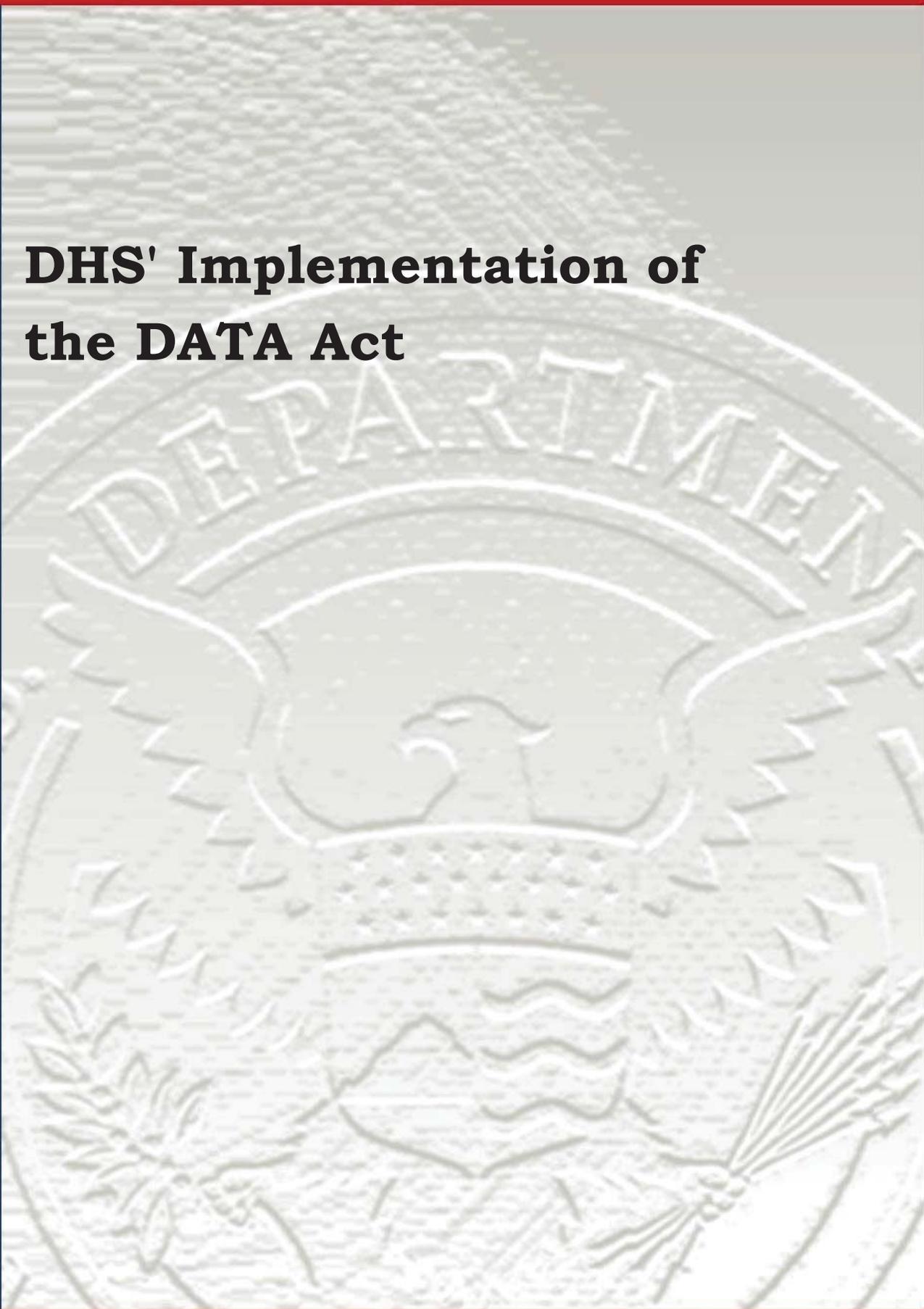


OFFICE OF INSPECTOR GENERAL

DHS' Implementation of the DATA Act



Homeland
Security

December 29, 2017

OIG-18-34



DHS OIG HIGHLIGHTS

DHS' Implementation of the DATA Act

December 29, 2017

Why We Did This Audit

The DATA Act required the OIG to review a statistically valid sample of DHS' fiscal year 2017, 2nd quarter spending data posted on USASpending.gov and to submit to Congress a report assessing the data's completeness, timeliness, quality, and accuracy; and DHS' implementation and use of Government-wide financial data standards.

What We Recommend

We made six recommendations to strengthen DHS' controls to improve spending data accuracy, completeness, and timeliness.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHSOIG.OfficePublicAffairs@oig.dhs.gov

What We Found

The *Digital Accountability and Transparency Act of 2014* (DATA Act) required DHS to submit, by May 2017, complete, accurate, and timely spending data to the Department of the Treasury (Treasury) for publication on USASpending.gov beginning with the 2nd quarter of FY 2017. DHS successfully certified and submitted its FY 2017/Q2 spending data for posting on USASpending.gov in April 2017. Although DHS met the DATA Act's mandated submission deadline, we identified issues concerning the completeness and accuracy of its first data submission that hinders the quality and usefulness of the information.

Using the required parameters of 3 months and within \$1 of the obligation amount, we determined that DHS could not align nearly \$1.9 billion (38 percent) of the total obligations associated with its award transactions for the quarter. According to DHS, it can reconcile approximately \$1 billion of these misalignments using a 4 month timeframe to within \$10 per transaction. We acknowledge that additional alignments can be achieved by extending the timeframes beyond the audit's 3-month scope and/or increasing the dollar threshold for obligation variances. To its credit, DHS has improved its data reconciliation procedures since making its first quarterly submission to Treasury and should continue to reconcile misalignments, identify errors and unacceptable timing differences, and develop or adjust existing internal controls to improve the overall quality of its data.

We also found that nearly 64 percent of the 385 FY 2017/Q2 procurement and financial award transactions we tested contained inaccurate data. The dollar value specifically associated with financial-related errors represented approximately \$1.7 million in DHS' total obligations for the quarter. We considered a sample transaction to be inaccurate if any one of the data attributes we tested did not match to the agency's underlying records. DHS did not agree with this approach. According to DHS, calculating an error rate by attribute would result in an overall error rate of 18 percent. While this percentage appears better, DHS can still improve the accuracy of its spending data.

DHS Response

DHS concurred with five of the six recommendations, all of which will remain open pending evidence to support completion of the corrective actions. DHS did not concur with the recommendation to strengthen internal controls over the reconciliation of misalignments.



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Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

December 29, 2017

MEMORANDUM FOR: Stacy Marcott
Senior Official Performing the Duties of the
Chief Financial Officer
Office of the Chief Financial Officer

FROM: John E. McCoy II
Assistant Inspector General for Audits

SUBJECT: *DHS' Implementation of the DATA Act*

Attached for your action is our final report, *DHS' Implementation of the DATA Act*. We incorporated the formal comments provided by your office.

The report contains six recommendations aimed at improving DHS' DATA Act submissions. Your office concurred with five of the six recommendations. Based on information provided in your response to the draft report, we consider recommendations 1 and 2 open and unresolved, and 3-6 open and resolved. As prescribed by the Department of Homeland Security Directive 077-01, *Follow-Up and Resolutions for the Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until your response is received and evaluated, the recommendations will be considered open and unresolved. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment



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Abbreviations

ASP	Award Submission Portal
CBP	United States Customs and Border Protection
CFO	Chief Financial Officer
CPO	Chief Procurement Officer
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DAS	DATA Act Solution
DHSTIER	DHS Treasury Information Executive Repository
FAEC	Federal Audit Executive Council
FAIN	Federal Award Identification Number
FAPO	Financial Assistance Policy Office
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System - Next Generation
FSRS	FFATA Sub-award Reporting System
GAO	Government Accountability Office
ICE	United States Immigration and Customs Enforcement
IDV	Indefinite Delivery Vehicle
NPPD	National Protection and Programs Directorate
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPO	Office of Procurement Operations
PIID	Procurement Instrument Identifier
PPA	program, project, or activity
RM&A	Risk Management and Assurance Division
RMT	Resource Management Transformation Division
SAM	System for Award Management
SAO	Senior Accountable Official
SOP	standard operating procedure
TSA	Transportation Security Administration
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USSS	United States Secret Service



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Background

On May 9, 2014, President Obama signed the *Digital Accountability and Transparency Act of 2014* (DATA Act) to make information on Federal expenditures more easily accessible and transparent to the public. The DATA Act amends the *Federal Funding Accountability and Transparency Act of 2006* (FFATA) to require the disclosure of direct Federal agency expenditures and information linking spending activity to Federal programs to enable more effective tracking of government spending. The Department of the Treasury (Treasury) and the Office of Management and Budget (OMB) are the agencies responsible for leading government-wide implementation of the DATA Act.

Under FFATA, Federal agencies must post their financial assistance and contract data on USASpending.gov.¹ The DATA Act expands FFATA by requiring agencies to quarterly submit their appropriations account summary-level financial (i.e., spending) data to Treasury for publication on USASpending.gov beginning with the second quarter of fiscal year 2017. By May 8, 2017, each agency had to report its FY17/Q2 obligations and expenditures by appropriation, program activity, award, and object class. Each agency also had to ensure that this new data linked to the award data already posted to USASpending.gov under FFATA using unique award identification numbers.

The DATA Act requires Federal agencies to submit their quarterly spending data to Treasury in the following file formats:

- File A – Appropriations Account Detail
- File B – Object Class and Program Activity Detail
- File C – Award Financial Detail
- File D1 – Award and Awardee Attributes (Procurement)
- File D2 – Award and Awardee Attributes (Financial Assistance)
- File E – Additional Awardee Attributes
- File F – Sub-award Attributes.

To ensure the reporting of reliable and consistent Federal spending data for public use, OMB and Treasury issued 57 government-wide financial data standards. These standards define the specific data elements agencies must report under the DATA Act, such as appropriation account, object class, expenditures, and program activity. Each DATA Act file differs in the required number of data elements. OMB and Treasury also identified the authoritative sources for each type of data to be reported, such as the Federal Procurement

¹ USASpending.gov is searchable database of information on Federal contracts and other government assistance such as grants and cooperative agreements. FFATA required OMB to establish USASpending.gov, which was launched in December 2007.



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Data System–Next Generation (FPDS-NG)² for procurement data and the System for Award Management (SAM) for executive officer and compensation data.

Treasury is responsible for aggregating, combining, and posting agencies' quarterly spending data on USASpending.gov. Treasury gathers this spending data through the DATA Act Broker (the Broker), an information system it developed to facilitate the collection and validation of each agency's data. Agencies extract the spending data in Files A through C from their financial systems and submit them directly to the Broker for validation. The Broker applies a series of validation checks to agencies' financial data in Files A, B, and C to ensure they meet format requirements, contain accurate calculations, and align with the applicable authoritative sources.

The Broker extracts agencies' procurement and financial assistance data in Files D through F from existing feeder systems but does not validate the data. Specifically, the Broker extracts File D1 data from FPDS-NG and File D2 data from Treasury's Award Submission Portal (ASP), the platform Federal agencies use to report this data. The Broker extracts File E data from SAM and File F data from the General Services Administration's FFATA Sub-award Reporting System (FSRS).

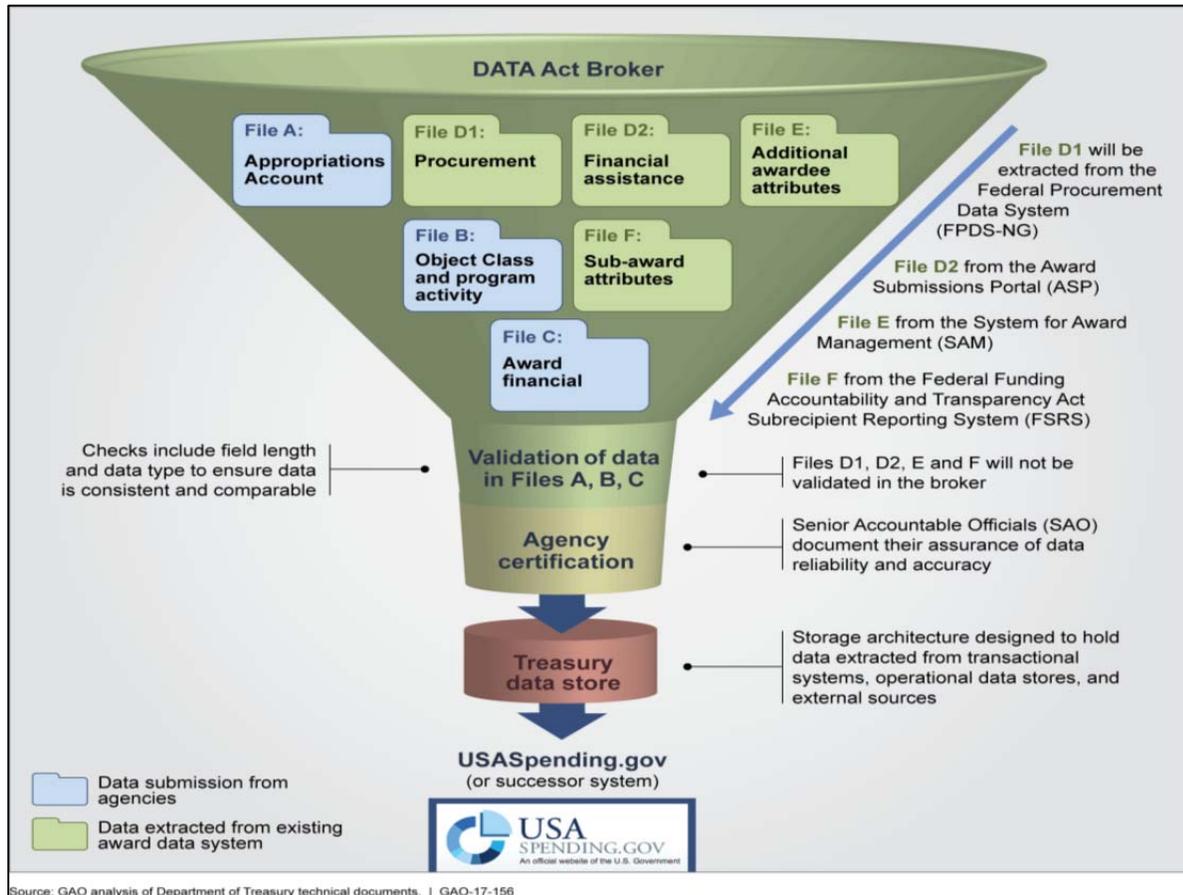
Through its internal validation process, the Broker generates data warnings and critical errors based on the application of Treasury-defined rules. If any data in agencies' File A, File B, or File C submissions generate critical Broker validation errors, USASpending.gov will not accept that data for publication. By contrast, less severe discrepancies in agencies' File C through F data result in Broker-generated warnings but do not prevent this data from being published (see figure 1 for a flowchart of the DATA Act Broker process).

² FPDS-NG is the primary government-wide central repository for procurement data that feeds certain data to USASpending.gov. Among other elements, FPDS-NG includes information about the product or service, agency and vendor information, contract start and expiration dates, and location of contract performance.



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Figure 1: Operation of the DATA Act Broker System



Source: GAO-17-15: GAO analysis of Treasury technical documents

Guidance issued by Treasury requires each Federal agency to identify a Senior Accountable Official (SAO) responsible for implementation of the DATA Act. Each SAO must provide quarterly assurance that their agency's internal controls support the reliability and validity of the spending data published on USASpending.gov. DHS' Deputy Chief Financial Officer, who is currently acting as the Chief Financial Officer, serves as the Department's SAO.

Each agency also had to create an internal DATA Act working group to include members from across its organizational units, such as budget, accounting, grants, procurement, loans, and information technology. In 2015, DHS created a project team within the Office of the Chief Financial Officer's (OCFO) Resource Management Transformation Division (RMT) to establish the internal processes necessary to achieve compliance with the DATA Act. Accordingly, RMT is responsible for managing DHS' implementation of the DATA Act. Fifteen separate DHS components, several of which utilize shared service



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providers,³ submit their spending data to RMT monthly to develop the Department’s consolidated quarterly DATA Act submissions. These 15 components and their corresponding service providers are:

DHS Component	System Provider
1. Federal Emergency Management Agency (FEMA)	FEMA
2. U.S. Customs and Border Protection (CBP)	CBP
3. U.S. Secret Service (USSS)	USSS
4. U.S. Immigration and Customs Enforcement (ICE) 5. Departmental Management Operations/Office of Financial Operations (DMO/OFO) 6. National Protection and Programs Directorate (NPPD) 7. Office of Health Affairs (OHA) 8. Science and Technology Directorate (S&T) 9. U.S. Citizenship and Immigration Services (USCIS)	ICE
10. Domestic Nuclear Detection Office (DNDO)	Department of the Interior Business Center
11. U.S. Coast Guard (USCG) 12. Transportation Security Administration (TSA)	USCG
13. Federal Law Enforcement Training Center (FLETC) 14. Intelligence and Analysis/Operations Coordination (I&A/OPS)	FLETC
15. Office of the Inspector General	Treasury Administrative Resource Center

Source: DHS OIG analysis

RMT developed the DATA Act Solution (DAS) system to accept and validate DHS components’ spending data in a format that meets Broker submission requirements. The DAS mirrors the Broker’s validation processes but also includes additional tests deemed appropriate for DHS, such as comparing total obligation amounts and award identification numbers in File C with those in Files D1 or D2. This last test is performed because the DATA Act requires agency spending data to be linked across different files using unique award identification numbers. Specifically, Procurement Instrument Identifier (PIID) numbers⁴ link File C financial transactions to the award-level procurement

³ A shared service provider is a third-party entity that manages and distributes software-based services and solutions to customers across a wide area network from a central data center.

⁴ Federal agencies have processes in place that ensure each PIID used to identify a solicitation or contract action is unique government-wide.



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transactions in File D1; Federal Award Identification Numbers (FAIN)⁵ link File C transactions to the award-level financial assistance transactions in File D2. As applicable, each File C transaction should have a corresponding transaction in File D1/D2 associated with the same PIID/FAIN.

The DAS monthly collects and validates components' File A and File B data stored in DHS' Treasury Information Executive Repository (DHSTIER) while components monthly submit their File C data directly to the DAS. The File A and File B summary financial data residing in DHSTIER capture transaction-level details within each component's financial systems. The DAS also validates components' File C data monthly.

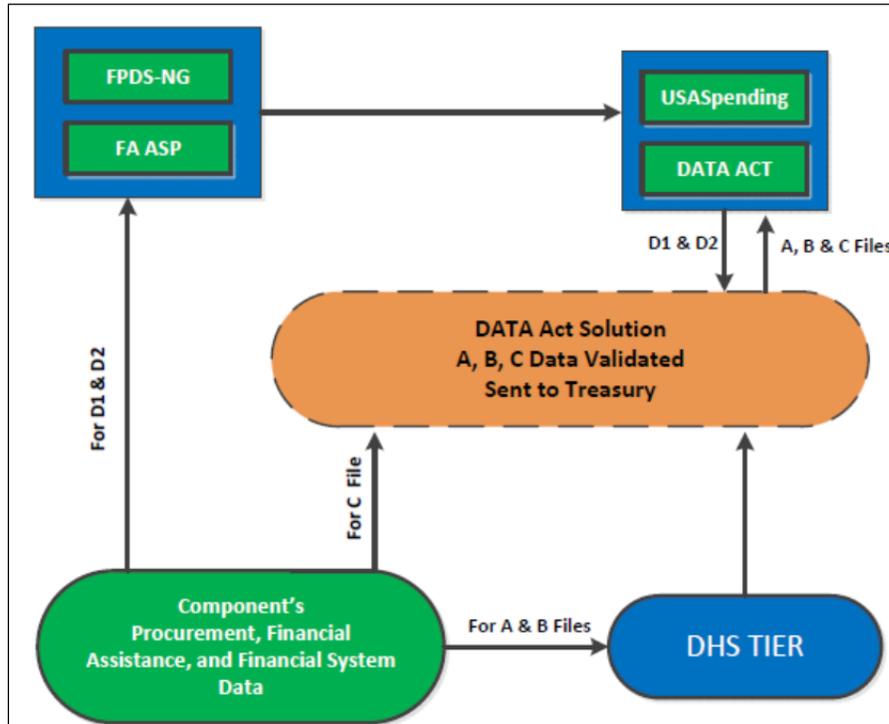
The Broker pulls the File D1 data in components' procurement systems from FPDS-NG and submits this information directly to USASpending.gov. The Broker pulls components' File D2 financial assistance data, which is submitted bi-monthly to USASpending.gov, from ASP. File E includes additional prime awardee attributes pulled from SAM and File F includes sub-award attributes reported obtained from FSRS. However, components' spending data residing in SAM and FSRS are entered by third parties and not by the Department (see figure 2 for a high-level flowchart of the DAS process).

⁵ Federal agencies must assign a unique FAIN to every financial assistance award starting October 2013.



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Figure 2: DHS DATA Act Solution Flow



Source: DHS OIG

The DATA Act also required each Federal Office of Inspector General to review a statistically valid sample of its agency's published FY2017/Q2 spending data and submit a report to Congress. This report assesses the completeness, timeliness, accuracy, and quality of this data; and implementation and use of the 57 government-wide financial data standards in compiling this data.

These OIG reports were originally due to Congress in November 2016. However, because the Council of the Inspectors General on Integrity and Efficiency identified a timing anomaly with the DATA Act's oversight requirements, agencies were not required to make their first quarterly spending data submission to Treasury until May 2017. Accordingly, each OIG was to provide its initial report to Congress in November 2017, a 1-year delay from the statutory due date, with two subsequent reports each following on a 2-year cycle. This report is responsive to that mandate.



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Results of Audit

The DATA Act required Federal agencies to submit complete, accurate, and timely quarterly spending data to the Treasury Department for publication on USASpending.gov beginning with FY 2017/Q2 in May 2017. Although DHS met the mandated deadline for submitting its quarterly spending data to Treasury, we identified issues concerning the completeness and accuracy of its first data submission that hinders the quality and usefulness of the information.

We found that nearly 64 percent of the 385 FY 2017/Q2 procurement and financial award transactions we tested contained inaccurate data. The dollar value specifically associated with financial-related errors represented almost \$1.7 million in DHS' total obligations for the quarter. However, DHS objected to our approach of considering a transaction to be erroneous if only one of the attributes we tested did not match to or did not agree with its underlying source. According to DHS, basing our assessment on the actual number of erroneous attributes compared to the total number of attributes assessed for each transaction would have resulted in an overall accuracy error rate of 18%.

We also determined that more than 20 percent of the financial transactions we tested were not linked to their corresponding award-level transactions through unique identification numbers. The dollar value of obligations associated with these misaligned transactions was approximately \$1.9 billion, or 38 percent, of DHS' total obligations for the quarter. Further, 39 percent of DHS' total obligations and 57 percent of its total expenditures for the quarter could not be aligned with program activities established in the President's budget.

Although DHS directed each reporting component to develop and apply internal procedures to reconcile these and other types of data errors prior to submission, it did not ensure that the components complied with that directive. For instance, because NPPD did not implement procedures to reconcile known discrepancies in its spending data, the agency could not provide DHS with assurance that its spending data was timely, complete, or accurate. By the conclusion of our fieldwork in July 2017, only USSS had taken any significant action to develop objectives for its DATA Act program, assess the risks to achieving those objectives, or establish corresponding controls that provided reasonable assurance those objectives were being achieved.

DHS' stated goal is to achieve 100 percent accurate spending data posted on USASpending.gov. In our opinion, DHS' primary focus in the months leading up to its first quarterly submission was to resolve any critical data errors that would have prevented its spending data from being published on USASpending.gov. It was not until after it successfully submitted its FY



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2017/Q2 spending data to Treasury that DHS focused its efforts more closely on analyzing the misalignments between its financial and award data.

Based on these and other deficiencies detailed in this report, we conclude that DHS' internal controls over its DATA Act processes were not sufficient to support the submission of accurate, complete and timely spending data for FY 2017/Q2. Until DHS strengthens its existing controls and applies additional controls over its DATA Act processes, the quality and transparency of its published spending data remains questionable.

Misalignments between Data Files Create Completeness and Quality Issues

The DATA Act requires agency spending data to be linked across different files using unique award identification numbers. We tested the completeness of Files C, D1, and D2 by comparing these linkages and found approximately 22 percent of DHS' PIIDs and FAINs did not properly align between the respective files within FY17/Q2. The amount of obligations associated with these misaligned PIIDs and FAINs totaled nearly \$1 billion. Our analysis also showed that almost \$900 million was associated with PIIDs and FAINs that were properly aligned but did not match the obligation amount within \$1, according to the application of Treasury validation rules (see appendix C for the data errors we identified associated with unique award identification numbers).

According to DHS, only looking at data in the exact quarter at the exact time of submission does not take into consideration that a large portion of the misaligned data will eventually reconcile. DHS observed that if the reconciliation period for aligning award identification numbers in its financial systems to those in its award systems was expanded by 30 days to account for timing differences, the obligation value of misaligned PIIDs and FAINs is reduced from the reported \$1.86 billion to \$1.14 billion. DHS also noted that the dollar value associated with misaligned PIIDs and FAINs would be further reduced from \$1.14 billion to \$947 million if the threshold for an acceptable variance from obligation amount was increased from being within \$1 to being within \$10.

We acknowledge that additional alignments can be achieved by extending the timeframes beyond the audit's 3 month scope and increasing the dollar threshold for obligation variances to more than \$1. Still, the Broker generates a warning to agencies when consolidated obligations for matched PIIDs and FAINs exceed \$1 because it shows that issues may exist concerning accuracy, timeliness, and/or completion of the data file. However, a warning does not prevent the data from being submitted to or accepted by the Broker, as misalignments are an indicator but not a confirmation that problems may



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exist. Therefore, it is critical that an agency has strong data reconciliation controls in place both to identify the basis for any such misalignments and to address any control deficiencies.

Although DHS officials stated they continually discussed misalignments with their components throughout FY 2017/Q2, they could not provide details regarding the underlying causes for misalignments without additional research that extended over several weeks. To DHS' credit, it has made improvements to the reconciliation process beginning in FY 2017/Q3. Accordingly, DHS should continue to reconcile misalignments, identify errors and unacceptable timing differences, and develop or adjust existing internal controls to improve the overall quality of the data.

SAO Certified Data as Accurate and Complete with Disclaimers

DHS certified the accuracy and completeness of its spending data and included standard disclaimers. The Broker allows the disclaimers to give agencies the opportunity to explain to the public known issues that may affect the timeliness, accuracy, or completeness of their data, or to highlight where their submissions go beyond current requirements. DHS believes the disclaimers are sufficient for the data submitted.

As reported in the SAO Assurance Package,⁶ DHS had an overall PIID match rate of 83 percent for financial file to procurement award file and an 84 percent PIID match rate for procurement award file to financial file (see appendix D for a copy of RMT's FY 2017/Q2 assurance memo to the SAO). This represented about 77 percent (\$2.8 billion) of the total procurement obligations that were matched within \$1 to corresponding procurement transactions.

Despite its inability to align almost one quarter of its procurement obligations, DHS still certified that the data was accurate and complete. Because the Broker does not accept agency submissions without a SAO certification, to not certify would have resulted in DHS' failure to comply with DATA Act requirements.

Although DHS validates components' File C data through the DAS process monthly, components' own internal validation procedures are important control activities affecting the overall quality of DHS' DATA Act submissions. During our internal control testing, we found significant deficiencies in the design and implementation of NPPD's and FEMA's data validation standard operating procedures (SOP). Specifically, NPPD did not develop or implement a

⁶ Quarterly, RMT presents the SAO with a formal package to inform the certification decision. RMT created an instructional guide for compiling the quarterly package for the SAO so that there is an adequate informational basis for the certification of data to Treasury.



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documented SOP to validate any of its monthly File C data submissions for FY 2017/Q2, and also did not analyze and reconcile any data discrepancies identified in RMT's checklists. Because NPPD's DATA Act team could not provide reasonable assurance that the component's spending data was timely, complete or accurate, the Chief Financial Officer (CFO) declined to make this certification to DHS.

FEMA developed an SOP to extract and validate its monthly File C spending data submissions to DHS, including steps to reconcile each required data element to its authoritative source, and identify and analyze any resulting anomalies. However, we found that FEMA's procedures for generating its spending data file were poorly designed, significantly reliant on manual procedures, and could not be independently replicated. FEMA's DATA Act team also did not provide us with evidence that its documented reconciliation procedures were actually applied to address data discrepancies in any of its three monthly File C submissions.

Additionally, certain elements of USSS', CBP's, USCIS', ICE's, and TSA's validation SOPs lacked sufficiently detailed instructions on how to execute some of the required steps and/or relied on manual procedures to accomplish other steps. Both conditions increase the risk of intentional and unintentional manipulation of the components' spending data. RMT and components should develop and apply change controls to ensure that no unnecessary revisions are made to DHS' spending data.

Lack of Systems Integration is Causing Timing Issues Impacting Data Quality

Because spending data in components' monthly submissions are derived from multiple sources, each with a different frequency for updating the relevant data, timing differences can cause data to be displayed at different intervals throughout the quarter. Such delays can result in award data not immediately matching File C data. According to RMT, these discrepancies should not be considered errors, as alignment of the data should occur within 30 days in USASpending.gov.

Half of the eight components we assessed reported during our on-site fieldwork that their monthly File C data submissions to DHS included data discrepancies resulting from "acceptable" timing issues (i.e., resolved within 30 days) built-in to their existing business processes. For example:

- CBP - PIID non-matches occurred because it can take up to a month between the times purchase card charges valued more than \$3,500 are



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entered in FPDS-NG and when they are approved in CBP's financial system.

- ICE - PIID non-matches occurred because reported financial and procurement transactions occurred after ICE's end-of-month closeout date. These timing discrepancies are limited to no more than 30 days and are corrected in the following month's spending data submission.
- USCG - PIIDs for some contract award and modification transactions recorded in USCG's procurement system will not appear in its financial system until the following month because the agency takes its financial system off-line for several days to accommodate end-of-month closing activities.
- TSA - PIIDs for TSA's contract awards and modifications recorded in its acquisition system could not be reconciled to those in its financial system until the following month because its shared service provider takes TSA's financial system off-line for several days each month to accommodate closing procedures.

DHS disclosed in the categorical explanations section of its submission it has multiple financial and procurement systems that are not integrated. As a result, there will be some normal timing differences between when a transaction appears in a component's financial and award files. We recognize that some misalignments among DHS' spending data may be due to legitimate reasons associated with existing business processes, but we are concerned that timing differences 30 days or longer may not be legitimate. DHS needs to continue reconciling misalignments between file data and implement controls to significantly reduce the timing differences to less than 30 days.

DHS Needs to Improve its Controls to Reconcile Data Discrepancies

We concluded that RMT's primary focus in the months leading up to its first quarterly submission was to resolve any critical Broker errors that would have prevented DHS' spending data from being published on [USASpending.gov](https://www.usaspending.gov). It was not until after it successfully certified its FY 2017/Q2 spending data to Treasury that RMT focused its efforts more closely on reconciling misalignments between its financial and award data.

RMT's DATA Act Quality Management Plan states that DHS' goal is to achieve 100 percent accurate data posted on [USASpending.gov](https://www.usaspending.gov) and that any warnings and errors generated by the Broker validation process require a solution for timely review and correction. RMT assessed the quality of components' monthly File C data submissions and provided each with written feedback in the form of a checklist identifying any errors and warnings regarding the linkages between its File C and Files B, D1, and D2 data. Although RMT directed components to



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develop and apply spending data reconciliation controls it did not ensure all components adequately complied with that directive.

DHS' DATA Act SAO and component CFOs are responsible for the quality of their reported spending data. However, DHS' controls to reconcile misalignments between its data files need improvement. Prior to making DHS' first quarterly submission, RMT instructed components to develop and apply internal SOPs to validate the completeness, accuracy, and timeliness of their File C spending data. Components' SOPs were to address any data errors or warnings that may need to be resolved, including reconciling the identified discrepancies impacting their spending data.

Following certification of DHS' first quarterly submission in April 2017, RMT initiated a process to specifically monitor and assess the quality of DHS' spending data by targeting misalignments associated with components' procurement and financial assistance data in Files C and D. Through this corrective action process, components are to submit to RMT the reasons, including those due to acceptable timing issues, for any data non-matches corresponding to Treasury validation rules.

DHS' Spending Data Did Not Include All Required Data Elements

We reviewed alignment between the elements associated with each of the 57 data standards to assess DHS' compliance with DATA Act reporting requirements. To assess the completeness and proper use of the Government-wide financial data standards for the summary-level financial data, we tested all 518 transactions from Files A and B. We compared all of the main account codes, sub account codes, and object class codes in File C to File B for our statistical sample when proper linkages existed between File C and Files D1 and D2.

As part of this testing, we verified that all program activity names and codes from File B matched the names and codes defined in the Program & Financing Schedule in the President's Budget. Our test results showed that two required elements in File B, containing appropriation data broken down by Object Class and Program Activity Detail, were not properly aligned with their corresponding standard. Specifically, of the 6,830 total transactions, 5,088 (74 percent) did not contain program activity names and/or codes aligned with the President's budget. As a result, 39 percent of the total obligations and 57 percent of the total expenditures could not be aligned with established programs.

A preliminary analysis by RMT in March 2015 found that DHS headquarters' information systems did not provide data at the level of detail necessary to meet DATA Act reporting requirements. RMT led DHS and its components



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through detailed data element reviews and system inventories; identified gaps; and developed closure plans. By the time the Department made its first submission, RMT reported it had succeeded in closing the gaps and meeting the DATA Act's requirements regarding the use of data standards. Despite this result, DHS did not include all required elements in its spending data submission.

Specifically, because RMT did not develop an updated crosswalk to properly identify activity name and codes for prior year funding, it inserted "Unknown/Others" or "0000", respectively, into the field for Prior Year Funding Names and Codes to ensure File B passed Broker validation. According to RMT, "0000" indicates an unmapped program activity and is an acceptable entry made to avoid the generation of a critical Broker error. To have left this required field blank would have resulted in DHS being unable to submit its File B data to Treasury. Although RMT reported that it is working within OCFO to develop an updated crosswalk to correctly assign program activities to prior year funding, the lack of program codes and names impacted the quality of DHS' FY 2017/Q2 DATA Act submission.

RMT specified that DHS has multiple financial systems, grant systems, and procurement systems across the 15 reporting components that are not currently integrated. RMT observed that DHS' challenge was similar to the government-wide DATA Act implementation effort in that there were numerous stakeholders, each with their own policies and business processes that had to be aligned to meet the law's requirements.

Results of Data Accuracy Testing

Our statistical sample of 385 procurement and financial assistance transactions from the award files revealed that 245 of the transactions (64 percent) had at least one instance where a key attribute did not match to the corresponding source document or financial transaction report. The attributes we tested for included obligation amount, contract/award signed date, PIID/FAIN, and the recipient's name and address. We considered a transaction to be inaccurate if any one of these attributes either did not match to or agree with its underlying support.

Specifically, 214 out of the 385 samples we tested (56 percent) had one or more attributes that did not match to or agree with source documents, such as contracts or grant agreements. See table 1 for the results of source document testing.



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Table 1: Data Non-Matches to Source Documents

Component	Samples Tested	Obligation Value of Samples Tested	Samples with Errors	Obligation Value of Samples with Errors	% of Samples with Errors
OPO ⁷	24	\$6,307,847	14	\$1,238,417	58%
USCIS	15	\$291,190	10	\$66,371	67%
USCG	114	\$11,226,342	40	\$4,280,834	35%
USSS	5	\$367,445	2	\$268,826	40%
ICE	26	\$325,054	21	\$171,557	81%
TSA	29	\$1,159,097	12	\$0	41%
CBP	30	\$5,285,404	12	(\$243,527)	40%
FLETC	10	\$33,947	2	\$28,409	20%
FEMA	132	\$3,500,000	101	\$3,400,100	77%
TOTALS	385	\$28,496,326	214	\$9,210,987	56%

Source: DHS OIG testing

We also tested 274 transactions⁸ containing obligations and found that 129 (47 percent) had at least one instance of a key attribute not matching to the financial transaction reports. Types of errors included non-matches with PIDs or FAINs, awardee name, obligation amount and Treasury Account Symbol. See table 2 for the results of our financial transaction testing.

Table 2: Data Non-Matches to Financial Transaction Reports

Component	Samples Tested	Obligation Value of Samples Tested	Samples with Errors	Obligation Value of Samples with Errors	% of Samples with Errors
OPO	13	\$6,307,847	5	\$4,567,472	38%
USCIS	10	\$291,190	2	(\$218)	20%
USCG	89	\$11,226,342	16	\$122,565	18%
USSS	3	\$367,445	1	\$268,826	33%
ICE	13	\$325,054	4	\$233,811	31%
TSA	3	\$1,159,097	1	\$1,000,000	33%
CBP	20	\$5,285,404	20	\$5,285,404	100%
FLETC	9	\$33,947	1	\$5,676	11%
FEMA	114	\$3,500,000	79	\$3,277,494	69%

⁷ The Office of Procurement Operations (OPO) is responsible for reporting NPPD's financial and award transactions.

⁸ Samples tested for financial transactions exclude 111 samples that were no-dollar modifications.



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Component	Samples Tested	Obligation Value of Samples Tested	Samples with Errors	Obligation Value of Samples with Errors	% of Samples with Errors
TOTALS	274	\$28,496,326	129	\$14,761,030	47%

Source: DHS OIG testing

In calculating our overall 64% error rate, DHS objected to OIG considering a transaction to be entirely erroneous if only one of the attributes we tested did not match to or did not agree with its underlying source. DHS felt a more appropriate methodology would have been to base our assessment on the actual number of erroneous attributes compared to the total number of attributes assessed for each transaction. According to DHS, applying this type of analytical approach would have resulted in an 18% error rate using the same discrepancies we identified through our testing.

Closed-Out Contracts

Included in the testing results were 76 contract closeout sample transactions. Of those, 25 had sufficient documentation and no errors while 20 had sufficient documentation but contained errors. For the remaining 31 transactions, we did not receive any supporting documentation and, consequently, counted the attributes tested as errors. DHS did not agree with our inclusion of these transactions based on a March 30, 2016, memorandum from the DHS Chief Procurement Officer (CPO) and the Deputy Under Secretary for Management and the Chief Financial Officer regarding Closeout Procedures for Over-Age Low-Risk Contracts (Closeout Initiative). The Closeout Initiative referenced a Federal Acquisition Regulation (FAR) class deviation and authorized DHS contracting activities to deviate from FAR closeout requirements. As a result, DHS requested we remove all 76 contract closeout transactions from our sample.

We do not agree that we should remove these samples from our transaction testing. Although the CPO's adherence to FAR section 1.404 requirements renders the ultimate decision to deviate from FAR section 4.804-5 allowable, it does not remove the potential consequences of having no documentation in support of the record retention requirements for the contract file. The CPO's memorandum instructed that, "Normal contract file retention requirements apply after closeouts," in accordance with FAR 4.805, which addresses the storage, handling, and disposal of contract files and states that agencies must maintain the contract records for the required retention period of 6 years after the final payment.



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Accordingly, we maintain the accuracy of our testing results and the appropriateness of including contract closeouts among the transaction tested in our sample. Nonetheless, we calculated the error rate without the 76 contract closeout transactions. The results showed only a 3 percent decrease in the error rate from 56 percent (214 of 385) to 53 percent (163 of 309).

FEMA's Truncated FAINS

While comparing our sampled transactions to source documentation and financial transaction reports, we identified 70 non-matching FAINS for each accuracy test. For 54 of the 70 non-matched FAINS, RMT disagreed that these should be considered errors because legacy USASpending.gov had a length limitation of 16 characters. Since FEMA's FAINS are longer than 16 characters, these 54 were truncated to fit the field length before being posted in USASpending.gov. RMT noted that although DHS worked with Treasury and successfully addressed the character limitation issue, legacy FAINS cannot be changed in USASpending.gov.

We acknowledge DHS' concerns about FAIN field length in legacy USASpending.gov, but the fact remains that the sample FAINS we tested did not match those in the applicable source documents or financial transaction reports. However, in order to provide context, we note that had these transactions not been considered errors, total transactions with FAIN errors would have decreased from 70 to 16.

Obligation-Specific Errors

We tested the obligation attribute by comparing it to source documents and the financial transactions file and noted 72 instances in which transactions had obligation errors, which totaled \$1,657,218. We want to emphasize that while the overall error rate is high, the errors we identified do not have a material financial impact.

We believe that the high error rate in our testing is the direct result of weak internal controls related to challenges with system integration and reliance on manual controls. Although we did not specifically test DHS' controls over its DATA Act source systems, we note that independent auditor KPMG issued an adverse opinion on the Department's internal controls over financial reporting of its financial statements as of September 30, 2016.⁹ The report identified six significant deficiencies in internal control, three of which were considered

⁹ OIG-17-12: *Independent Auditors' Report on DHS' FY 2016 Financial Statements and Internal Control over Financial Reporting* (November 14, 2016).



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material weaknesses.¹⁰ One of these material weaknesses was in DHS' information technology controls and financial system functionality while another was in its controls over financial reporting.

RMT is aware that the lack of system integration contributes to validation challenges. As of the conclusion of our fieldwork, RMT was tracking the following two risks related to the impact of financial controls on DATA Act implementation: 1) DHS' financial systems of record are not properly integrated with procurement and financial assistance systems; and 2) FEMA has outstanding issues related to insurance data.

Results of Data Timeliness Testing

DHS did not report some of its procurement actions to FPDS-NG in a timely manner. Specifically, 41 out of 294 (14 percent) of the transactions tested were not reported within 3 days of the contract signed date. USCG comprised nearly half (20 of 41) of the contracts. According to FAR section 4.604 (b)(2), "The [Contract Action Report] must then be completed in FPDS[-NG] within three business days after contract award." On average, the 41 untimely transactions were reported 24 days after the contracts were signed.

DHS' financial assistance data assurance is provided by the Financial Assistance Policy Office (FAPO) based on its successful prior ASP submissions and components' own financial assistance certifications. FAPO reported in a letter included in the SAO Assurance Package that, because of a timing issue, FEMA was unable to certify the timeliness of its flood insurance award data submitted to USASpending.gov. Specifically, FAPO specified that, due to third party reporting, FEMA's flood insurance data is received more than 30 days after the end of each month, thereby missing the required spending data reporting deadline. However, FAPO noted that this timing discrepancy is eliminated within two monthly reporting cycles. Although RMT reported in the SAO Assurance Package that efforts were underway to remediate this issue, no target date for completion was provided.

DHS Needs to Continue Addressing Issues Impacting its Spending Data Certification and Submission Processes

RMT developed a formal Assurance Package to affirm the reliability and validity of DHS' spending data in support of the SAO's certification decisions beginning with its first quarterly submission due to Treasury by May 2017. RMT presented its FY 2017/Q2 Assurance Package during a briefing to the SAO,

¹⁰ A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.



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which included a high-level overview of critical errors and percentages of select validations with anticipated variances; DHS headquarters and component disclaimers; internal and external assurances on Files A-F spending data; and evidence of RMT's successful validation of DHS' FY 2017/Q2 spending data. Based on this information, the SAO certified DHS' first quarterly submission to Treasury on April 27, 2017.

In the SAO's Assurance Package, RMT reported there were no critical errors in DHS' File A, File B, and File C submissions that would either require the data be corrected and resubmitted or RMT to document a disclaimer and formulate a resolution. The Assurance Package reported the following File C disclaimers made by either OCFO or the components regarding non-critical errors impacting the quality of DHS' DATA Act submission.

- All prior year funding codes were reported as "0000." To address this, OCFO was working to correctly assign program activities to prior year funding by June 30, 2017.
- The timeliness of FEMA insurance data in Files C2 and D2 exceeded 30 days.
- NPPD's DATA Act policies and procedures were still being reviewed and refined.

The Assurance Package also included a copy of the letter in which NPPD's CFO declined to certify that the agency's FY 2017/Q2 File C data was compiled according to documented validation methods and also that the data was materially timely, accurate, and complete. Here, the CFO confirmed that NPPD's DATA Act data validation procedures were still being developed and an on-going internal review of data discrepancies would continue into FY 2017/Q3.

RMT officials said they applied a risk-based process to determine that the SAO was still able to make DHS' first quarterly certification to Treasury even though it included NPPD's uncertified File C data. RMT also explained that the compensating controls applied to NPPD's data through the DAS and Treasury Broker validation procedures did not return any critical errors prior to submission. Nevertheless, RMT did not identify a level of risk tolerance related to or provide a formal risk assessment to support its opinion regarding the impact of NPPD's non-certification.

RMT also reported that NPPD's data reporting percentage was not sufficiently material to impact DHS' transparency. We determined that although NPPD accounted for only 3 percent of all File C transactions included in DHS' FY 2017/Q2 DATA Act submission, the dollar value associated with these transactions represented more than \$700 million, or approximately 16 percent,



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of DHS' total FY 2017/Q2 obligations. RMT responded that although NPPD had over \$700 million in obligations, only \$23 million in net transactions (3 percent) could not be matched to a PIID on USASpending.gov with corresponding award transaction information.

RMT is responsible for oversight and management of the risks impacting DHS' implementation of the DATA Act while each DATA Act Team Lead manages these risks for their components. Prior to making DHS' first quarterly submission, RMT developed a Risk Management Plan establishing a process to identify, score, and rank the department-level risks to effective program implementation.

RMT maintains a Risk Register to track the status of significant department-wide challenges impacting DATA Act implementation. Each component tracks its own risks but these may be elevated to RMT if they are systemic in nature or impact enterprise-wide decisions. This register includes corresponding mitigation strategies and is reviewed during monthly risk status meetings to determine if any risks have expired or been triggered.

Components Did Not Assess their FY 2017 Controls over the DATA Act

Components are responsible for assessing their internal controls over the DATA Act. In August 2017, OCFO's Risk Management and Assurance Division (RM&A) reported the results of a review of DHS' FY 2017 DATA Act policies, procedures, and controls to assess effectiveness and compliance with Treasury and OMB requirements.

As part of its review, RM&A mapped DHS' DATA Act control objectives and activities to OMB Circular A-123 and existing DHS OCFO requirements, and reviewed components' FY 2017 A-123 compliance submissions to identify existing controls that may be leveraged to support their spending data certifications. RM&A found that components' existing internal A-123 control test work and activities supporting the accuracy and completeness of its financial data were sufficiently aligned to the 57 standardized data elements established by Treasury and OMB. To the extent possible, components should leverage existing A-123 controls to support their assessments of DATA Act compliance.

By the completion of our on-site fieldwork in July 2017, only USSS had developed a written plan to test its DATA Act controls in place during FY 2017. None of the seven remaining components had taken any significant action to develop objectives for their DATA Act programs, assess the risks to achieving those objectives, or establish corresponding controls to address them. Most



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components said they intended to conduct more formal control assessments in FY 2018 pending further guidance from DHS.

DHS' FY 2017/Q2 DATA Act Data Quality

Quality is defined as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision. Among the DATA Act's stated purposes is to improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted. Because the sample we tested was not complete and/or accurate, the quality and usefulness of DHS' spending data is limited.

Recommendations

We recommend that the Acting Chief Financial Officer:

Recommendation 1: Strengthen DHS' internal controls to reconcile misalignments among its spending data files and verify which data errors are due to legitimate timing issues.

Recommendation 2: Verify finalization of NPPD's DATA Act validation procedures.

Recommendation 3: Develop a quarterly performance metric that measures the number and total value of misaligned transactions that cannot be traced to award files.

Recommendation 4: Develop and apply an effective solution to correctly assign program activity names and codes to ensure complete File B data.

Recommendation 5: Develop a control process that ensures all changes made to data fields are appropriately approved and logged.

Recommendation 6: Incorporate DATA Act-specific controls into existing OMB Circular A-123 processes at the departmental and component levels.

DHS Comments

DHS disagrees with OIG's assessment of its spending data quality and non-concurred with one of our six recommendations. The Department stated that



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prior OMB and Treasury awards and a clean audit opinion indicate that its spending data is of good quality. DHS specifically cited OMB's recognition of its implementation plan as being "the gold standard" among federal agencies and the Treasury Secretary's Certificate of Appreciation for the Department's outstanding achievements in DATA Act reporting. DHS also noted that it had earned a fifth consecutive clean audit opinion on the Department's FY 2017 financial statements. DHS emphasized that the independent auditor's report highlighted the significant progress the Department has made in strengthening and maturing its internal controls over financial reporting.

OIG acknowledges that DHS successfully met the DATA Act's requirement to submit its FY 2017/Q2 spending data to Treasury for publication on USASpending.gov and that the referenced performance awards recognize DHS' efforts to extract and consolidate spending data from multiple components with numerous financial, procurement, and grant systems. However, our audit had a different focus and applied more defined procedures to comprehensively assess the accuracy, completeness, timeliness, and quality of DHS data.

DHS asserts that it can reconcile down to \$230 million but did not identify that to do so require 12 months' worth of transactions. Additionally, DHS altered their methodology during the reconciliation from utilizing absolute value to netting difference to eliminate \$414 million and excluded \$148 million in known errors that it has not removed from the data.

We also recognize that DHS received an unmodified opinion on the Department's FY 2017 financial statements. However, DHS concurrently received an adverse opinion on its internal controls over financial reporting. DHS had significant deficiencies and material weaknesses in information technology controls and financial system functionality and financial reporting. While the financial statement auditors were able to perform additional substantive procedures allowing them to provide an unmodified opinion on the statements, they could not provide reasonable assurance that DHS' controls over these processes were effective. As previously stated in our report, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

We want to emphasize that our audit to assess DHS' implementation of the DATA Act is not the same as a financial statement audit. For example, a financial statement audit provides reasonable assurance that the financial statements contain no material misstatements. Further, in a financial statement audit, immaterial misstatements concerning dollar amounts may exist but not impact the overall results. The DATA Act audit we conducted was



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a compliance audit designed to validate specific data attributes without specifically considering materiality. The attributes we tested were not necessarily associated with dollars and materiality thresholds, many of which would not be reviewed during a financial statement audit. As a result, when an attribute failed a test applied during our audit, it was marked as an error.

The differences of professional opinion that we had with DHS resulted in the Department's non-concurrence with our recommendation to strengthen internal controls over the reconciliation of misalignments. We are concerned that DHS' unwillingness to acknowledge the weaknesses we identified during our audit will limit the effectiveness of any improvements they make to their Data Act reporting process.

We incorporated the Department's comments in response to our recommendations and our analysis of these comments with the applicable recommendations in the report. DHS also provided technical comments to our draft report, which we considered in developing our analyses of its comments.

OIG Analysis of DHS' Response to Recommendation 1: Non-Concur.

Specifically, the Department disagreed with the OIG's methodology for testing the completeness of Files C, D1, and D2. DHS disagreed with the FY 17/Q2 audit scope we used to compare misalignments between these files. It felt our scope was too constraining and did not take into consideration acceptable timing differences. According to DHS, some of OIG's constraining assumptions involved foregoing acceptable timing differences; not considering USAspending.gov system limitations; conducting comparisons that run contrary to processes in regulations and policy; and disregarding the immaterial impact of rounding financial assistance obligations per transaction.

In response to DHS' comments regarding our audit's scope and methodology as it related to misalignments between files, we disagree with the Department on multiple levels. First, we discussed DHS' concerns about our test with our designated point of contact in the FAEC Working Group. They advised us not to change our audit scope for this test outside of the 3 month timeframe designated in the program. Second, although we did not change our scope, we did include attributions from management officials showing a 4 month time period. In other words, we disclosed what DHS' misalignments would look like allowing for the 30 days as a legitimate timing difference and increased the dollar threshold to a \$10 variance to account for rounding errors. This resulted in a decrease of approximately \$1 billion, which we fully disclosed to add balance to the report. We feel this was a proper way to exercise our "flexibility to adopt parameters" without compromising the integrity of our independence or our findings.



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Third, DHS does not contest the numbers we calculated for the 3 month time period. In fact, they validated our numbers using the same parameters and agreed to the methodology we used. The difference of opinion primarily concerns the reasonableness of the time period used to align the files. To get to DHS' \$230 million reconciliation, we would have to accept assumptions that include extending the time frame for matching from November 2016 through October 2017. We do not agree that mismatches taking 12 months to align are legitimate timing differences and believe this emphasizes DHS' need to focus more on its resolving, not simply accepting, reconciliation differences.

Fourth, additional assumptions made in DHS' \$230 million calculation include improperly mixing the use of absolute and net values. The calculation starts out using absolute value of and half-way through reduces the misalignments by \$414 million by changing to net value. We believe absolute value is the correct methodology as it shows the actual error. The use of net value offsets actual errors and does not accurately represent issues with the data.

Fifth, DHS' data submission contains at least \$148 million in known errors that it has not yet removed from its data submission. We did not emphasize the known error in the report because we believed DHS' reconciliation process would address such issues. We are now concerned that this may not happen because DHS refuses to acknowledge that it can and should focus on improving its data quality. Differences causing the misalignments must be analyzed and a determination made as to whether changes in internal controls are needed to eliminate or reduce timing differences to less than 30 days and to correct errors.

Finally, we used the same methodology DHS first presented to us when we began discussing misalignments between the files. The primary difference being DHS used absolute values with a 5 month time period and a \$1 variance to show what they matched and did not take into consideration the PIIDS or FAINs that were never matched. We used the very same calculation they used with one exception. We measured what they did not match. Our report also shows the misalignments using the 5 month window attributed to DHS management as well.

While we acknowledge that DHS has made disclosures concerning some of its data limitations, identifying limitations does not improve the accuracy of their Data Act submission. The Department needs to continually seek to improve its data quality by eliminating errors and reducing timing differences through adequate internal controls and assess the risks of not doing so. These recommendations will remain open and unresolved until the Department provides OIG with documented evidence allowing to us independently verify that the internal controls over its DATA Act processes are sufficient to:



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reconcile misalignments among its spending data files; definitively determine which data errors are due to legitimate timing issues; and, identify the total value and assess the risk associated with obligations in its financial files that cannot be traced to its award files. Such evidence may include but is not necessarily limited to:

- Component-level reconcilements with supporting documentation showing errors, unacceptable timing differences exceeding 30 days, and acceptable timing differences. The reconciliation should also show the prior period mismatches that were aligned during the subsequent quarter and the number of misaligned days.
- Corrective action plans that address errors and unacceptable timing differences and timeframes for addressing these issues.
- Component assessments of the total misalignments for each quarter by total obligation using absolute dollar values as well as the number of mismatched PIIDs and FAINs.

OIG Analysis of DHS' Response to Recommendation 2: Concur. Although DHS agreed with our recommendation, it did not describe any corrective actions to implement it. Instead, DHS stated that its verification of NPPD's finalization of an internal data validation SOP was neither necessary nor cost-effective based on the compensating controls provided by the DAS validation process.

Although DHS in its response stated concurrence, their response indicates that this recommendation should be closed. Regardless of DHS' compensating controls at the DAS level, NPPD is still required, according to established policies and procedures, to develop its own validation procedures that include reconciliations and corrective action plans. This recommendation will remain open and unresolved until DHS provides evidence that NPPD has finalized and implemented its own validation procedures, including detailed reconciliations of misalignments and the identification of errors and timing differences.

OIG Analysis of DHS' Response to Recommendation 3: Concur. DHS stated it tracks the total value of misaligned transactions and number of non-matches and intends to add this information to their quarterly SAO's package to improve the Department's level of risk analysis. We accept their actions in response to this recommendation. The recommendation will remain open and resolved until the Department provides evidence to support the described corrective action.

OIG Analysis of DHS' Response to Recommendation 4: Concur. DHS stated that it has completed the new Common Appropriation Structure crosswalk approved by Congress. The Department's corrective action is responsive to the



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recommendation. However, this recommendation will remain open and resolved until the Department provides evidence to support that the described corrective actions have been implemented.

OIG Analysis of DHS' Response to Recommendation 5: Concur. DHS stated it established a change control board for the DAS in May 2017 and documented it in its Configuration Management Plan. The Department diligently assesses any potential impact to data fields each time Treasury or OMB guidance is updated or the project team identifies lessons learned from its implementation efforts.

We acknowledge that DHS established a change control board at the DAS level after the first data submission. This was a necessary step in establishing a change control process. However, we believe this needs expanded to include additional controls concerning the data extraction at the component level. We emphasized in our report several weaknesses in the components' internal controls over their data extraction, validation, and submission processes, including incomplete or non-existent SOPs during FY 2017/Q2. We also saw no controls that included reviewing the scripts created to extract the data to ensure it was not manipulated or inadvertently changed. This recommendation will remain resolved and open until DHS provides supporting documentation, by component, that each has established appropriate change management controls to effectively address the risk associated with unwarranted changes impacting the accuracy of their spending data.

OIG Analysis of DHS' Response to Recommendation 6: Concur. DHS stated that it has directed each component to conduct internal control evaluations of their data consolidation and validation procedures prior to submission of their data to the Department. These DATA Act control assessments are to be conducted separately from components' existing A-123 assessments. ECD: March 31, 2018. The Department's corrective action is responsive to the recommendation. The recommendation will remain open and resolved until the Department provides evidence to support that stated corrective actions have been implemented.



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Appendix A

Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

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

The scope of this engagement was FY 2017, second quarter financial and award data DHS submitted for publication on USASpending.gov and the applicable procedures, certifications, documentation, and controls in place to accomplish this submission.

To answer our objectives we:

- interviewed officials from the DHS Office of the Chief Financial Officer's Resource Management Transformation and Risk Management and Assurance Divisions to gain an understanding of DHS' implementation of the DATA Act and assess the departmental DATA Act controls in place during fiscal year 2017, second quarter;
- conducted site visits to interview the responsible personnel and test the internal controls to implement the DATA Act at eight of DHS' largest components, including: CBP in Indianapolis, IN; FEMA in Winchester, VA; USCIS in Williston, VT; TSA in Arlington, VA; and ICE, NPPD, USCG, and USSS in Washington, DC;
- reviewed and accessed KPMG's FY 2016 opinion on DHS' internal controls over agency source systems;
- determined the total number of transactions obtained from files D1 and D2 pertaining to CBP, OPO, USCIS, USCG, USSS, ICE, TSA, FEMA, and FLETC. From this population, we used IDEA software to randomly select a statistically valid stratified sample of 385 financial and award data transactions; and
- obtained, reviewed, and tested documentation supporting our 385 sampled transactions submitted for publication on USASpending.gov from FY 2017, second quarter, to assess (1) the completeness, timeliness, quality, and accuracy of the transactions, and (2) DHS' implementation and use of the Government-wide financial data standards.



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As a result of our completeness testing, and at the advisement of the Federal Audit Executive Council (FAEC) audit guide, we pulled our sample from the procurement and financial assistance award files (Files D1 and D2) instead of the financial file (File C). While files D1/D2 and C had completeness issues, there was a closer match rate between D-to-C than C-to-D.

For our accuracy test in which we traced to the components' financial transaction file, we excluded all \$0 dollar modification transactions in our sample as there would not have been a record of a \$0 transaction in their financial system. There were 111 such \$0 transactions out of 294 procurement transactions.

For the Government-wide data standards, we limited our testing to only required elements, since DHS did not focus on any element that was not required. To assess the completeness and proper use of the Government-wide financial data standards for the summary-level financial data, we tested all 518 transactions from Files A and B. We compared all of the main account codes, sub account codes, and object class codes in File C to File B for our statistical sample when proper linkages existed between File C and Files D1 and D2.

We also tested 91 financial assistance transactions for the existence and format of ten required File D2 data standards. We tested a few additional attributes that related to FFATA, such as name, address, and congressional district, as these were discussed in the FAEC audit guide. We did not test any attributes outside of these fields, including fields that generated Government-wide testing issues.

Just prior to the draft being issued, RMT provided us data that it indicated would help correct a number of address non-match errors related to FEMA's grant samples. We reviewed the data and made corrections and adjustments to the FEMA sample error rate. Due to time constraints, we were not able to test the reliability of the data RMT provided. However, since the adjustments we made as a result of this new data were immaterial to our findings regarding the overall error rate, data reliability testing was not necessary.

Regarding DHS' internal controls, we limited the scope of our fieldwork to assessing the departmental and component-level controls supporting DHS' DATA Act submission to Treasury for FY 2017, second quarter. Specifically, we assessed the design, implementation, and operating effectiveness of the controls in place at both levels to extract, validate, and transmit the required spending data to achieve the intended outcomes of each objective.

Based on an independent adverse opinion on DHS' internal controls over its FY 2016 financial reporting, our professional judgment was that the internal



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control environment has not materially changed. As a result, we did not assess the internal controls over DHS' or components' financial reporting, including those over the information systems from which the required spending data were derived.

In October 2017, the FAEC's DATA Act Working Group reported that it identified data errors that were not caused by the Federal agencies subject to DATA Act reporting but were instead attributable to agency-supplied information and/or Broker issues outside of agencies' control. The Working Group reported that, in some cases, it was not able to specifically determine the root cause. Accordingly, we are including the following statements as they impact our audit's scope and methodology.

Testing Limitations for Data Reported from Files E and F. File E of the DATA Act Information Model Schema (DAIMS) contains additional awardee attribute information extracted from SAM via the Broker. File F contains sub-award 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 Management Procedures Memorandum 2016-03, the authoritative sources for the data reported in Files E and F are SAM and FSRS respectively with no additional action required of Federal agencies. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the Broker.

Government-wide Data Reporting Issues;

- 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.^{12,13} 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

¹² 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.

¹³ 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.



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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 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 DHS does not have responsibility for how data is extracted by the Broker, we did not evaluate the reasonableness of Treasury's planned corrective action.

- Indefinite Delivery Vehicle (IDV) Type Errors – For procurement awards included in our sample, data from the IDV Type element should be extracted from FPDS-NG and provided to the Broker. The FPDS-NG atom feed¹⁴ delivers the IDV Type and Contract Award Type in the same field. The Broker did not break down the data for IDV Type which resulted in inconsistencies with agency records. Treasury's DATA Act PMO officials confirmed that they are aware of this issue and have taken steps to avoid this issue in future reporting periods. However, as DHS 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 ASP. During fieldwork, we noted that data for these two fields were consistently blank. A Treasury official stated that data for Legal Entity City Code had not been derived since January 2017 and there were plans to reconsider how this element would be handled. The Treasury official further explained that data derived for Primary Place of Performance County Name would not be implemented until September

¹⁴ FPDS-NG has data reporting web services that provide access in real-time to a central data repository. FPDS-NG also provides real-time feeds of the same contractual data using atom feeds.



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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 DHS does not have responsibility for how data is extracted by the Broker from Treasury's ASP, we did not evaluate the reasonableness of Treasury's planned corrective action.

We conducted this performance audit between February and October 2017 pursuant to the *Inspector General Act of 1978*, as amended, and according to 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 upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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Appendix B
Management Comments

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

December 26, 2017

MEMORANDUM FOR: John E. McCoy II
Acting Assistant Inspector General for Audits

FROM: Jim H. Crumacker, CIA, CFE 
Director
Departmental GAO-OIG Liaison Office

SUBJECT: Management's Response to Draft Report: "DHS' Implementation of the DATA Act" (Project No. 17-043-AUD-DHS)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

DHS, however, disagrees with the basis for OIG's findings and conclusions, and believes the report inaccurately portrays the overall quality of data the Department submitted in accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act). Specifically, much of the methodology OIG relied upon in reaching its conclusions, such as using the parameters of three months and being within \$1 of the obligation amount, were neither required by the DATA Act nor the U.S. Department of the Treasury (Treasury). Rather, Treasury allows agencies the flexibility to adopt parameters that best fit their own unique policies, conditions, and internal controls to account for anomalies such as normal timing differences.

For example, the draft report stated that "DHS could not align nearly \$1.9 billion (38 percent) of the total obligations associated with its award transactions for the quarter." DHS disagrees with this statement because of the inappropriate constraining assumptions OIG made to obtain these figures. The reality is DHS can reconcile down to \$230 million—within 5 percent of the total obligations—with the remaining amount largely attributable to known government-wide issues involving non-traceable costs related to inter-agency agreements, micro purchase transactions, financial system closeouts, and other non-material low-risk transactions.

The intent of the DATA Act was to "expand the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note) by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to programs of Federal agencies to enable taxpayers and policy makers to track Federal spending more effectively." DHS substantially achieved this goal with a few noted exceptions (e.g., timing differences among data types), most of which also affected other federal agencies.



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DHS worked extensively with its Component agencies to ensure that the best possible quality of data was available for its first DATA Act submission. While data quality can almost always be improved upon, DHS unequivocally had sufficient information to determine that the vast majority of data submitted was accurate and complete. It is important to highlight that during a fall 2016 review of agency implementation plans, the Controller of the Office of Management and Budget (OMB) recognized the DHS plan as being “the gold standard,” especially considering the challenges and complexities DHS encountered as a large organization with multiple financial, financial assistance, and procurement systems.

In addition, Treasury awarded DHS the Secretary’s Certificate of Appreciation for the Department’s outstanding achievements in DATA Act reporting. DHS was one of only a few government agencies recognized by Treasury for its commitment to the DATA Act and dedicated implementation efforts. According to Treasury, “DHS effectively addressed significant data reporting challenges and achieved a high level of data quality in its first reporting period.” DHS also had the third best error/warning rate in the entire federal government.

Lastly, in November 2017, DHS earned its fifth consecutive clean audit (unmodified) opinion on the Department’s FY 2017 financial statements. The auditor’s report also highlighted the significant progress the Department has made in strengthening and maturing its internal controls over financial reporting, including achieving a reduction in severity in the property, plant, and equipment internal control weakness. These successes provide evidence of our enterprise strategy and focus on continuing to be good stewards of taxpayer dollars—with steadfast transparency and accountability to the American public—and advancing towards achieving a clean opinion on internal controls over financial reporting.

The draft report contained six recommendations, five with which DHS concurs and one with which it non-concurs due to the basis OIG used for its overall findings and conclusions. Attached find our detailed response to each recommendation.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Attachment



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Attachment: Management Response to Recommendations Contained in 17-043-AUD-DHS

Recommendation 1: Strengthen DHS' internal controls to reconcile misalignments among its spending data files and verify which data errors are due to legitimate timing issues.

Response: Non-concur. DHS's Office of the Chief Financial Officer (OCFO), Resource Management Transformation (RMT) division personnel were within Treasury guidance when allowing 30 days as a legitimate timing difference. In the draft report, OIG recognized that "... delays can result in award data not immediately matching File C data." More than 70 percent of the \$1.9 billion obligation amount OIG claimed to be misaligned is fully reconcilable when allowing for 30 days and examining the net dollar gap between files.

There are reasonable synchronization differences in procurement, financial assistance, and financial systems that are recognized by the government-wide financial management community, as evidenced by the OMB certification language shown below, which allows agencies to explain known timing issues to the public.

In addition, not all transactions with acceptable explanations will match between the files, including closeouts, transactions with amounts posted that are below the micro-purchase threshold amount, small de-obligations in the financial system that will not be posted in FPDS-NG, etc. In recognition of this fact, OMB distributed standard language for all agencies to use with their submission certification in the Treasury broker (see below).

Certification Language

Pursuant to Office of Management and Budget (OMB) Memoranda MPM 2016-03 and M-17-04, agencies 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. In order to give agencies the opportunity to explain to the public known issues that may affect the timeliness, accuracy, or completeness of their data, or to highlight where their submissions go beyond current requirements, agencies may submit additional information with their data submission. Based on agency feedback on these known circumstances that will affect data submissions, OMB has developed several standard statements agencies may use to consistently explain circumstances affecting multiple agencies.

Instructions: The following statements provide information on the different issues that may affect timeliness, accuracy, and/or completeness of agency data submissions. These are known circumstances that affect multiple agencies government-wide. Agencies may use the following statements where applicable.



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Certification Text for financial (file C) data Timing Issues

Agency submissions 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.

OIG's timeliness testing also did not appropriately take into account the exceptions granted by the Federal Acquisition Regulation related to reporting timelines for such things as urgent and compelling, disaster, or contingency situations. Finally, timeliness is also recognized in the "Inspectors General Guide to Compliance Under the DATA Act," dated February 27, 2017, in Section 110.2, which states: "Timeliness is measured as the percentage of transactions reported within 30 days of quarter end." Sections 410.8 and 450.3 in this guidance contain similar statements, however, OIG did not seem to fully consider this.

We request that OIG consider this recommendation resolved and closed.

Recommendation 2: Verify finalization of NPPD's DATA Act validation procedures.

Response: Concur. The DHS DATA Act Solution (DAS) system performs validation and verification on all financial data compared to award data submitted by Components. Thus, the system provides an additional layer of effective control checks on data submitted by all Components, including NPPD. During the DAS fiscal year (FY) 2017 second quarter data validation process for NPPD, RMT was unable to match procurement instrument identifiers (PIIDs) with their corresponding award data on only \$23 million in net transactions for NPPD's submitted data, representing just 3 percent of NPPD's \$700 million in reported obligations. As discussed with the audit team, RMT also applied compensating controls (e.g., additional DHS HQ-level reviews) to NPPD's data, further mitigating any risk. Given this, no further review of the validation procedures is needed nor would it represent a prudent expenditure of resources.

We request that OIG consider this recommendation resolved and closed.

Recommendation 3: Develop a quarterly performance metric that measures the number and total value of misaligned transactions that cannot be traced to award files.

Response: Concur. The Department tracks the total value of misaligned transactions along with the number of matches and non-matches, and will add this information to our quarterly Senior Accountable Official package to improve the Department's level of risk analysis. RMT started a formal process whereby Components determine and document if non-matches are due to acceptable or unacceptable practices. On an ongoing basis, Components are now responsible for categorizing non-matches within a Corrective Action Plan and, where appropriate, capturing what their plan is to resolve them.



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DHS leadership is committed to continuing to improve the quality of its financial information. As previously noted, DHS earned a fifth consecutive clean audit (unmodified) opinion on the Department's FY 2017 financial statements, which clearly demonstrates DHS's ability to trace material accuracy of its financial statements.

We request that OIG consider this recommendation resolved and closed.

Recommendation 4: Develop and apply an effective solution to correctly assign program activity names and codes to ensure complete File B data.

Response: Concur. As discussed with the audit team, OMB program activity (PA) codes (also known as program and finance codes) were correctly populated in File B (object class and PA obligations and outlays) for DHS's FY 2017 second quarter submission based on known verified FY 2017 PA codes. The Department began the fiscal year using the new Common Appropriation Structure (CAS) crossover that was approved by Congress. The CAS directly affects OMB PA coding for FY 2017 going forward; however, prior year, no year, and non-appropriated funding OMB PA codes needed further concurrence from DHS's Budget division and OMB to fully develop a complete crosswalk. Although this had not been finalized by April 2017 when the first DATA Act submission was due, it has since been finalized and DHS is now coding PAs for legacy PAs.

We request that OIG consider this recommendation resolved and closed.

Recommendation 5: Develop a control process that ensures all changes made to data fields are appropriately approved and logged.

Response: Concur. RMT established a change control board (CCB) for the DAS in May 2017. The CCB developed a Change Tracking System tool on an internal SharePoint site that manages the lifecycle—from submission to approval—of the change request process for any data field. Detailed documentation of our change control processes is captured in RMT's Configuration Management Plan. The CCB meets as needed to review and discuss the status of items. In addition, in June 2016, RMT developed and distributed two technical guidance documents: a DATA Act award financial attributes data dictionary and a sample DHS Component financial submission file layout.

The Department remains diligent in assessing any potential impact to data fields each time Treasury or OMB guidance is updated or the project team uncovers new lessons learned resulting from implementation efforts. When a change to a data field is needed, the aforementioned data dictionary and file layout are modified accordingly; changes are captured in a change log and are also communicated to all data suppliers.

We request that OIG consider this recommendation resolved and closed.



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Recommendation 6: Incorporate DATA Act-specific controls into existing OMB Circular A-123 processes at the departmental and component levels.

Response: Concur. Per the purposes stated within the DATA Act, the Act expanded transparency and reporting requirements for federal funding and spending while improving the completeness, accuracy, and quality of the data reported. Although DHS considers DATA Act-specific controls related to the extraction, consolidation, validation, and submission of the financial data appropriate, the DHS OCFO has directed Components to validate and incorporate a DATA Act data element crosswalk to existing internal control test plans to ensure that objectives of both DATA Act (completeness, accuracy, validity, and timeliness of data) and internal control over financial reporting are achieved without duplicating sampling efforts.

Estimated Completion Date: March 31, 2018.



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Appendix C
Data Errors Related to Unique Award ID Numbers

Component	Misaligned PIIDs	Absolute Value of File C Obligations with Misaligned PIIDs	Misaligned FAINs	Absolute Value of File C Obligations with Misaligned FAINs
OPO	261	\$92,665,944.21	7	\$779,612.95
USCIS	38	\$42,475,978.71	4	\$59,532.91
USCG	1,944	\$536,309,857.32	-	-
USSS	10	\$74,166.62	-	-
ICE	151	\$18,276,583.60	-	-
TSA	10	\$3,379,118.99	-	-
CBP	426	\$3,965,426.16	-	-
FLETC	15	\$8,446,887.15	-	-
FEMA	288	\$67,606,090.83	94	\$194,681,019.85
OTHER	12	\$262,383.15	-	-
TOTALS	3,155	\$773,462,436.74	105	\$195,520,165.71

Component	Aligned PIIDs not Matched within \$1	Absolute Value of File C Obligations with Aligned PIIDs not Matched within \$1	Aligned FAINs not Matched within \$1	Absolute Value of File C Obligations with Aligned FAINs not Matched within \$1
OPO	797	\$220,950,702.20	-	-
USCIS	498	\$21,258,709.65	-	-
USCG	4,905	\$88,400,251.97	56	-
USSS	227	\$348,869.31	-	-
ICE	747	\$117,231,767.41	-	-
TSA	260	\$16,881,933.14	-	-
CBP	1,112	\$43,390,515.22	-	-
FLETC	535	\$1,326,733.79	-	-
FEMA	1,558	\$15,429,149.43	1,023	\$369,787,534.00
OTHER	25	\$261,258.21	-	-
TOTALS	10,664	\$525,479,890.33	1,079	\$369,787,534.00

Source: DHS OIG testing



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Appendix D
RMT's FY 2017/Q2 Assurance Memorandum to the SAO

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

MEMORANDUM FOR: [REDACTED]
Acting Chief Financial Officer
Department of Homeland Security

FROM: [REDACTED]
Director, Resource Management Transformation
Department of Homeland Security

SUBJECT: Digital Accountability and Transparency Act, Senior
Accountable Official briefing for Fiscal Year 2017 Second
Quarter Reporting

DATE: April 26, 2017

As stated in Office of Management and Budget (OMB), MPM 2016-03, an agency's DATA Act Senior Accountable Official (SAO) or their designees must provide a quarterly assurance that internal controls support the reliability and validity of an agency's account-level and award-level data reported for display on USASpending.gov. MPM 2016-03 specifies that this assurance should leverage data quality and management controls established in statute, regulation, and Federal-wide policy, and be aligned with the internal control and risk management strategies in the OMB Circular No. A-123.

The SAO's assurance will be submitted quarterly through the DATA Act Broker process. The quarterly process will require the SAO to assure the following:

- The alignment among the Appropriation, Object Class and Program Activity obligations and outlays, Financial, Procurement, Financial Assistance, Highly Compensated Officer, and Sub-award Data (Files A-F) is valid and reliable.
- The data in each DATA Act file submitted for display on USASpending.gov are valid and reliable.

The Department is responsible for posting complete and accurate data in a timely manner in accordance with the DATA Act and related laws, regulations, guidance, and amendments (i.e., OMB Memorandums M-15-12, MPM 2016-03, M-17-04, 16 M-10-06, 17 and Open Government Directive – Framework for the Quality of Federal Spending Information). DHSTIER provides Appropriations (File A) and Object Class and Program Activity obligations and outlays (File B) information in an automated process that is validated by the DATA Act Solution (DAS) and Treasury Broker. The DAS and Treasury Broker also validate Component Financial (File C) data submission; in addition, the Components certify that award financial information (File C) reported for DATA Act



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is complete and accurately reflects the transaction amounts and activities within the stated reporting period. They further certify that:

- All award financial data submitted for this period was compiled according to documented validation methods.
- Data did not include classified information or contains Personally Identifiable Information.
- Award financial data submitted for this period was timely, accurate, and complete within materiality per DATA Act and government-wide guidance.

Executive Summary on DHS Treasury Validation Results

For the Department’s Appropriations (File A), Object Class and Program Activity obligations and outlays (File B), and Financial (File C) data validations, there are NO critical errors to report for this submission. If there were critical errors, we would require data suppliers to correct and resubmit, or we would manually remove from the appropriate file, document in a disclaimer to the SAO, and formulate a resolution.

Executive Summary on DHS DAS Validation Results

The chart below presents the Department’s overall percentage of select File A, B, and File C data validations; the validations below represent those in which there are anticipated variances in complete, accurate, and timely data posted:

FY 2017-Quarter Two Validation Results	Percent Match
Financial to Procurement (C to D1) data PIID Match Rate	83%
Procurement to Financial (D1 to C) data PIID Match Rate	84%
Compare obligation amounts in Financial to Procurement (C to D1) data w/in \$1	93%
Financial to Financial Assistance (C to D2) data FAIN Match Rate	93%
Financial Assistance to Financial data (D2 to C) FAIN Match Rate	73%
Grants/Direct Payment to Financial data (D2 to C) FAIN Match Rate	100%
Loans to Financial data (D2 to C) FAIN Match Rate	N/A
Insurance to Financial data (D2 to C) FAIN Match Rate	0%
Compare obligation amounts in Financial to FA (C to D2) data w/in \$1	91%
Appropriations (File A), Object Class and Program Activity obligations and outlays (File B), and Financial (File C) data that passed critical error validations	100%
Program Activities/P&F codes that were converted from FY2017 CAS PPA	61%
FY2017 CAS PPA Program Activities/P&F codes that passed validations	100%

Below are the FY2017-Q2 File C disclaimers identified by Office of the Chief Financial Officer (OCFO) and/or Components. If a Component identified a disclaimer, please also see attached Component(s) DATA Act Certification Letters:



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Component or division	Issue	Resolution	Target Date
OCFO Budget FM, & RMT	Prior year (PY) Program Activities or Program and Finance crosswalk codes. Currently, all PY funding codes reported as "0000."	Continuing working within OCFO (Budget, FM, and RMT) to develop an updated crosswalk to correctly assign program activities to prior year funding of any type (no-year, multi-year, etc. funding)	6/30/2017
FEMA	Timeliness of insurance greater than 30 calendar days for Files C2 (financial) and D2 (Other Financial Assistance).	Continuing remediation and refinement of insurance data processing	TBD
NPPD	Implementation of policies and procedures is continuing to be reviewed and refined.	Continue refining processes as outlined in the DATA Act standard operating procedures, investigate and identify discrepancies to correct	6/30/2017

DATA Act File A, B, and C results and certification exceptions are distributed to Office of the Chief Procurement Office (OCPO), OCFO Financial Assistance Policy Oversight (FAPO) division, Financial (FM) division, and Risk Management and Assurance (RM&A) divisions.

Executive Summary on Procurement and Financial Assistance Assurance

Assurance on Procurement Data (File D1) is provided by Chief Procurement Officer (CPO). Procurement data (file D1) is certified by CPO in accordance with the Federal Acquisition Regulation (FAR) 4.604(c). The FAR requires the Department to submit an annual Federal Procurement Data System - Next Generation (FPDS-NG) Verification and Validation report to OMB and the General Services Administration. The report includes assurances over the timeliness, accuracy, and completeness of the data and sampling results of the core DATA Act required data elements by comparing contract files to FPDS-NG.

Assurance on Financial Assistance Data (File D2) is provided by OCFO FAPO in successful Award Submission Portal (ASP) submissions and Component financial assistance certifications. OMB guidance states that agencies leverage the data validations included in the ASP as a control that an agency's data follows the standard format. Component financial assistance submission certification provide assurance that data integrity processes and controls are in place (see Attachment F: FY2017-Q2 DATA Act Financial Assistance Assurance Memo).

For files E (Highly Compensated Officer) and F (Subaward) data, the Department's assurance relies on GSA's internal controls over the System for Awards Management and FFATA Subaward Reporting System are in accordance with OMB A-123. The data in these systems are entered by third parties and not the Department.



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If you have any questions or concerns, please contact [REDACTED], DHS OCFO DATA Act Team Lead at [REDACTED] or [REDACTED], DHS OCFO RMT division Director at [REDACTED].

Attachments:

- A. DATA Act Information Flowchart
- B. FY2017-Q2 DATA Act Consolidated Dashboard
- C. FY2017-Q2 Treasury Broker Errors and Warnings Summary
- D. DATA Act Certification Language Final for Agencies
- E. Treasury Broker Certification Page-FY2017-Q2
- F. DATA Act SAO Assurance Certification
- G. FY2017-Q2 DATA Act Financial Assistance Assurance Memo
- H. Certification - NPPD Award Financial Submission for DATA Act Jan-M

Supplemental Attachments:

- I. FAPO FYI 12-52 FA Award Data Certification
- J. FAPO SOP-Submission and Processing FFATA files
- K. FAPO Grant Alert 11-03 Requirements for FY2011 FA Reporting
- L. FAPO Grant Alert 11-04 Ensuring Quality FA Award Data
- M. FAPO FYI 17-01 Certification USAspending File Submission

CC:





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Appendix E
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Appendix F
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