



OFFICE OF THE INSPECTOR GENERAL

U.S. NUCLEAR REGULATORY COMMISSION

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Audit of NRC's Compliance with the Digital Accountability and Transparency Act of 2014 (*DATA Act*)

OIG-18-A-03

November 8, 2017



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OFFICE OF THE
INSPECTOR GENERAL

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

November 8, 2017

MEMORANDUM TO: Victor M. McCree
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State, Tribal, Compliance, Administration, and Human
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FROM: Dr. Brett M. Baker */RA/*
Assistant Inspector General for Audits

SUBJECT: AUDIT OF NRC'S COMPLIANCE WITH THE DIGITAL
ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014
(*DATA ACT*) (OIG-18-A-03)

Attached is the Office of the Inspector General's (OIG) audit report titled *Audit of NRC's Compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act)*.

The report presents the results of the subject audit. Following the November 31, 2017, exit conference agency staff indicated that they do not agree with the audit recommendations, and opted to provide formal comments for inclusion in this report. Agency formal comments are included in Appendix E of this report. OIG's response to the agency's formal comments are included in Appendix F of this report.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about this report, please contact me at (301) 415-5915 or Eric Rivera, Team Leader, at (301) 415-7032.

Attachment: As stated



Office of the Inspector General

U.S. Nuclear Regulatory Commission

OIG-18-A-03

November 8, 2017

Results in Brief

Why We Did This Review

Congress enacted the *Digital Accountability and Transparency Act of 2014 (DATA Act)* on May 9, 2014. The act allows taxpayers and policymakers direct access to Federal agency spending data, and reporting by Federal agencies of financial and award information in accordance with Government wide data definition standards issued by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury). Treasury displayed spending data on the USAspending.gov Web site.

A core requirement of the *DATA Act* is ensuring that posted spending data are reliable and consistent. Agency Senior Accountable Officials (SAO) are required to provide assurance over the quality of the data submitted and begin reporting fiscal year 2017 second quarter data for public display by May 2017.

The *DATA Act* also requires Office of the Inspector General (OIG) to submit this audit report to Congress and the public.

The audit objective was to assess the (1) completeness, timeliness, quality, and accuracy of fiscal year 2017, second quarter financial and award data submitted for publication on USAspending.gov, and (2) NRC's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Audit of NRC's Compliance with the DATA Act

What We Found

NRC's policies and procedures governing *DATA Act* submissions do not fully address the completeness, quality, and accuracy of the data submitted and do not always comply with applicable laws, regulations, and policies. Treasury and OMB guidance require agencies to report financial and award information in accordance with Government-wide data definition standards. While the agency submitted data that contained the required information and generally conformed to OMB and Treasury standards, improvements are needed for the controls over the resolution or acceptance of warnings and file linkage testing for *DATA Act* submissions. Additionally, the agency should enhance procedures for addressing the content of the SAO's assurance statement.

What We Recommend

This report makes two recommendations to improve NRC's documentation of policies and procedures for the SAO assurance statement, and to improve the agencies policies and procedures governing Broker submission warning messages.

NRC management stated their disagreement with the report and recommendations in this report, and opted to provide formal comments for inclusion in this report. Appendix E contains a copy of the agency's formal comments. Appendix F contains OIG's response to the agency's formal comments.

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ABBREVIATIONS AND ACRONYMS

ASP	Award Submission Portal
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLA	CliftonLarsonAllen LLP
DAIMS	<i>DATA Act</i> Information Model Schema
<i>DATA Act</i>	Digital Accountability and Transparency Act of 2014
FAEC	Federal Audit Executive Council
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System Next Generation
FSRS	[Federal Procurement Data System] Sub award Reporting System
FSSPs	Federal Shared Service Provider
FY 2017	Fiscal Year 2017
GAO	U.S. Government Accountability Office
IDD	Interface Definition Document
IDV	Indefinite Delivery Vehicle
NRC	Nuclear Regulatory Commission
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier
RSS	Reporting Submission Specification
SAM	System for Award Management
SAO	Senior Accountable Official
Treasury	U.S. Department of the Treasury
USDA	United States Department of Agriculture

I. BACKGROUND

The Digital Accountability and Transparency Act of 2014 (*DATA Act*)

Congress enacted the *Digital Accountability and Transparency Act of 2014 (DATA Act)* on May 9, 2014. The act expanded the Federal Funding Accountability and Transparency Act of 2006 (FFATA) by requiring the disclosure of direct Federal agency spending, and reporting by Federal agencies of financial and award data in accordance with 57 Government wide data definition standards¹ (57 elements) issued by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury). More information on this law is available on USA Spending.gov, a publicly available Web site aimed at increasing government transparency. Treasury and OMB intended the data standards to allow taxpayers and policymakers to track Federal spending easily with accessible, consistent, reliable, and searchable data.

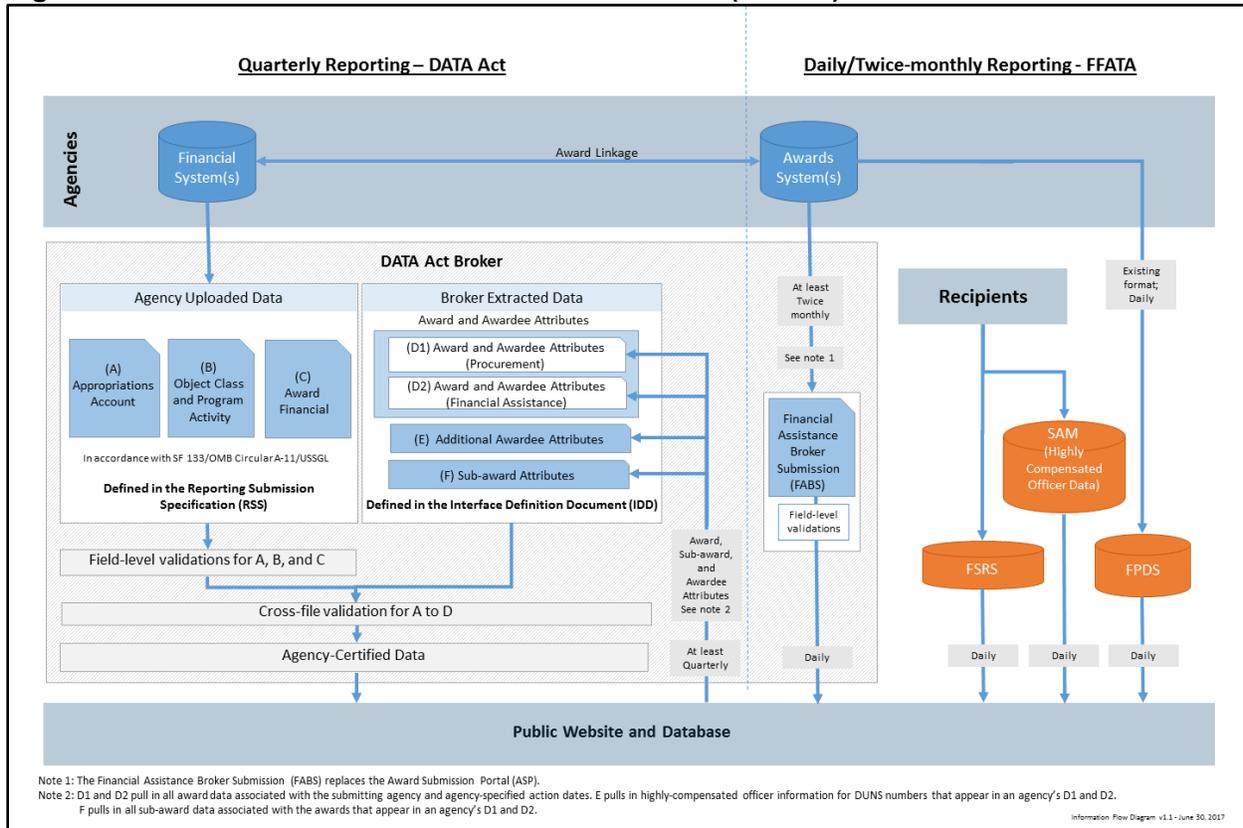
OMB and Treasury used the 57 data definition standards to develop and issue the *DATA Act* Information Model Schema (*DATA Act* Schema, the Schema and DAIMS) (Figure 1). The DAIMS provides technical guidance for agencies on what data to report to Treasury, as well as the submission format to use. Figure 1 also depicts relationships between data elements. DAIMS guides agencies in the production and submission of the required data.²

As mandated by the act, U.S. Government Accountability Office (GAO) engages in ongoing efforts to provide interim reports on the progress in implementing the *DATA Act*. According to a December 2016 assessment by GAO, agencies are indicating the need for additional guidance on reporting intergovernmental transfers, providing assurances over their data, and reporting insurance information. For example, officials from U.S. Department of Agriculture (USDA), told GAO auditors that they were waiting for guidance to be issued by OMB, but guidance still had not been issued just four months prior to the required submission date.

¹ The 57 elements including definitions can be found at <https://fedspendingtransparency.github.io/data-elements/>

² The table in Appendix D of this report lists the 57 different data definition standards.

Figure 1: DATA Act Information Model Schema v1.1 (DAIMS)



Source: USAspending.gov

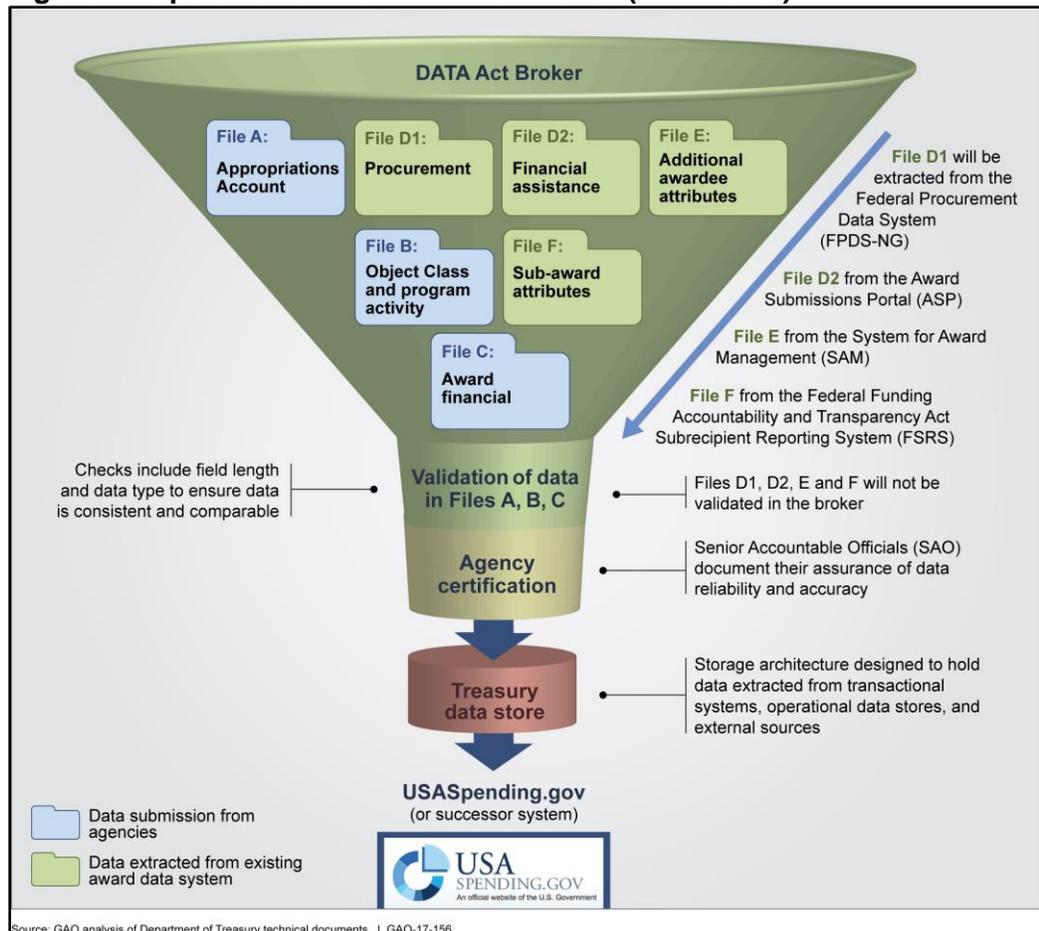
Agencies are using the Schema to plan what changes are needed to systems and business processes to be able to capture and submit the required data. Under the act, an audit following the first full quarter of implementation is required, and agencies must report data in compliance with established standards by May 2017. Toward that end, OMB and Treasury have directed agencies to begin submitting data by the beginning of the second quarter of FY 2017 (January 2017) with the intention of publically reporting that data by May 2017.

OMB acknowledges that the 4 month delay in the release of the *DATA Act* schema delayed agency timelines for implementation. OMB also recognizes that the iterative approach used to develop and release guidance has posed challenges for some agencies as changes in the guidance may require revisions of their implementation project plans. GAO's analysis of implementation plan updates submitted by Federal agencies confirms this challenge. Specifically, nearly half of 24 surveyed agencies highlighted challenges related to the guidance provided by OMB and Treasury in their implementation plan updates. One of the commonly

cited challenges noted by agencies concerned complications arising due to the iterative nature or late release of the guidance.

A key component of the reporting framework laid out in the *DATA Act* Schema is the *DATA Act* Broker, a system of software applications designed to standardize data formatting and assist reporting agencies in validating data prior to submitting it to Treasury. See figure 2 for a depiction of how Treasury expects the Broker to operate.³

Figure 2: Operation of the *DATA Act* Broker (the Broker)



Source: GAO analysis of Department of Treasury technical documents. | GAO-17-156

Source: GAO-17-156

Treasury developed the Broker using an agile development process.⁴ This involves continual development of Broker capabilities through 2 week software development cycles, called sprints. On September 30, 2016,

³ GAO-17-156

⁴ Treasury describes agile software development as a process that emphasizes frequent user feedback so that changes can be incorporated into the prototype early and often.

Treasury released a version of the Broker stating it was fully capable of performing the key functions of extracting⁵ and validating agency data. Treasury plans to continue to refine the Broker to improve its functionality and overall user experience; however, there are no plans to alter these key functions. To meet the requirements of Treasury guidance documents agencies are expected to use the Broker to upload three files containing data pulled from the agencies' internal financial and award management systems.

Agency Requirements

In addition to agencies' financial data, the Broker pulls procurement and financial assistance award and sub award information from Government wide systems, as agencies are already required to submit data to those systems.

Applicable Treasury guidance require Federal agencies to generate and submit three files to the Broker:

- File A is "Appropriations Account Detail," which agencies must cross-validate to OMB Standard Form 133, Report on Budget Execution and Budgetary Resources (SF-133).
- File B is "Object Class and Program Activity Detail," which agencies must cross-validate to their OMB Memorandum A-11, Section 83.
- File C is "Award Financial Detail," which agencies verify linkages between files D1 and D2 (defined below) and file C using common, unique identifiers.

The *DATA Act* Information Model Schema also provides two documents that contain specifications for reporting required data: the Reporting Submission Specification (RSS) and the Interface Definition Document (IDD). The RSS includes a listing of a portion of the 57 elements with specific instructions on how to submit content in the appropriate format. The IDD lists the remaining data elements, with supporting metadata that aid agencies in understanding what data Treasury will extract from

⁵ Data extraction is the act or process of retrieving data out of (structured or unstructured) data sources for further data processing or data storage (data migration).

Government wide systems for procurement and what data will come from agency financial systems.

There are four files in the IDD content extracted from existing systems:

- File D1 reports award and awardee attributes for Procurement from the Federal Procurement Data System Next Generation (FPDS-NG).
- File D2 reports award and awardee attributes for the Financial Assistance (i.e., direct loans, loan guarantees, grants, etc.) from the Award Submission Portal (ASP).
- File E reports the additional awardee attributes from the System for Award Management (SAM).
- File F reports sub award attributes from Federal Funding Accountability and Transparency Act (FFATA) Sub award Reporting System (FSRS) (FFATA FSRS).

A core requirement of the *DATA Act* is ensuring that Federal agencies report reliable, consistent spending data for public use. Once agencies have extracted, linked, and mapped their data, and tested Broker implementation outputs to ensure data in files A, B and C are valid, the agency submits data via the *DATA Act* Broker Web site. For the extracted data files [D1 through F], the Broker provides some parameters for the agency to select when choosing the extent of the extraction.

Treasury issued the *DATA Act Implementation Playbook* (Playbook) to assist agencies in meeting reporting requirements under the *DATA Act*. The Playbook requires agencies to identify an SAO who is responsible for their agency's implementation of the *DATA Act*. Treasury guidance states that agencies should select an SAO who is an executive officer with enough seniority and expertise to manage a project across multiple offices and Federal spending communities. When agencies make their quarterly submissions to the Broker for publication on USAspending.gov, agency SAOs must provide reasonable assurance that internal controls support the reliability and validity of the account-level and award-level data they submitted.

Agency SAOs were required to begin reporting in compliance with the *DATA Act* beginning with the second quarter of FY 2017 and quarterly thereafter. Treasury displayed FY 2017 second quarter data on USASpending.gov for the first time in May 2017.

The Broker delivers warnings to users when it cannot validate data elements or values — a condition that ultimately could affect the display of information on USASpending.gov. Treasury allows some validation rules to give warnings so that the agencies have the opportunity to resolve these issues prior to certifying. If they do not correct the issue, agencies can submit their data with the warnings, but will be required to correct the problems in future uploads. In the future, Treasury will change these warnings to fatal errors, requiring the agencies to correct them before submission.

Agencies may use the Broker to verify data files using validation rules to test

- Completeness and accuracy of data elements the agency plans to submit to Treasury.
- Linkages between financial and award data.
- Mapping to the *DATA Act* Schema and whether data passes basic validations within the Schema.

NRC's *DATA Act* Systems

NRC used their core financial management system and procurement system to support their *DATA Act* reporting.

The Financial Accounting and Integrated Management Information System (FAIMIS), which is hosted by CGI Federal, Inc., is the NRC's official repository for the agency's financial records and used to produce official agency financial reports. FAIMIS is based upon the CGI Momentum™ Enterprise Resource Planning (ERP) COTS suite. FAIMIS records purchasing, accounts receivable, accounts payable, disbursements, and other budget activities that are integrated. When the transactions are processed budgets, financial plans, and the general ledger can be updated. FAIMIS also offers the functions needed to consolidate financial reports and controls.

The Strategic Acquisition System (STAQS) is hosted by the U.S. Department of Transportation and interfaces with the FAIMIS application. STAQS is NRC's implementation of the Compusearch PRISM COTS suite. The Acquisition Management Division (AMD) uses the system to

- Create solicitations, award documents, and to track requisitions for modifications;
- Create commitments and obligations that are sent to FAIMIS;
- Create acquisition milestone charts for tracking the progress of acquisitions; and
- Report contract award data to FPDS, which is used by Congress and the public for acquisition reports.

Office of the Inspector General (OIG)

The *DATA Act* requires the Inspector General (IG) of each Federal agency to review a statistically valid sample of the spending data submitted by its agency. The act also requires IGs to submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of Government-wide financial data standards by the agency.

To meet the *DATA Act* review needs of the IG community and to provide the consistency of the testing approach and methodology, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) established the *DATA Act* Working Group (the Working Group). The Working Group provided a common approach and reporting methodology outlined in the *Inspector General Guide to Compliance under the DATA Act*, issued February 27, 2017. This guide suggests that auditors perform specific assessments procedures and summarize control deficiencies and impacts on completeness, timeliness and accuracy for the data submitted to the Broker. See Appendices B and C of this document for those assessments and summaries.

II. OBJECTIVE

The audit objective was to assess (1) the completeness, timeliness, quality, and accuracy of FY 2017, second quarter financial and award data submitted for publication on USAspending.gov and (2) NRC's implementation and use of the Government-wide financial data standards established by OMB and Treasury.⁶

OIG contracted with CliftonLarsonAllen LLP (CLA), an independent certified public accounting firm, to perform this audit.

III. FINDING

NRC's FY 2017, second quarter financial and award data was submitted on time for publication on USAspending.gov. Additionally, NRC did not cause most errors identified in their submission as most resulted from DATA Act Broker system glitches.

However, the completeness, quality, and accuracy of the data submitted did not always comply with applicable laws, regulations, and policies. Further, implementation of the Government wide financial data standards established by OMB and Treasury should be improved in the following areas:

- A. Agency internal controls for reporting *DATA Act* information need to be strengthened.

⁶ Federal agencies were not required to begin reporting under the *DATA Act* until fiscal year 2017, second quarter. For this reason, the earliest available data that will be displayed on USAspending.gov under the *DATA Act* are from fiscal year 2017, second quarter.

For detailed descriptions of the details supporting these findings, refer to the following appendices:

Appendix A describes the scope and methodology used to address the audit objective.

Appendix B describes assessments of NRC's submitted data.

Appendix C describes other data element discrepancies.

Appendix D describes NRC's results for each of the 57 data elements.

A. Agency Internal Controls For Reporting DATA Act information Need to be Strengthened

DATA Act Guidance issued by Treasury provides information on data linkages between Files C and D1. Additionally, OMB has issued guidance stating that SAOs are required to submit quarterly statements of assurance that address, in part, the validity and reliability of data linkages. There were discrepancies in the data NRC reported between Files C and D1, which resulted in warning messages when the agency made their *DATA Act* submission. NRC did not address these discrepancies nor include any explanation for them in the SAO assurance statement because, under management's interpretation of applicable guidance, the inconsistent data was allowed. NRC management also said available guidance for submitting SAO statements did not provide enough specifics for what assurances were expected. Without seeking further clarification on *DATA Act* reporting requirements and the composition of SAO statements of assurance, NRC may submit unreliable data for publication to the public Web site USAspending.gov.

What Is Required

Transactions in File C linked to Transactions in File D

In accordance with Federal requirements, the goal or intent is to have corresponding and linking obligation transactions between File C and File D1. That means File C should only report new obligations incurred,

upward modifications to obligations, and downward modifications/de-obligations. These would be transactions in the obligation series of USSGL Accounts: 4801, 4802, 4831, 4832, 4871, 4872, 4881, 4882, 4901, 4902, 4908, 4931, 4971, 4972, 4981, and 4982. However, transactions that net out in the Status of Resources filed should be excluded. Examples of transactions to exclude would include receipts of deliveries/invoices which result in moving from SGL 4801 to 4901, and payments of invoices which move the obligation from SGL 4901 to 4902. The transactions in these examples result in a net zero effect for the same transaction event.

In compliance with OMB memorandum M-17-04, *Memorandum for Agency Senior Accountable Officials*, November 4, 2016 (OMB M-17-04), Federal agency SAOs are required to submit quarterly SAO statements of assurance with the account-level and award-level data submitted through the *DATA Act* Broker process.

As indicated by OMB M-17-04, SAO statements are to “provide assurance that the alignment among Files A-F is valid and reliable, including the interconnectivity or linkages (for example: award ID linkage) across all the data in files A, B, C, D1, D2, E, and F. Where there are legitimate differences between files, agency SAOs should include in their statements categorical explanations for misalignments.”

What We Found

Transactions and Summary Data Without Contract Actions

Auditors found NRC's second quarter *DATA Act* File C included records of payment transactions and summary data for awards without contract actions during the second quarter. NRC believed this was permissible under Treasury guidance. Excluding this issue, auditors found no discrepancies in their transaction file reconciliation.

NRC's File C contained 4,298 records, File D1 contained 403 records, and File D2 contained 4 records. While the agency had tested linkages between Files A, B, and C, the agency had not tested the linkages between File C and the downloaded Files D1, D2, E, and F.

NRC neither caused nor controlled most errors identified in the agency's tested data — most were wholly attributable to *DATA Act* Broker system glitches in the extraction process for Files D1, D2, E, and F. Other errors may have resulted from erroneous NRC source data inputs. There were also various discrepancies in the actual data elements reported. For example, for the 57 elements, sample testing identified 16 transactions with at least 1 error, possibly related to NRC's interpretation of applicable guidance. Additionally, all transactions sampled from file D1 had at least 1 error.

Out of a sample of 118 records selected from File C, 71 records did not have corresponding records in File D1 or File D2. Additionally, the agency had numerous unresolved Broker warnings issued from the cross validation check between Files C, D1, and D2, most of which were the result of the inclusion of additional payment data. The SAO Statement of Assurance did not explain these conditions.

Why This Occurred

Guidance Interpretation

NRC believed the inclusion of additional payment records for awards without contract actions during the second quarter was permissible because the data did not have information in the Transaction Obligated Amount field. NRC officials included this data to facilitate the agency's reconciliation process and expected the information to be required in future submissions. OIG is concerned that this additional data may not meet the intent of Treasury's guidance which indicates, "File C should only report new obligations incurred, upward modifications to obligations, and downward modifications/de-obligations." This report presents the agency's data error rates including and excluding the impact of this issue.

Experience with *DATA Act* submissions has shown that the algorithm within the Broker system developed to generate Files D1 and D2 may exhibit programming errors. At the same time, guidance from GAO includes an expected error rate of 50 percent for this first submission, accordingly NRC views the errors arising from the agency's source system input processes as within acceptable parameters.

The agency believed their cross validation and data file linkage testing procedures were consistent with the requirements of Treasury's guidance and that the Broker warnings did not warrant disclosure in the Statement of Assurance. During this audit, NRC did not provide documentation that they confirmed this interpretation with Treasury.

Why This Is Important

Increased Risk for Submitting Unreliable Data for Publication

Notwithstanding the additional records issue, NRC's underlying data contained a 6 percent error rate as a result of Broker system glitches that is well within acceptable parameters, and a 2 percent error rate from NRC's system input errors, also within acceptable parameters.

If the additional records were found to be out of compliance with the intent of Treasury's guidelines, this would result in a record level error rate of over 50 percent.

NRC may submit unreliable account-level and award-level data for publication on USAspending.gov.

Recommendations

OIG recommends that NRC

1. Confirm that the inclusion of records with payment data for awards without contract actions are in accordance with Treasury guidelines, and enhance the agency's policies and procedures regarding the resolution or acceptance of Broker warnings and file linkage testing.
2. Enhance the SAO Statement of Assurance to provide categorical explanations for all data misalignments, including unresolved Broker warnings, and accurately indicate the extent of testing performed over file linkages.

V. CONSOLIDATED LIST OF RECOMMENDATIONS

OIG recommends that NRC

1. Confirm that the inclusion of records with payment data for awards without contract actions are in accordance with Treasury guidelines, and enhance the agency's policies and procedures regarding the resolution or acceptance of Broker warnings and file linkage testing.
2. Enhance the SAO Statement of Assurance to provide categorical explanations for all data misalignments, including unresolved Broker warnings, and accurately indicate the extent of testing performed over file linkages.

V. AGENCY COMMENTS

An exit conference was held with the agency on October 31, 2017. After reviewing a discussion draft, agency management provided comments that were incorporated into this report, as appropriate. However, agency management stated their disagreement with the recommendation in this report, and opted to provide formal comments. Appendix E contains a copy of the agency's formal comments. Appendix F contains OIG's response to the agency's formal comments.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit objective was to assess (1) the completeness, timeliness, quality, and accuracy of fiscal year 2017, second quarter financial and award data submitted for publication on USAspending.gov, and (2) NRC's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Scope

The scope of this first *DATA Act* audit includes financial and award data for FY 2017, second quarter that NRC submitted for publication on USAspending.gov. The scope of this audit also address any applicable procedures, certifications, documentation, and controls to achieve this process. In compliance with OMB MPM-2016-03, Treasury displayed data reported by Federal agencies in compliance with the *DATA Act* on USAspending.gov in May 2017.

Auditors downloaded NRC's second quarter FY 2017 File C submission from the *DATA Act* Broker, as well as the File D1 and File D2 submissions. File C contained 4,298 records, File D1 contained 403 records, and File D2 contained 4 records. File C had all of the required data elements per the *DATA Act* Schema, and appeared to be adequate for sampling per CIGIE guidance. We tested all records against the applicable criteria. The agency had populated all of the appropriate data elements in File C, however, most PIIDs and FAINs did not have matches in Files D1 and D2. Auditors noted this in the finding A above.

Methodology

Auditors reviewed relevant criteria for this audit including

- The *Digital Accountability and Transparency Act of 2014*, May 9, 2014

- *Federal Funding Accountability and Transparency Act of 2006*, September 26, 2006
- *The Federal Financial Management Improvement Act of 1996*
- *Federal Managers' Financial Integrity Act of 1982*
- OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* May 8, 2015
- OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, May 3, 2016
- OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring DATA Reliability* November 4, 2016
- OMB Memorandum M-10-06, *Open Government Directive*, December 8, 2009
- OMB Memorandum: *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies implementing section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554)*, December 21, 2000
- OMB Memorandum: *Open Government Directive – Framework for the Quality of Federal Spending Information*, February 8, 2010
- OMB Memorandum: *Open Government Directive – Federal Spending Transparency*, April 6, 2010
- Department of the Treasury: *DATA Act Information Model Schema v1.1 (DAIMS)* June 30, 2017
- Department of the Treasury: *DATA Act Monthly Digest Policy Update*, Volume 34, November, 2016
- Department of the Treasury: *DATA Act Implementation Playbook (Playbook)* June 24, 2016

- U. S. Digital Services *Playbook*, August 11, 2014
- OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Revised July 15, 2016
- *GAO Financial Audit Manual*, Volumes 1 and 2 July 2008, Volume 3 August 2007
- GAO-12-331G, *Government Auditing Standards (The Yellow Book)* December 2011
- GAO-10-365 ELECTRONIC GOVERNMENT: *Implementation of the Federal Funding Accountability and Transparency Act of 2006*, March 2010
- GAO-14-476 *DATA Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Web site*, June 2014
- *GAO Standards for Internal Control in the Federal Government (The Green Book)* September 2014
- General Services Administration *Federal Acquisition Regulation (FAR)* March 2005

To obtain perspectives of NRC's staff, auditors conducted inquiries, walkthroughs of the data submission process, interviews with NRC's Senior Accountable Official (SAO) and other key *DATA Act* project team members, as appropriate. Auditors also examined Federal and agency guidance and compared them with processes and procedures pertaining to NRC's *DATA Act* compliance process to obtain an understanding of NRC's internal control design and process used to complete its *DATA Act* submissions.

Auditors assessed whether internal controls over authoritative source system (FAIMIS and STAQS) used by NRC for its *DATA Act* submissions were properly designed, implemented, and operating effectively based on the results of the FY 2016 NRC financial statement audit, FY 2017 A-123 results, and preliminary results from the FY 2017 financial statement audit report. In addition, auditors assessed the design, implementation, and operating effectiveness of NRC processes, systems, and controls for

extracting financial and award data from FAIMIS and STAQS for submission in compliance with the *DATA Act*.

Auditors followed the audit methodology prescribed in the Inspector General Guide to Compliance under the *DATA Act*, as amended (OIG Audit Guide). Auditors performed tests to determine whether internal controls over NRC's source system were properly designed, implemented and operating effectively, and whether internal controls over the *DATA Act* submission were sufficient to assure the completeness, accuracy, timeliness, and quality of the reporting submission.

The audit was conducted at NRC headquarters from August 2017 through October 2017. Any information received from NRC subsequent to the completion of fieldwork was incorporated when possible. Auditors reviewed and analyzed internal controls related to the audit objective. Throughout the audit, auditors considered the possibility of fraud, waste, or abuse in the program.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

OIG contracted with CLA, an independent certified public accounting firm, to perform this audit. This audit was conducted by: Roger Von Elm, Principal; Christina Beck, Director/Team Leader; Patrick Hanlon, Lead Senior; Carol Christian, Subject Matter Expert; James Cox, Information Technology Manager; with support from staff auditors Alejandra Leon-Jasso, Clark Etheridge, and Marshall Smith.

Office of the Inspector General staff that worked on this audit included Eric Rivera, Team Leader; and Gail Butler, Senior Auditor; and Contracting Officer's Representative.

ASSESSMENT OF SUBMITTED SPENDING DATA

Results of Assessment of Internal Controls over Source Systems

Based on NRC's FY 2016 financial statement audit report and the results of the FY 2017 financial statement audit to date and management's internal control evaluation results, internal controls over source systems are designed, implemented, and operating effectively.

Results of Assessment of Internal Controls over Data Management and Processes (DATA Act Submission)

NRC's internal controls over processes for capturing and accumulating data for their *DATA Act* submission are generally designed, implemented, and operating effectively; however, certain of NRC's internal controls over *DATA Act* submission file management and reporting processes could be enhanced. For each specific finding that impacts the completeness, timeliness, and accuracy of the *DATA Act* submission, see the section below.

Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy

There are deficiencies in NRC's internal control processes, which affected the completeness and accuracy of NRC's *DATA Act* submission as follows:

- A. SAO did not submit a statement of assurance that discusses the alignment among Files A-F is valid and reliable, including the interconnectivity or linkages (for example: award ID linkage) across all the data in files per the requirements as set forth in OMB M-17-04, (100 percent error rate)

- B. NRC did not test linkages between File C and Files D1 through F for validity or reliability (100 percent error rate)
- C. NRC included transactions in their File C submission that were not new obligations incurred, upward modifications to obligations, or downward modifications/de-obligations (51 percent error rate)
- D. NRC had no formal, comprehensive standard operating procedures on how to identify, report, and correct Data Broker submission processing errors and warnings. (100 percent error rate)

Results of Sample Tests Performed at the Award-Level Transactions

Population

CLA downloaded the second Quarter 2017 File C submission from the *DATA Act* Broker, as well as the File D1 and File D2 submissions. File C contained 4,298 records (Absolute Value of Transaction Obligated Amount \$477,775,111), File D1 contained 403 records (Absolute Value of Transaction Obligated Amount of Contracts: \$476,778,111), and File D2 contained 4 records (Absolute Value of Transaction Obligated Amount of Grants: \$997,000). File C had all of the required data elements per the *DATA Act* Schema, and appeared to be adequate for sampling per CIGIE guidance.

Sampling/Testing

In consultation with a statistician, auditors selected a statistically valid simple random sample, without replacements, of 118 records as they appeared in File C. The absolute value of the Transaction Obligated Amount for the items selected was \$2,088,836 representing 106 contracts and 12 grants. Ninety-eight of the records (83 percent) selected contained no amounts in the Transaction Obligated Amount field.

Using the CaseWare IDEA Software (IDEA) data analysis tool, auditors matched the sampled File C transactions to the File D1 using a combination of the PIID and Parent Award ID fields, and to the File D2 using the FAIN field. This resulted in 55 transactions from the File D1 and one transaction from File D2 that matched our sampled File C

transactions, representing 47 of the 118 samples. The remaining 71 (60 percent) sampled File C transactions did not have matches based on the criteria used above.

The auditors then tested the accuracy and validity of the remaining 47 samples (Absolute Value of Transaction Obligated Amount Tested \$2,088,836 representing 45 contracts and 2 grant) and did not test the 71 unmatched sample items.

Error Rates

Completeness Error Rate:

- The completeness error rate of all transactions in the sample of 118 (including 71 not tested) was 52 percent.
- The completeness error rate of the 47 transactions tested was 2 percent.

Accuracy Error Rate:

- The accuracy error rate of all transactions in the sample of 118 (including 71 not tested and DATA Broker errors) was 54 percent.
- The accuracy error rate of all transactions in the sample of 118 (including 71 not tested and excluding DATA Broker errors) was 52 percent.
- The accuracy error rate of the 47 transactions tested (including DATA Broker errors) was 7 percent.
- The accuracy error rate of the 47 transactions tested (excluding DATA Broker errors) was 2 percent.

Timeliness Error Rate:

- The timeliness error rate was 0 percent.

NRC's SAO stated that File C included all open obligations, including those only going through liquidating actions. NRC believed the inclusion of payment data for awards without contract actions during the second quarter was permissible based on Treasury guidance in the RSS, which identified whether certain elements are required or optional. NRC officials included this data to facilitate the agency's reconciliation process and

expected the information to be required in future submissions. OIG does not believe this criteria is applicable for determining whether additional records are permissible.

In accordance with the Treasury's FAQ and Examples Related to File C Transaction Obligated Amount (TOA), "for the Transaction Obligated Amounts in File C, the goal or intent is to have corresponding and linking obligation transactions in File D." That means File C should only report new obligations incurred, upward modifications to obligations, and downward modifications/de-obligations. These would be transactions in the obligation series of USSGL Accounts: 4801, 4802, 4831, 4832, 4871, 4872, 4881, 4882, 4901, 4902, 4908, 4931, 4971, 4972, 4981, and 4982. However, transactions that net out in the Status of Resources should be excluded. Examples of transactions to exclude are receipts of deliveries/invoices which result in moving from SGL 4801 to 4901, and payments of invoices which move the obligation from SGL 4901 to 4902. The transactions in these examples result in a net zero effect for the same transaction event."

The algorithm within the Broker developed for agencies to generate Files D1 and D2 is believed to contain programming errors. Management believes the errors arising from their source system input processes are within their acceptable tolerance limits.

Overall Assessment of Implementation and Use of Data Standards

NRC's results, below, are listed in ascending order by error rate percentage. Rates for each of the 57 data element follow in table 1 [Note: Yes indicates a discrepancy and No indicates no discrepancy found].

While there were no differences between the agency's definitions of the data standards and OMB guidance, the accuracy of transactions submitted by NRC did not comply with applicable guidance. When tested against the 57 elements the agency's Broker submission had an error rate above 50 percent. Specifically:

- A. **Outside of agency issue** - Transactions in File C did not have corresponding transactions in Files D1 or D2 (71 of 118 or 60 percent error rate).

- B. **Outside of agency issue** - Data Broker Issue:⁷ The Record Type (IDV) field is populated with the contract action code rather than the IDV code (47 of 47, (100 percent error rate)) (Data Element 53).
- C. **Data Broker Issue:** The Current Total Value of Award field is not being accurately populated by the *DATA Act* Broker from FPDS when creating File D1 (43 out of 47 (91 percent error)) (Data Element 21).
- D. **Data Broker Issue:** The Potential Total Value of Award field is not being accurately populated by the *DATA Act* Broker from FPDS when creating File D1 (43 out of 47 (91 percent error)) (Data Element 47).

⁷ The CIGIE FAEC *DATA Act* Working Group with GAO and OMB participation identified data errors, which the agencies neither caused nor controlled. These errors are attributable to agency supplied information and issues with the Broker. Where possible, this report differentiates the root cause of such errors between those attributed to the agency and those ascribed to the Broker.

Other Data Elements Discrepancies

- A. **Outside Agency Issue⁷:** Business Type fields in File D1 did not agree to the Business Types per SAM for some transactions (23 out of 47 (49 percent error)) (Data Element 18).
- B. **Outside of Agency Issue:** Primary Place of Performance Congressional District field was listed as 00 for Washington DC in both File D1 and FPDS, when it should have been listed as 98 (16 out of 47 (34 percent error)) (Data Element 49).
- C. The Awarding Office Code field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 13).
- D. The Awarding Office Name field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 14).
- E. The Federal Action Obligation field in File D1, FPDS, and the original contract (SF30) do not agree to each other (1 out of 47 (2 percent error)) (Data Element 22).
- F. The Funding Agency Code field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 23).
- G. The Funding Agency Name field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 24).
- H. The Funding Office Code field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 25).
- I. The Funding Office Name field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 26).
- J. The Funding Sub Tier Agency Code field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 27).
- K. The Funding Sub Tier Agency Name field was not populated in File D2 (2 out of 47 (4 percent error)) (Data Element 28).

- L. **Outside of Agency Issue:**⁷ The Legal Entity Congressional District field is missing from FPDS and the D1 file (1 out of 47 (2 percent error)) (Data Element 32).

- M. The Primary Place of Performance Address was not completely populated for primary place of performance zip code in File D2 (2 out of 47 (4 percent error)) (Data Element 48).

NRC's Results for Each of the 57 elements

Results for the 47 File D1 transactions that were tested are listed below in <u>descending</u> order by error rate percentage [Note: Yes indicates a discrepancy and No indicates no discrepancy found].				
Completeness (C), Timeliness (T), Accuracy (A) ASSESSMENT				
Element	Title	C	T	A
53	Data Broker Issue: ⁷ Record Type (IDV) is populated with the with the contract action code rather than the IDV code (47 of 47, or 100 percent error rate)	No	No	Yes
21	Data Broker Issue: Current Total Value of Award is not being accurately populated by the <i>DATA Act</i> Broker from FPDS when creating File D1 (43 out of 47 (91 percent error))	No	No	Yes
47	Data Broker Issue: Potential Total Value of Award is not being accurately populated by the <i>DATA Act</i> Broker from FPDS when creating File D1 (43 out of 47 (91 percent error))	No	No	Yes
18	Outside of Agency Issue: Business Type fields in File D1 did not agree to the Business Types per SAM for some transactions (23 out of 47 (49 percent error))	No	No	Yes
49	Outside of Agency Issue: Primary Place of Performance Congressional District was listed as 00 for Washington DC in both File D1 and FPDS, when it should have been listed as 98 (16 out of 47 (34 percent error))	No	No	Yes
13	Outside of Agency Issue: Awarding Office Code was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
14	Indeterminate root cause of this error: Awarding Office Name was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
23	Indeterminate root cause of this error: Funding Agency Code was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
24	Indeterminate root cause of this error: Funding Agency Name was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
25	Indeterminate root cause of this error: Funding Office Code was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
26	Indeterminate root cause of this error: Funding Office Name was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes

Results for the 47 File D1 transactions that were tested are listed below in <u>descending</u> order by error rate percentage [Note: Yes indicates a discrepancy and No indicates no discrepancy found].				
Completeness (C), Timeliness (T), Accuracy (A) ASSESSMENT				
Element	Title	C	T	A
27	Indeterminate root cause of this error: Funding Sub Tier Agency Code was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
28	Indeterminate root cause of this error: Funding Sub Tier Agency Name was not populated in File D2 (2 out of 47 (4 percent error))	Yes	No	Yes
48	Indeterminate root cause of this error: Primary Place of Performance Address was not completely populated with the primary place of performance zip code in File D2 (2 out of 47 (4 percent error))	No	No	Yes
22	Federal Action Obligation in File D1 and FPDS agree; however, does not agree to the original source document - 1 out of 47 (2 percent error))	No	No	Yes
32	Outside of Agency Issue: ⁷ Legal Entity Congressional District is missing from the FPDS and D1 - 1 out of 47 (2 percent error))	Yes	No	Yes
1	Action Date (0 of 47, or 0 percent error rate)	No	No	No
2	Action Type (0 of 47, or 0 percent error rate)	No	No	No
3	Amount of Award (0 of 47, or 0 percent error rate)	No	No	No
4	Appropriations Account (0 of 47, or 0 percent error rate)	No	No	No
5	Award Description (0 of 47, or 0 percent error rate)	No	No	No
6	Award Identification Number (0 of 47, or 0 percent error rate)	No	No	No
7	Award Modification/Amendment Number (0 of 47, or 0 percent error rate)	No	No	No
8	Award Type (0 of 47, or 0 percent error rate)	No	No	No
9	Awardee/Recipient Legal Entity Name (0 of 47, or 0 percent error rate)	No	No	No
10	Awardee/Recipient Unique Identifier (0 of 47, or 0 percent error rate)	No	No	No
11	Awarding Agency Code (0 of 47, or 0 percent error rate)	No	No	No
12	Awarding Agency Name (0 of 47, or 0 percent error rate)	No	No	No
15	Awarding Sub Tier Agency Code (0 of 47, or 0 percent error rate)	No	No	No

Results for the 47 File D1 transactions that were tested are listed below in <u>descending</u> order by error rate percentage [Note: Yes indicates a discrepancy and No indicates no discrepancy found].				
Completeness (C), Timeliness (T), Accuracy (A) ASSESSMENT				
Element	Title	C	T	A
16	Awarding Sub Tier Agency Name (0 of 47, or 0 percent error rate)	No	No	No
17	Budget Authority Appropriated (0 of 47, or 0 percent error rate)	No	No	No
19	Catalog of Federal Domestic Assistance (CFDA) Number (0 of 47, or 0 percent error rate)	No	No	No
20	Catalog of Federal Domestic Assistance (CFDA) Title (0 of 47, or 0 percent error rate)	No	No	No
29	Highly Compensated Officer Name (0 of 47, or 0 percent error rate)	No	No	No
30	Highly Compensated Officer Total Compensation (0 of 47, or 0 percent error rate)	No	No	No
31	Legal Entity Address (0 of 47, or 0 percent error rate)	No	No	No
33	Legal Entity Country Code (0 of 47, or 0 percent error rate)	No	No	No
34	Legal Entity Country Name (0 of 47, or 0 percent error rate)	No	No	No
35	Non-Federal Funding Amount (0 of 47, or 0 percent error rate)	No	No	No
36	North American Industrial Classification System (NAICS) Code (0 of 47, or 0 percent error rate)	No	No	No
37	North American Industrial Classification System (NAICS) Description (0 of 47, or 0 percent error rate)	No	No	No
38	Object Class (0 of 47, or 0 percent error rate)	No	No	No
39	Obligation (0 of 47, or 0 percent error rate)	No	No	No
40	Ordering Period End Date (0 of 47, or 0 percent error rate)	No	No	No
41	Other Budgetary Resources (0 of 47, or 0 percent error rate)	No	No	No
42	Outlay (0 of 47, or 0 percent error rate)	No	No	No
43	Parent Award Identification (ID) Number (0 of 47, or 0 percent error rate)	No	No	No
44	Period of Performance Current End Date (0 of 47, or 0 percent error rate)	No	No	No
45	Period of Performance Potential End Date (0 of 47, or 0 percent error rate)	No	No	No
46	Period of Performance Start Date (0 of 47, or 0 percent error rate)	No	No	No

Results for the 47 File D1 transactions that were tested are listed below in descending order by error rate percentage [**Note:** Yes indicates a discrepancy and No indicates no discrepancy found].

Completeness (C), Timeliness (T), Accuracy (A) ASSESSMENT

Element	Title	C	T	A
50	Primary Place of Performance Country Code (0 of 47, or 0 percent error rate)	No	No	No
51	Primary Place of Performance Country Name (0 of 47, or 0 percent error rate)	No	No	No
52	Program Activity (0 of 47, or 0 percent error rate)	No	No	No
54	Treasury Account Symbol (excluding sub-account) (0 of 47, or 0 percent error rate)	No	No	No
55	Ultimate Parent Legal Entity Name (0 of 47, or 0 percent error rate)	No	No	No
56	Ultimate Parent Unique Identifier was populated in File D1 but not populated in FPDS - 0 out of 47 (0 percent error)	No	No	No
57	Unobligated Balance (0 of 47, or 0 percent error rate)	No	No	No

AGENCY FORMAL COMMENTS



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

November 6, 2017

MEMORANDUM TO: Brett M. Baker
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Frederick D. Brown */RA/*
Deputy Executive Director for Materials, Waste, Research, State,
Tribal, Compliance, Administration, and Human Capital

Maureen E. Wylie */RA (Ben Ficks for)*
Chief Financial Officer

SUBJECT: NUCLEAR REGULATORY COMMISSION STAFF COMMENTS ON THE
OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT ON NUCLEAR
REGULATORY COMMISSION'S COMPLIANCE WITH THE DIGITAL
ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 (DATA ACT)

This memorandum responds to the draft report on the Nuclear Regulatory Commission's (NRC) compliance with the DATA Act, provided on November 1, 2017. The audit was conducted by the firm CliftonLarsonAllen LLP (CLA) under contract to the NRC Office of the Inspector General (OIG). The recommendations and NRC's response are outlined below. We appreciate the collaborative relationship between the Office of the Inspector General, the auditors, the Office of the Chief Financial Officer, and the Office of Administration, in supporting our continuing effort to improve DATA Act reporting.

Recommendation No. 1:

Confirm the inclusion of payment data for awards without contract actions are in accordance with Treasury guidelines, and enhance the agency's policies and procedures regarding the resolution or acceptance of Broker warnings and linkage testing.

NRC Response:

Disagree. In preparing the three files required by the Broker, the NRC followed the authoritative guidance issued by the Office of Management and Budget (OMB) and Treasury in the *DATA Act Schema Reporting Submission Specifications* (RSS) version 1.1. Additionally, through numerous consultations, during the Broker development stage, and beta testing of file submissions, the NRC confirmed that it was acceptable to the Broker, and in accordance with requirements, to include the optional data. The NRC also confirmed and refined its approach through continuous participation in many OMB/Treasury meetings on implementing the DATA Act.

Further, the NRC established written procedures, reviewed, and fully documented all warning messages resulting from the broker validation checks of the three files the NRC was required to upload (Files A, B, and C). The results show there were no critical errors on any of the three

B. Baker

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files that would have caused rejection. Other warning messages were caused by the Broker's action to remove hyphens from the award identification (ID) numbers (see the Enclosure for more detail).

Recommendation No. 2:

Enhance the statement of assurance to provide categorical explanations for all data misalignments, including unresolved Broker warnings and error messages, and accurately indicate the extent of testing performed over the linkages.

NRC Response:

Disagree. The upload of the NRC DATA Act files was fully successful with no Broker reported errors. The NRC documented in its statement of assurance the cause of the warning messages except for the warning messages caused by the Broker's action to remove hyphens contained in NRC's award ID numbers. The NRC fully documented the warning messages and reconciled the files to each other and to the NRC's general ledger. There are no requirements to include in the statement of assurance the extent of testing performed over the linkages.

The Enclosure provides more detail to support the NRC position.

Enclosure:

Support for the NRC Response to the Report on DATA Act Compliance

CONTACT: Anthony Rossi/DOC/FRAB
(301) 415-7341

SUBJECT: NUCLEAR REGULATORY COMMISSION STAFF COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT ON NUCLEAR REGULATORY COMMISSION'S COMPLIANCE WITH THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 (DATA ACT); DATED: November 6, 2017

*concurred via email

ADAMS: ML17310B427 (PKG) ML17310B418 (MEMO) ML17310B420 (REPORT)

OFFICE	OCFO/DOC/FRAB	OCFO/DOC	DCFO	CFO
NAME	ARoss/rsh	GSPeterson	BFicks	MEWylie (BFicks for)
DATE	11/6/17	11/6/17	11/6/17	11/6/17
OFFICE	ADM	OEDO	OEDO	OEDO
NAME	MCMuessle*	JJoliceur	RLewis	FBrown
DATE	11/06/17	11/6/17	11/6/17	11/6/17

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SUPPORT FOR THE NRC RESPONSE TO THE REPORT ON DATA ACT COMPLIANCE

Recommendation No. 1:

Confirm the inclusion of payment data for awards without contract actions are in accordance with Treasury guidelines, and enhance the agency's policies and procedures regarding the resolution or acceptance of Broker warnings and linkage testing.

NRC Detailed Support for Response:

Disagree. In preparing Files A, B, and C, required by the Broker, the NRC followed the authoritative guidance issued by OMB and Treasury in the *DATA Act Schema Reporting Submission Specifications* (RSS) version 1.1. The RSS, "...specifies how to prepare your agency's DATA Act quarterly submission in a broker-ready format." The RSS provides the option to include outlay data and USSGL balances in File C for the purpose stated in OMB guidance, "...when it is beneficial to their own record keeping or reporting purposes, or to pilot possible areas of expanded reporting capability." Consistent with these purposes, the NRC included the United States Standard General Ledger (USSGL) subtotals/totals (optional data) in File C. Additionally, through numerous consultations, the NRC confirmed in the Broker development stage, and beta testing of file submissions, that it was acceptable to the Broker to include the optional data. The NRC also confirmed this through its participation in a number of OMB/Treasury implementation meetings on the DATA Act that the inclusion of the optional data is acceptable. Only the data in the Transaction Obligated Amount (TOA) column related to obligation/de-obligation activity are picked up by the Broker for inclusion in USASpending.gov.

The auditors cite the supplemental guidance, *FAQ and Examples Related to File C Transaction Obligated Amount* (TOA) that specifically relates to the content of the TOA column which states, "... File C should only report new obligations incurred, upward modifications to obligations, and downward modifications/de-obligations." NRC complied with this requirement. Within the same supplemental guidance there is a discussion concerning the optional data and clear illustration of how File C should be constructed which matches the format of NRC's File C. This guidance states, "The SGL fields and related summary lines should be reported together, but in separate lines from the TOA. Zero dollar balances may be submitted as necessary for USSGL or subtotals/totals of USSGLs." For the benefit of the auditors, the NRC obtained the following clarification on November 3, 2017, from a DATA Act Team Management and Program Analyst, "As provided in the RSS and the TOA FAQ, USSGL balances are optional per award in File C. If provided, the USSGL balances should be submitted on a separate line from the TOA amount for the award, as in the example provided in the TOA FAQ #3."

As a new requirement starting in fiscal year 2017, NRC's policies and procedures for DATA Act reporting are constantly under revision. The NRC also continues to participate in the DATA Act meetings of Senior Accountable Officials (SAOs) and working groups as the government-wide DATA Act process continues to evolve.

The auditors cite 71 "unmatched" transactions contained in File C that were not in Files D1 or D2. This resulted in the assertion that the data may be incomplete and calculated an accuracy error rate of 63 percent. These 71 transactions are USSGL subtotals/totals that are allowed to be included as optional by the Treasury guidance for File C. They have a zero or null value in the TOA column consistent with the guidance and, by design, have no matching Procurement Instrument Identifier (PIID) or Federal Award Identification Number (FAIN) award ID number in D1 or D2. When these transactions are properly considered, there was a complete matching of

Enclosure

the selected sample between Files C, D1 or D2, resulting in a 100 percent accuracy rate and a zero accuracy error rate.

The NRC reviewed and documented all warning messages resulting from the Broker validation checks of the upload of Files A, B, and C. The results show there were no critical errors on any of the three files that would have caused rejection. In the single file validation, there were zero warning messages for File A, nine warning messages on File B, and zero warning messages for File C. The nine warning messages on File B were due to minor (<\$0.05) rounding issues which were identified as resulting from the allocation of overhead costs. On the broker cross-file validation check of Files A to B there were five warning messages also due to rounding. The Broker cross-file validation check of Files B to C produced seven warning messages which are due to File C being an incomplete subset of File B as defined by the RSS requirements. That is, since File B is a summary file which includes all activity in the Treasury Account Symbol (TAS), it would contain all document types, whereas File C only contains procurement awards and grants.

Recommendation No. 2:

Enhance the statement of assurance to provide categorical explanations for all data misalignments, including unresolved Broker warnings and error messages, and accurately indicate the extent of testing performed over the linkages.

NRC Detailed Support for Response:

Disagree. The auditors state that the NRC did not document the review of warnings and errors in the statement of assurance (certification statement) as required. When asked, the auditors did not produce a requirement or a required template to include such specific statements in the statement of assurance, there was only general guidance. The upload of the NRC Files A, B, and C, was successful with no Broker reported errors. The upload did result in warning messages which were reviewed, documented, and explained in the statement of assurance as follows:

"The NRC DATA Act Files A...B...and C...are prepared according to the Treasury guidance. While these files passed all critical validation errors identified by the Treasury Broker system, there are some warning messages related to rounding due to the allocation of overhead costs. Another warning message was due to the nature of the file structure determined for Files B & C according to Treasury requirements."

The certification statement continues:

"While the File B is based on obligations recorded in the agency general ledger including all document types such as procurement contracts or grants as well as journal vouchers made in the general

ledger, File C includes only procurement contract and grant items excluding journal vouchers. For this reason, File C is not always a subset, or equal to, the same combinations in the File B. A typical NRC journal voucher that impacts the obligation amount in the general ledger is the quarterly account payable accrual."

The Broker validation cross check of File C to Files D1 and D2 resulted in no critical errors but warning messages of 4,107 and 397, respectively. This is a Broker matter. These warnings were due to the fact that the Federal Procurement Data System (FPDS) and Award Submission Portal (ASP) remove hyphens in the award ID number (PIID and FAIN) while STAQS and FAIMIS award ID numbers contain hyphens. As a result, File C contains hyphens while Files D1 and D2 do not. Since these warnings result from external Broker or external systems actions, the NRC did not discuss this hyphenation matter in the statement of assurances. Also, the issue is resolved by the Broker prior to loading to the USASpending.gov website.

The auditors indicated that the NRC should mention that File C contains the optional data in future statements of assurance. While this was not a specific requirement, the NRC thinks that it would be an informative addition to the statement of assurance and plans to add it in the future.

The auditors indicate the NRC did not check the linkages between Files A through F. Files A and B do not have award ID numbers in the files since they are not award detail files. Thus, the PIID and/or FAIN award IDs are not in Files A, B, and E. The NRC "links" files A, B, and C, through a reconciliation of dollar amounts to the SF-133 and the general ledger account balances. The procedures for this reconciliation as well as the results of the reconciliation are fully documented by the NRC staff. This documentation was provided to the auditors. Award ID linkages between Files C, D1, and D2, were reviewed and sampled. When hyphenation was ignored, the sampling showed complete matching.

Procurement and grant awardees are required to enter additional awardee attributes into the System for Award Management (SAM). The Broker extracts certain attributes from SAM and produces File E. There is no award ID (PIID or FAIN) to link to Files C, D1, and D2 with the data in File E. These would need to be linked through the vendor's DUNS number. Procurement and grant awardees are required to enter information on sub-awardee attributes into the government-wide Federal Subaward Reporting System (FSRS). As with File E, the Broker extracts certain attributes from FSRS and produces File F. File F can be linked back to Files C, D1 or D2 using the award ID. No guidance has been issued on agencies' responsibility for this information except in OMB's Management Procedures Memorandum 2016-03 which states, with regard to data from SAM and FSRS, "...data will continue to flow directly...to USASpending.gov as it does today with no additional actions required of agencies".

The Federal Audit Executive Committee (FAEC) of the Council of Inspectors General on Integrity and Efficiency (CIGIE) DATA Act Working Group acknowledges the problem with verifying the data in Files E and F and issued the following recommendation to auditors on how to address this in their DATA Act reports,

"Data reported from these two award reporting systems are generated in the

broker for display on USASpending.gov. As outlined in OMB's Management Procedures Memorandum 2016-03, the authoritative sources for the data reported in Files E and F are SAM and FSRS respectively with no additional action required of Federal agencies. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the DATA Act Broker."

OIG RESPONSE TO AGENCY FORMAL COMMENTS

OIG acknowledges NRC's *DATA Act* submission efforts and is committed to working with NRC management to resolve any outstanding issues in accordance with NRC Management Directive 6.1. We want to thank the agency officials that collaborated with CLA and OIG auditors.

This audit report is concerned with assessing the (1) completeness, timeliness, quality, and accuracy of FY 2017, second quarter financial and award data submitted for publication on USAspending.gov and (2) NRC's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Our audit recommended that NRC implement improvements in their procedures for resolving or accepting warning messages and for testing linkages across all file for *DATA Act* submissions.

In their response to our report, management outlined the basis for their conclusion that the data in File C in connection with their second quarter Fiscal Year 2017 *DATA Act* submission was in accordance with Treasury guidance. This information is consistent with the information provided during the audit and our understanding of their interpretation of the guidance.

Because of the need for consistent *DATA Act* reporting for all Federal agencies, it is prudent to identify the potential for misinterpretation of the guidance with respect to the inclusion of additional records for which there was no contract action during the reporting period.

Management refers to the RSS and correspondence with Treasury as the basis for the support for including this optional information. As indicated in our report, we concluded that the RSS outlines whether certain data elements of File C are optional, but that this and the Treasury correspondence is intended to refer only to records related to contract actions reported during the quarter.

We continue to believe it is reasonable and appropriate to obtain confirmation from Treasury for this specific nuance in interpretation of the guidance, and ensure the propriety and consistency of all information submitted in connection with the *DATA Act*. Thorough policies and procedures are essential to ensuring the appropriate and consistent handling and validation of data files and system warnings.

Our audit also recommended that NRC enhance procedures addressing the content of the Senior Accountable Official's assurance statement. While OIG agrees that management complied with the core requirements for their statement of assurance as they highlighted that their submission "passed all critical validation errors identified by the Broker system," the statement of assurance did not highlight the specific scope and extent of their testing of the file linkages. Consequently, we found NRC's SAO assurance statement to be incomplete.

In addition, NRC did not clearly indicate in the statement why the nature of their Files B and C caused system warnings. We agree the system warnings were attributable to hyphens in the award ID field, but we concluded that these warnings would have persisted due to the inclusion of the additional records, which did not have a corresponding record in File D1 or D2, a condition that results in a standard system warning. Given the large number of additional transactions submitted, prudence would dictate that NRC report the corresponding impact on the information in File C. Accordingly, we concluded that it is appropriate for NRC to explain in their statement of assurance the nature, causes and resolutions for any misalignments in their data submissions.

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