



DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**

*Office of Audits and Evaluations*

DEPARTMENT OF VETERANS AFFAIRS

Audit of VA's Compliance  
under the DATA Act of 2014

AUDIT

REPORT #20-04237-09

NOVEMBER 8, 2021



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DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**  
WASHINGTON, DC 20001



November 8, 2021

**MEMORANDUM**

**TO:** Assistant Secretary for Management and  
Chief Financial Officer (004)

**FROM:** Assistant Inspector General for Audits and Evaluation (52)

**SUBJECT:** Audit of VA's Compliance under the DATA Act of 2014

1. The VA OIG contracted with the independent public accounting firm CliftonLarsonAllen LLP (CLA) to audit VA's compliance under the Digital Accountability and Transparency Act of 2014 (DATA Act), Public Law 113-101. CLA conducted this performance audit with data sampled from the fourth quarter of fiscal year (FY) 2020, in accordance with Generally Accepted Government Auditing Standards. CLA primarily conducted its audit work during FY 2021, and the results of the audit are presented in the attached report.
2. The DATA Act requires the Inspector General of each federal agency to review a statistically valid sample of the spending data submitted by its agency for publication on the USASpending.gov website. Each Inspector General must submit a publicly available report to Congress assessing the completeness, timeliness, accuracy, and quality of the data sampled, as well as the implementation and use of government-wide financial data standards. This is the last of three required biennial reports, with this report due on November 8, 2021, in accordance with the schedule recommended by the Council of the Inspectors General on Integrity and Efficiency.
3. CLA reported that VA's existing financial management and related systems have limited functionality to fully support the reporting standards and requirements under the DATA Act. CLA said data management and reporting processes need improvement to ensure compliance with those requirements. As a result of these challenges, CLA reported that VA did not fully meet the reporting standards and attributes of completeness, accuracy, timeliness, and quality required under the DATA Act in its FY 2020 fourth quarter submission for publication on USASpending.gov.
4. CLA's recommendations included that VA continue system modernization efforts and improve internal controls over certain aspects of the data submission process. Overall, CLA made 12 recommendations for improving compliance under the DATA Act. VA's response to CLA's draft report generally indicated concurrence with CLA's recommendations. However, while VA acknowledged recommendation 2—

to implement a grants management solution across all of VA's grant programs and develop processes to ensure integration with the new reporting system—VA did not concur or nonconcur with the recommendation. VA added that the current modernization efforts do not include a grants management solution, therefore VA will continue to use existing processes. Additionally, the Office of Acquisition and Logistics concurred with but did not provide corrective action plans for recommendations 9 and 11. Proposed corrective actions are responsive for the other recommendations.

5. CLA is responsible for the attached report dated November 4, 2021, and the conclusions and recommendations expressed therein. The VA OIG does not express an opinion on VA's compliance under the DATA Act.



LARRY M. REINKEMEYER  
Assistant Inspector General  
for Audits and Evaluations

Attachment



CliftonLarsonAllen LLP  
CLAconnect.com

## ***Audit of VA's Compliance under the DATA Act of 2014***

Prepared by:

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November 4, 2021

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## Glossary of Terms

Acronym	Description
1358	VA Form 1358, Obligation or Change in Obligation (also referred to as Miscellaneous Obligations)
APRD	Accounting Policy and Reporting Division
BOC	Budget Object Code
CARES Act	Coronavirus Aid, Relief, and Economic Security Act of 2020
CFDA	Catalog of Federal Domestic Assistance
CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLA	CliftonLarsonAllen LLP
COVID-19	Coronavirus Disease 2019
C&P	Compensation & Pension
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DE	Data Element
DEFC	Disaster Emergency Fund Code
eCMS	Electronic Contract Management System
FABS	Federal Assistance Broker Submission
FFATA	Federal Funding Accountability and Transparency Act of 2006
FFMIA	Federal Financial Management Improvement Act of 1996
FAEC	Federal Audit Executive Council
FAIN	Federal Award Identification Number
FPDS-NG	Federal Procurement Data System – Next Generation
FMBT	Financial Management Business Transformation
FMS	Financial Management System
FRS	Financial Reports System
FY	Fiscal Year
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
ID	Identifier
IDD	Interface Definition Document
iFAMS	Integrated Financial and Acquisition Management System
IFCAP	Integrated Funds Distribution Control Point Activity, Accounting and Procurement
IG Guide	CIGIE FAEC Inspectors General Guide to Compliance Under the DATA Act
JV	Journal Voucher
MinX	Management Information Exchange
NCA	National Cemetery Administration
OC	Object Class
OIG or IG	Office of Inspector General
OMB	Office of Management and Budget
PA&I	Office of Performance Analysis & Integrity
PIID	Procurement Instrument Identifiers
PMO	Project Management Office
Q4	Fiscal Year 2020, Fourth Quarter
RSS	Reporting Submission Specification
SAO	Senior Accountable Official
S-DVI	Service-Disabled Veterans Insurance
TAS	Treasury Account Symbol
Treasury	Department of Treasury
USSGL	U.S. Standard General Ledger
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VMLI	Veterans Mortgage Life Insurance

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## **I. OBJECTIVE**

The objective of this performance audit was to assess the Department of Veterans Affairs' (VA's) compliance under the Digital Accountability and Transparency Act of 2014 (DATA Act) with respect to:

- A. The completeness, accuracy, timeliness, and quality of fiscal year (FY) 2020, fourth quarter (Q4), financial and award data VA submitted for publication on USASpending.gov, and
- B. VA's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Department of the Treasury (Treasury).

The VA's Office of Inspector General (OIG) contracted with CliftonLarsonAllen LLP (CLA), an independent certified public accounting firm, to perform this audit assessing VA's compliance under the DATA Act.

## **II. BACKGROUND**

The DATA Act (Public Law No. 113-101) was enacted on May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA), intending to make Federal spending data more accessible, searchable, and reliable. It required Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. In May 2015, OMB and Treasury published 57 data definition standards (commonly referred to as data elements) and required Federal agencies to report financial and award data in accordance with these standards for DATA Act reporting beginning January 2017. This data is published on USASpending.gov, a publicly available resource for taxpayers and policy makers.

The DATA Act also requires the Inspector General (IG) of each Federal agency to review a statistically valid sample of the spending data submitted by its Federal agency and submit to Congress a publicly available report assessing the completeness, accuracy, timeliness, and quality of the data sampled including the implementation and use of the Government-wide financial data standards by the Federal agency. To meet the DATA Act audit needs of the IG community, and to assure consistency of the testing approach and methodology used by the IGs across the Federal agencies, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council established the DATA Act Working Group. The Working Group's mission is to assist the IG community in understanding and meeting its DATA Act oversight requirements by (1) serving as a working-level liaison with the Treasury, (2) consulting with the Government Accountability Office (GAO), (3) developing a common approach and methodology, as documented in a guide, and (4) coordinating key communications with other stakeholders. The guide was updated for the third of three required reports, due November 8, 2021, and is based on the feedback from the IG community, GAO, OMB, Treasury, Federal agencies, and Congress. The following sections briefly describe the data submission requirements as set forth by the DATA Act, implementing guidance from Treasury and OMB, and the requirements of the IG audit guide.

### **DATA STANDARDS, SCHEMA, AND SUBMISSION**

The DATA Act requires Treasury and OMB to:

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

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On April 10, 2020 OMB and Treasury updated the data definition standards to 59 data definition standards<sup>1</sup>. Further, Treasury issued an updated Data Act Information Model Schema (DAIMS) v2.0 on May 6, 2020. The DAIMS guides agencies in the production and submission of the required data elements. The IG audit guide's Appendix III lists the 59 different data standards. Agencies are required to submit their financial data to Treasury through a web-based application called the DATA Act broker (broker). The broker also pulls procurement and financial assistance award and sub-award information from Government-wide systems. Those systems are:

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

#### REPORTING SUBMISSION SPECIFICATION AND THE INTERFACE DEFINITION DOCUMENT

The DAIMS includes two documents that contain specifications for reporting required data — the Reporting Submission Specification (RSS) and the Interface Definition Document (IDD). The RSS provides details on data to be submitted to the broker from an agency's financial system as required by the DATA Act and OMB M-15-12, Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable. This includes appropriations account, object class, program activity, and award financial data. Federal agencies must generate and submit three files:

- *File A – Appropriations Account*: Includes the appropriations account detail information;
- *File B – Object Class and Program Activity*: Includes the object class and program activity detail information; and
- *File C – Award Financial*: Includes the award financial detail information.

The IDD provides detail on data that will be extracted by the broker from other Government-wide systems pertaining to procurement and financial assistance data, recipient attributes, and sub-award information. Federal agencies must submit four files:

- *File D1 – Award (Procurement)*: Contains the award and awardee attributes information for procurements sourced from FPDS-NG;
- *File D2 – Award (Financial Assistance)*: Contains the award and awardee attributes information for financial assistance sourced from the FABS component of the DATA Act Broker;
- *File E – Additional Awardee Attributes*: Contains additional awardee attributes information sourced from the System for Award Management; and

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<sup>1</sup> OMB-Memorandum 20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19) (April 10, 2020)

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- **File F – Sub-award Attributes:** Contains sub-award and sub-awardee attributes information sourced from the Federal Funding Accountability and Transparency Act Sub-Award Reporting System.

## IG AUDIT GUIDE

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

- **Internal Controls Assessment:** Auditors must obtain an understanding of the design, implementation and operating effectiveness of internal control and information system controls as they relate to the extraction of data from source systems and the reporting of data to the broker (i.e., significant to the audit objectives). This includes exercising auditor’s professional judgment in considering the reliability of financial and award data in relevant information systems when determining the source of support for testing individual attributes in the agency’s DATA Act submission. Further, the auditors should refer to GAO’s Standards for Internal Control in the Federal Government and document which of the five components of internal control and the underlying 17 principles are significant to the audit objectives.
- **Data Standards - Implementation and Use:** Auditors should assess the agency’s consistent use of data standards, including consideration of the results of the detailed test work performed on the DATA Act submission files.
- **DATA Act Submission Analysis and Element Testing:** Auditors are to test an agency’s submission to the broker, which is used to populate USASpending.gov. As allowed, we tested data for FY 2020 Q4. Testing procedures are to cover the following areas:
  - Agency certification and submission process;
  - Timeliness of agency submission;
  - Completeness of summary level data files for Files A and B;
  - Suitability of File C for sample selection and linkages for File C and Files D1 and D2; and
  - Results of detailed testing for Files D1 and D2 for completeness, accuracy, and timeliness.

The CIGIE Guide listed the following definitions:

- **Completeness of Data Elements:** For each of the required data elements that should have been reported, the data element was reported in the appropriate Files A through D2.
- **Accuracy of Data Elements:** Amounts and other data relating to reported transactions have been recorded in accordance with the DAIMS, RSS, IDD, and the online data dictionary<sup>2</sup>, and agree with the original award documentation/contract file.
- **Timeliness of Data Elements:** For each of the required data elements that should have been reported, the data elements were reported in accordance with the reporting schedules defined by the financial, procurement, and financial assistance requirements (FFATA, Federal Acquisition Regulation, FPDS-NG, FABS, and DAIMS).

The due date for this report is November 8, 2021. Refer to Appendix I concerning scope and methodology for a description of how we implemented this guide.

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<sup>2</sup> The DATA Act online data dictionary is a document that specifies how data elements are labelled across different environments.

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## COVID-19 GUIDANCE

In April 2020, OMB issued M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), which made changes to the DATA Act reporting by requiring agencies that received COVID-19 supplemental relief funding to submit Files A, B, and C monthly starting with the June 2020 reporting period. The monthly submissions must include a running total of outlays for each award in File C that are funded through COVID-19 supplemental relief funds. In addition, two additional data elements were added, for a total of 59 data elements, to promote transparency in DATA Act reporting. The National Interest Action code “P20C” was added to FPDS-NG to help identify procurement actions related to the COVID-19 response. Agencies are also required to use a disaster emergency fund code (DEFC) to include covered funds in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020.

VA could not produce File C as explained in the Completeness of File C and Sampling Suitability section. File C is where the outlays for COVID-19 awards to be tested would be reported.

## DATA ACT REPORTING DATE ANOMALY

CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act of 2014. That is, the first IG reports were due to Congress in November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required reports by November 8, 2017, 1-year after the statutory due date, with two subsequent reports to be submitted following on a 2-year cycle. This is the third and final report required under the DATA Act. On December 22, 2015, CIGIE’s Chair issued a letter detailing the strategy for dealing with the IG reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform. A copy of CIGIE’s DATA Act Anomaly Letter can be found at Appendix V.

## PRIOR REVIEWS AND AUDITS

We performed a review of VA’s readiness to implement the DATA Act in 2016, and the results are contained in the OIG Report, *Review of VA’s Readiness To Implement the Digital Accountability and Transparency Act* (Report No. 16-02454-250, August 8, 2017). We reported that VA’s ability to comply with the DATA Act was challenged by systems limitations. VA had not completed a data inventory as of the close of our fieldwork in November 2016, and weaknesses in internal control affected data accuracy and completeness.

We also performed performance audits of VA’s compliance under the DATA Act in both 2017 and 2019, and those results are contained in the OIG reports, *Audit of VA’s Compliance With the DATA Act* (Report No. 17-02811-21, November 8, 2017) and *FY19 Audit of VA’s Compliance under the DATA Act of 2014* (Report No. 19-07247-251, November 8, 2019). Similar to our DATA Act readiness review results, we reported that VA’s inability to fully comply with the DATA Act was primarily due to weaknesses in its financial management systems, and internal controls related to source systems, data management, and data reporting processes, as well as inherent limitations with VA’s key programs in meeting DAIMS reporting requirements.

We have performed VA’s annual financial statements audit since FY 2010, with the most recent report published by the OIG as *Audit of VA’s Financial Statements for Fiscal Years 2020 and 2019* (Report No. 20-01408-19, November 24, 2020).

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### III. OVERALL AUDIT RESULTS

VA's existing financial management and related systems have limited functionality to fully support the reporting standards and requirements under the DATA Act. Data management and reporting processes need improvement to ensure compliance with those requirements. The information technology challenges and limitations resulted in VA not fully meeting the reporting standards and attributes of completeness, accuracy, timeliness, and quality of data required under the DATA Act in its FY 2020 Q4 submission for publication on USASpending.gov. Our assessment was as of November 4, 2021.

### IV. KEY FINDINGS

As cited in VA publications, VA employs over 406,000 employees and received approximately \$245 billion in appropriations in FY 2021. It is comprised of three main administrations, the Veterans Benefits Administration (VBA), the Veterans Health Administration (VHA), and the National Cemetery Administration (NCA) along with 23 staff offices. VHA operates in a decentralized manner with over 170 medical centers and 18 Veterans Integrated Service Network (VISN) administrative offices spread across the country.

VA's financial management structure is decentralized, with most of the financial reporting responsibilities under the operational control of its major administrations and offices. VHA's financial management functions are primarily managed by three groups of Chief Financial Officers (CFO)—the VHA CFO, the Office of Community Care CFO, and the 18 VISN CFOs. In addition, VA's financial management systems pose risks and challenges to meet the objectives of the DATA Act requirements. Overall, VA's complex and decentralized structure, along with VA's long-standing internal control deficiencies and legacy systems that have not been fully integrated, have made VA's implementation and execution of the DATA Act reporting requirements extremely challenging.

Our key findings are organized by the following IG audit guide categories:

1. Internal Controls Assessment over VA's FY 2020 Q4 DATA Act Submission
  - I. Internal Controls Assessment over Source Systems
  - II. Internal Controls Assessment over Business Processes
2. Data Element Testing Results

#### 1. RESULTS OF INTERNAL CONTROLS ASSESSMENT ON VA'S FY 2020 Q4 DATA ACT SUBMISSION

VA is currently undertaking a comprehensive overhaul of its core financial and acquisition management systems through its Financial Management Business Transformation (FMBT) efforts. The VA's Financial Management System (FMS) is outdated, not fully integrated, and cannot produce complete and accurate files that meet the DATA Act requirements. The scope of the FMBT program entails a migration of FMS to a Momentum® commercial solution. VA estimates that the new core financial and acquisition management system will not be fully implemented until 2028.

CLA's FY 2020 Independent Auditors' Report<sup>3</sup> continued to disclose VA's non-compliance with the Federal Financial Management Improvement Act (FFMIA).<sup>4</sup> As we reported, VA's legacy systems architecture is

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<sup>3</sup> *Audit of VA's Financial Statements for Fiscal Years 2020 and 2019* (VA OIG Report No. 20-01408-19, November 24, 2020)

<sup>4</sup> Under FFMIA, an agency must implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Standard General Ledger at the transaction level.

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complex, disjointed, and no longer supports the stringent and demanding financial management and reporting requirements mandated by Treasury and OMB. Further, complete and consolidated reconciliations between FMS and significant feeder systems were not performed throughout FY 2020. Also, we issued a repeat IT security controls material weakness in FY 2020. Overall, we continued to identify weaknesses with VA's financial management systems and compliance with the United States Standard General Ledger (USSGL) at the transactional level. The following source system issues have continued since our FY 2019 DATA Act report.

## **I. INTERNAL CONTROLS ASSESSMENT OVER SOURCE SYSTEMS**

### **A. Control Weaknesses Related to FMS**

FMS is VA's core financial management and general ledger system that was implemented in 1992. This system has limited functionality to meet the current financial reporting needs and requires extensive manipulations through manual journal voucher (JV) entries, manual processes, and reconciliations for VA to produce a set of auditable financial statements. It is the source system for producing File A and a significant portion of File B. The manual JVs processed by VA may not contain the necessary data elements to link the obligation and expenditure data by object class or program activity as required for File B, which results in the use of judgment to assign the appropriate object class, and program activity names and codes to files that must be reported for the DATA Act. In addition, we found that FMS and subsidiary systems lacked adequate detail to ensure that financial data are complete, accurate, and reconcile for DATA Act reporting.

VA is unable to prepare and submit a complete File C due to its financial system limitations. VA's File C submission was limited to two Treasury Account Symbols (TAS): TAS 0183 - NCA Grants for the Construction of State Veteran Cemeteries and TAS 0160C2 - VA Homeless Grants (limited to Supportive Services for Veterans Families and Homeless Per Diem). File C should be produced by an agency's financial system, report obligation and outlay information at the award level, and use award identifiers (ID) defined by the DAIMS. The award ID allows financial data in File C to be linked with other award information in Files D1 and D2. Per the DAIMS, the award ID is the Procurement Instrument Identifier (PIID) for contracts and the Federal Award Identification Number (FAIN) for financial assistance. FMS does not store award IDs; rather, they are housed in various subsidiary systems across VA in the form of contract award identification number, benefit policy number, loan identification number, etc. Consequently, no unique identifier exists that links events in the subsidiary systems back to FMS. As reported in the FY 2019 DATA Act performance audit report, an award ID in VA's accounting system will not be available in an automated fashion until a modernized financial system is implemented. Due to system limitations, certain reconciliations (i.e., B to C and C to D1/D2) continue to be incomplete for VA.

### **B. Control Weaknesses Related to the Electronic Contract Management System and the Integrated Funds Distribution Control Point Activity, Accounting and Procurement System**

Similar to our FY 2019 DATA Act report finding, VA continues to face higher risk of reporting errors in File D1 because VA has not been able to complete reconciliations of all obligation data between the Electronic Contract Management System (eCMS), the Integrated Funds Distribution Control Point Activity, Accounting and Procurement (IFCAP) system, and FMS. eCMS is used to maintain procurement documentation, while IFCAP is used to initiate and authorize purchase requisitions and payment of invoices. eCMS is the source of procurement data that is transmitted to FPDS-NG, which is used by Treasury's broker to generate File D1.

The data reported in File D1 may be incomplete due to the manual input of certain contractual obligations into FPDS-NG. VA processes certain contract actions outside of eCMS using Form 1358, "Obligation or Change in Obligation" – also called miscellaneous obligations, or "1358s." As a result, these type of

contract actions are not automatically reported to FPDS-NG and File D1. VA must manually import them into FPDS-NG for inclusion in File D1. As a result, there is a greater risk that these transactions may not be accounted for in VA's File D1.

**C. Control Weakness Related to the Grants Management System**

VA's grant data is not collected or maintained in an automated and consistent fashion. Rather, the data is gathered through spreadsheets from program offices for submission to the FABS, and program offices do not have consistent methods for maintaining the underlying data. As such, the VA does not have a subsidiary system to support and link to VA's financial system, and the ongoing FMBT modernization efforts do not include a grants management system.

**D. Data Elements Not Available or Requiring Additional Manual Input**

A list of data elements that were challenging for VA to capture and report in an automated fashion is shown in the table below.

**Table 1: Data elements not retained in FMS or subsidiary systems**

File	Data Element	Comment
File B	Program Activity Code and Name	Mapping is required for TAS 0160 – Medical Services to tie program activity codes and program activity names to certain fields in FMS. Due to complexity, TAS 0160 is reported using the default program activity code and program activity name.
File B	Object Class	FMS does not maintain object class information in accordance with OMB Circular A-11, Preparation, Submission, and Execution of the Budget, and mapping is required to tie the Budget Object Codes (BOC) in FMS to the object class (OC) in OMB Circular A-11. Judgment is required in the mapping process as VA Project Management Office (PMO) was not able to map all the BOCs to object classes. For example, VA PMO's mapping of BOC to OC document stated that "Identification was not clear, so executive decision was made to follow the FY17 P&F [program and financing schedule] as follows: All 25XX BOCs for funds 0162 and 0165 map to OC 25.1 Advisory and assistance services, otherwise all 25XX BOCs map to OC 25.2 Other services from Federal." As a result, the object classes used in the File B submission may not be accurate.
File B	Disaster Emergency Fund Code	Additional information is needed to map the required Disaster Emergency Fund Code (DEFC) in FMS.
File C	Procurement Instrument Identifier (PIID)	This field is not available in FMS but does currently exist in eCMS. There is no common identification number within FMS and subsidiary systems, i.e., eCMS, to track award information.
File C	Parent Award ID	This field is not available in FMS but does currently exist in eCMS. There is no common identification number within FMS and subsidiary systems, i.e., eCMS, to track award information.
File C	Federal Award Identification Number	This field is not available in FMS and there is no central grants management system to track grants data. Excel spreadsheets are used by points of contact. Financial assistance and other benefit data are tracked in various subsidiary systems. Though award identification information is available in the subsidiary system, i.e., loan ID, policy ID, there is no common identification number within FMS and subsidiary systems.

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## E. Completeness of Summary Level Data Files for Files A and B

**E.1 Inaccuracies exist in budget object class codes, program activity codes, program activity names and USSGL amounts reported by VA within the File B submission:** Due to system limitations, VA used default object class codes, program activity codes, and program activity names to report data in File B. During our examination of File B, we found the following:

- 262 instances where the default object class “000” was used.
- 285 instances where the default program activity code and name were used.
- The default object class codes, program activity names, and program activity codes were applied to various types of unrelated financial transactions and/or activities including beginning balance accounts, MinX<sup>5</sup> JVs, direct versus reimbursable transactions and others.

**E.2 VA’s File B process requires VA PMO and VA business lines to use manual intervention and judgment to account for the system limitations:** For example, we found the following related to the File B submission:

- Instances in the VBA File B submission where VBA Accounting Policy and Reporting Division (APRD) attributed reconciling items in their File B reconciliation (between the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) and FMS/MinX balances) to a MinX JV. For example, in one instance, CLA identified a variance in Education (Fund 0137) GL 490N (4901), where VA attributed the difference to a MinX JV. The total amount of \$4.32 million was classified “UNKNOWN/OTHER” as part of its File B submission. VBA APRD was unable to trace the amount to a specific Minx JV entry number.
- FMS does not differentiate between direct and reimbursable amounts for certain funds. Therefore, the VA PMO must manually review the GTAS Adjusted Trial Balance to identify reimbursable amounts at the TAS and USSGL account level; then additional lines are added to the File B spreadsheet to reclassify the direct amounts to reimbursable. The VA PMO applies default “000” object class and program activity code “0000” and program activity name “UNKNOWN/OTHER” to these transactions when these data elements cannot be identified.
- We identified weaknesses in the design of VBA’s process to report expenditures in File B that may lead to misreporting and/or errors in File B. For example, VBA utilizes entitlement codes to identify the Compensation and Pension (C&P) program activity names and program activity codes. However, programs without entitlement codes are recorded under the Compensation program regardless of whether such classification is correct or not.
- VBA APRD performs a reconciliation between the data reported in its source systems (e.g., Benefits Delivery Network, Veterans Services Network, Financial Accounting System) against the amount submitted in GTAS for the month. We identified differences within the reconciliation that needed further research and explanation. Instead, these differences were classified as “UNKNOWN/OTHER” in the reconciliation without further research. For example, we noted the following for FY 2020 Q4:

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<sup>5</sup> VA’s current financial system has limited functionality to meet current financial management and reporting needs. VA utilizes another application, the Management Information Exchange (MinX) system, to consolidate general ledger activities from FMS and create financial statements for external financial reporting. This process requires significant manual intervention and creates risks to the accuracy and completeness of financial reporting.

**Table2: Unaddressed reconciliation differences**

<b>Fund /Program</b>	<b>Absolute Value of Variance</b>	<b>Classification</b>
Fund 0151 – General Operating Expense (GOE)	\$44,185,809	Classified as Unknown/Other under line “OBLIGATIONS_INCURRED_BY_PROGRAM_CPE” for Direct Code
	\$14,602,058	Classified as Unknown/Other under line “OBLIGATIONS_INCURRED_BY_PROGRAM_CPE” for Reimbursement Code
Fund 0102 - C&P (No-Year Fund)	\$1,166,944	Classified as Unknown/Other under line “OBLIGATIONS_INCURRED_BY_PROGRAM_CPE” for Direct Code
	\$24,234,004	Classified as Unknown/Other under line “DeobligationsRecoveriesRefundsOfPriorYearByProgramObject Class_CPE” for Direct Code
Fund 0102 - C&P (One-Year Fund)	\$595,323,463	Classified as Unknown/Other under line “OBLIGATIONS_INCURRED_BY_PROGRAM_CPE” for Direct Code

**F. CORRECTIVE ACTIONS RECOMMENDED**

We recommend the Assistant Secretary for Management and Chief Financial Officer:

1. Continue the system modernization efforts that provide VA with the capability to generate the required DATA Act reporting files containing the necessary elements to meet compliance with the DATA Act. Ensure the modernization will provide the following:
  - a. Accurate reporting of object class, program activity codes, program activity names and all other elements required by the DATA Act.
  - b. Award identification to allow VA to be able to develop a File C and reconcile the File C to both summary level data (Files A and B) and award level data (File D).
  - c. Reconciliations with its subsidiary systems.
  - d. A mechanism to ensure transactions are reported that currently may be excluded due to the use of 1358s.
  - e. Standardized data fields to allow management to record an award ID across financial and supporting systems.
  - f. Subsidiary systems that are consistent with USSGL or adequately mapped to USSGL to ensure transactions contain the necessary data elements/fields required to meet DATA Act reporting.
  - g. Differentiation between direct and reimbursable amounts.
2. Implement a grants management solution across all of VA’s grant programs and develop processes to ensure integration with the new reporting system.
3. Improve researching of all root causes of differences between the VBA source systems and the monthly GTAS balances as part of their File B reconciliations. Also, differences should be accumulated and assessed at an aggregate level. The total of differences either allocated to programs, reclassified out of other programs, or attributed to MinX JVs should be researched and reported as part of the SAO sub-certification process.

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4. Continue mapping efforts and ensure programs without entitlement codes are recorded with the correct program activity codes and names rather than defaulting to the Compensation program.

## II. INTERNAL CONTROLS ASSESSMENT OVER BUSINESS PROCESSES

The IG audit guide required us to assess the effectiveness of VA’s internal controls over the completeness, accuracy, timeliness, and quality of VA’s DATA Act submission. With respect to timeliness, we evaluated whether VA’s DATA Act submission to the broker was in accordance with OMB guidance and the reporting schedules defined by financial, procurement, and financial assistance requirements. Also, we evaluated whether all transactions and events were recorded in the proper period (completeness) and whether the amounts and other data relating to recorded transactions were recorded in accordance with the data element requirements of the DAIMS and agreed with the authoritative source records (accuracy). We determined that VA did not fully meet the reporting requirements under the DATA Act. The results of our assessment of business process internal controls with respect to VA’s DATA Act submission are described below.

### A. Agency Certification and Submission Process

**A.1 Controls over the Senior Accountable Official (SAO) certification process were not operating effectively:** The IG audit guide required us to understand the agency’s process for determining whether the linkages among Files A through F are valid and reliable and whether VA’s certification statement made proper disclosure of any data limitations. Specifically, we examined the SAO<sup>6</sup> certification documents and the related documentation to assess whether the underlying controls were operating to support the accuracy and completeness assertions for the File A through F submission. We found that VA’s overall SAO certification relies on sub-certifications from designated component level SAO’s to certify and attest to the completeness, accuracy, and timeliness of data reported. Specifically, four of these sub-certifications were not received timely as of the submission certification due date of November 16<sup>th</sup>, including from one of VA’s largest components, VHA. Table 3 below details our findings related to the SAO sub-certification. Further, we noted that VA could enhance its transparency with the SAO certification and Data Quality Plan document by disclosing information about the costing and aggregation methodologies used to report certain data.

**Table3: Findings on sub-certifications**

Sub-Certification Organizations – Treasury Main Account Code	Date Sub-Certification Was Received
FPDS–NG (File D1 Procurement)	11/19/2020
Various VHA Funds (Funds 0140, 0160, etc.)	11/18/2020
General Administration (Fund 0142)	11/17/2020
Pershing Hall (Fund 4018)	11/17/2020

**A.2 VA’s Q4 FY 2020 submission for File D2 contained inaccuracies for certain types of costs of care:** VA’s SAO certification identified that the VA Homeless Providers Grant and Per Diem Program did not submit the correct federal award level data in its monthly Financial Assistance Broker Submission (FABS). Specifically, for FY2020 and prior awards, the program reported the “Transfer of Disbursing Authority”

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<sup>6</sup> SAOs are high-level senior officials or their designees who are accountable for the quality and objectivity of federal spending information. These senior leaders should ensure that the information conforms to OMB guidance on information quality and adequate systems and processes are in place within the agencies to promote such conformity.

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instead of obligations as it did not have system access to determine actual obligations and expenditures. The program remediated the reporting issues and in August 2020 reported the FY2021 awards in compliance with FABS requirements. The FABS files include the complete set of data elements required for submitting financial assistance award data. Agencies are required to submit to the FABS site at least twice monthly, using the DAIMS compatible submission format.

**A.3 VBA's Insurance program data for File D2 is incomplete:** The payments processed and disbursed to beneficiaries without a valid zip code or other key information were excluded from the FABS and captured on an "Excluded Payment" report. If the payments were successfully processed to a beneficiary with invalid address information, VBA insurance did not update the veteran's profile for the correct information, causing the payment to be included on the "Excluded Payment" report and excluded from FABS. We found that VBA excluded 243 transactions with a value of \$751,621 in the Q4 FABS submission for this reason.

**A.4 VBA's aggregation process for File D2 has inaccuracies and weaknesses:**

- **A.4.1 VBA's life insurance aggregation process:** VA combines federal award data for individuals into aggregate records to protect personally identifiable information. VBA's life insurance aggregation is performed at the county and zip code level. The zip code is used to determine county and the county is used to determine the Congressional District. VBA defaults the Congressional District as 90 when the county or zip code is unknown. However, as required by DAIMS, the Congressional District "90" should be used for zip codes reported to multiple Congressional Districts.

We also found that VBA's aggregation process for its program listed as Catalog of Federal Domestic Assistance (CFDA) 64.030, Life Insurance for Veterans – Face Amount of New Life Insurance Policies Issued, includes the "face amount" of policies as part of the FABS reporting. However, the face amount is not regarded as an accounting transaction (i.e., obligation, payment, liability, etc.). This amount is included within program records and included in the actuarial estimates as a potential future disbursement. The DAIMS does not define the data elements "federal action obligation" and "non-federal funding amount" for insurance programs. VA should obtain guidance from OMB and/or Treasury to support their current reporting method.

In addition, we identified significant variances between the USASpending submission and the total face amount of new coverage or the Statement of Budgetary Resources/SF-133 for CFDA programs 64.030 and 64.031, respectively. See Table 4 below.

**Table 4: Life insurance reconciliation differences**

FY20 Q4 VBA Insurance Variances by CFDA		
Source	64.030 (Life Insurance Face Amount)*	64.031 (Life Insurance Direct Payments)**
USASpending Submission	\$53,151,801	\$234,354,724
Total Face Amount of New Coverage***	\$51,873,854	--
SF-133, Report on Budget Execution and Budgetary Resources	--	\$239,716,724
Unexplained Variance Dollar Amount	\$1,767,427	\$5,361,743
Unexplained Variance Percentage	2%	2%

\* Column represents total face amount of new coverage for Q4 2020 (three months) compared to USASpending submission.

\*\* Column represents quarterly reconciliation between the USASpending submission and SF-133 reported amounts.

\*\*\* The total face amount of new coverage consists of new coverage for Service-Disabled Veterans Insurance (S-DVI) and Veterans Mortgage Life Insurance (VMLI) programs. The source of S-DVI and VMLI is the Policy Exhibit/Report (Insurance Inforce System) and the VMLI New Accounts Report (Veterans Insurance Claims Tracking and Recording System), respectively.

- A.4.2 VBA’s non-life insurance aggregation process:** As part of our review of management’s reconciliations, we found several instances where management did not provide responses to variances identified. Management has established a 5% threshold for research of variances; however, we found instances where variances exceeding the 5% threshold were not researched (e.g., Education fund 0137), thus not implementing its own policy. Further, we identified various instances of unaddressed variances in reconciliations relevant to USASpending. See Table 5 below for the following:

**Table 5: Unaddressed variances**

Fund/Program	Source		Variance	
C&P -Fund 0102	PA&I	Financial Accounting System C&P Report	Variance (net)	Variance (absolute)
	\$27,720,729,433	\$27,760,718,294	(\$39,988,861)	\$39,988,861
Education - Fund 0137	PA&I	FORM 4	Variance (net)	Variance (absolute)
	\$ 3,031,186,281	\$3,252,633,362	(\$221,447,081)	\$221,447,081
Education Chapter 32	PA&I	SF-133	Variance (net)	Variance (absolute)
	\$9,266	\$ 11,536	(\$2,270)	\$3,552
Direct Loans	PA&I	FRS Report - Fund 4127	Variance (net)	Variance (absolute)
	\$ 6,072,974	\$6,979,114	(\$906,140)	\$ 1,822,451
Native Americans Loans	PA&I	FRS Report - Fund 4130	Variance (net)	Variance (absolute)
	\$1,198,809	\$2,195,560	(\$996,751)	\$ 1,117,915

In addition, during our review of the VBA’s DATA Act submission reconciliation for Q4, we found that VBA’s file D2 Standard Operating Procedures document and narratives for life insurance program were just updated, with previous versions dated a few years ago.

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## B. Completeness of Agency's Submission

**B.1 The initial submission of File D2 was not complete:** We evaluated VA's fiscal year 2020 Q4 DATA Act submission to Treasury's broker to determine if it was submitted completely. During our review, we observed differences in the dollar value between the original and republished submissions for File D2. Management stated that Purchased Care data for September 2020 was reported late due to a system change. See Table 6 below for the Purchased Care Federal Action Obligations dollar difference we observed between the File D2 original submission, dated November 16, 2020, and the re-certified submission date of February 16, 2021:

**Table 6: Total value difference between republications for File D2<sup>7</sup>**

CFDA Number	Program Title	Republishing Period	Original Federal Action Obligations	Republished Federal Action Obligations	Difference in Amount
64.029	Purchased Care Program	Period 12 (September)	\$0	\$1,695,822,957	\$1,695,822,957

**B.2 Use of 1358 obligations may lead to incomplete and untimely reporting of contract actions to File D1:** As previously discussed in the assessment of internal controls over source systems section of the report, VA processes certain contract actions outside of eCMS. VA must manually import them into FPDS-NG for inclusion in File D1. As a result, there is a greater risk that these transactions may not be accounted for in VA's File D1.

## C. Completeness of File C and Sampling Suitability

We assessed the completeness of File C to determine its suitability for sampling procedures. Because of VA's inability to produce File C, except for two programs, we determined that File C was not suitable for testing and that we would perform our sampling procedures on Files D1 and D2 as directed by the IG audit guide. During our review of File C, we found:

**C.1 VA was not able to submit a complete File C for all programs and TASs timely:** The VA's FMS does not contain the award ID and other required data elements for File C. The process to develop File C is manually intensive. Due to the system limitations, we found the following.

- VA was unable to submit a complete File C for all programs and TASs. VA's File C submission was limited to two programs in Q4 FY20: TAS 0183 - NCA Grants for the Construction of State Veteran Cemeteries and TAS 0160C2 - VA Homeless Grants (limited to Supportive Services for Veterans Families and Homeless Per Diem).
- Except for the two TASs (0183 and 0160C2) submitted for File C, VA is unable to perform a File C to B and File C to D1 and D2 reconciliation. In addition, there were variances in the gross outlays reported between File B and File C for the two TASs submitted. Per the VA PMO, differences were due to availability of data. In addition, MinX adjustments were needed to reflect timing differences between FMS and the Department of Health and Human Service's Payment Management System.

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<sup>7</sup> Republishing results from the subsequent submittal of agency spending data to FABS after the initial submission.

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## **D. CORRECTIVE ACTIONS RECOMMENDED**

We recommend the Assistant Secretary for Management and Chief Financial Officer:

5. Work with the sub-component level SAO's to ensure timely receipt of signed certifications.
6. Include more information in the SAO certifications, the Data Quality Plan document and the data submission about the costing and aggregation methodologies VA uses to report VHA data to increase transparency.
7. Implement internal controls and update policies and procedures to improve the accuracy of and completeness of the information submitted for DATA Act reporting. The internal controls should ensure the following:
  - a. Excluded payments not reported due to zip code issues are researched, cleared, and reported in VBA's life insurance FABS submission.
  - b. The default code "90" for Congressional District is not used when the county or zip code are unknown; instead, perform research to obtain the required data.
  - c. Guidance from OMB and Treasury is requested on the proper reporting of the face amount of insurance policies in VBA's FABS submissions.
  - d. Management's policies and procedures (e.g., Standard Operating Procedures) and narratives are updated on a timely basis in coordination with the VA PMO for the most current DATA Act submission procedures and reporting requirements.
8. Ensure that reconciliations are complete, reconciling items are identified and researched, and any resolutions are clearly documented.
9. Investigate potential controls or processes that could identify 1358s that should be reported until the system modernization can implement a solution.

## **2. DATA ELEMENT TESTING RESULTS OF FILES D1 AND D2 FOR COMPLETENESS, ACCURACY, TIMELINESS, AND QUALITY**

### **A. Results of Sample Testing**

As reported above in Section C, Completeness of File C and Sampling Suitability, VA was not able to produce File C for all TASs. Therefore, Files D1 and D2 became the source for statistical sampling purposes. CLA performed tests of VA's D1 and D2 file submissions to assess the completeness, accuracy, timeliness, and quality of data by reviewing source documentation from systems for individual awards from a statistical sample of 45 transactions. The IG audit guide recommended that the audit team, with the assistance of a qualified statistician, randomly select a statistically valid sample of certified spending data from the reported File D1 and D2 records. The VA OIG and CLA chose a statistical sample size of 45 transactions based on the results of the FY 2019 DATA Act audit. The sample of 45 transactions was comprised of 5 records from File D1, and 40 records from File D2. Of the 40 File D2 records, 40 were aggregated records (i.e., groupings of individual records). From the 40 aggregated records, we tested 72 individual transactions. We used the IG audit guide and the DAIMS to identify the data elements to test, and we tested those elements applicable to Files D1 and D2 and aggregated data. We tested completeness, accuracy, and timeliness according to definitions provided in the IG audit guide. For more information on the sampling approach, refer to the methodology section of Appendix I.

From our testing of the 5 samples from File D1 and 40 samples from File D2, we found the following exceptions:

**Table 7 File D1 exceptions**

Number of Samples with Exceptions	Data Element (DE) Number and Name	Description	Assertion
1	DE 4 - Ultimate Parent Legal Entity Name	The Ultimate Parent Legal Entity Name did not agree with underlying supporting documentation	Accuracy
1	DE 26 - Period of Performance Start Date	The Period of Performance Start Date did not agree with VA's source system	Accuracy

The first row of Table 7 shows a File D1 sample item had an accuracy error for the data element "Ultimate Parent Legal Entity Name." The error was caused by an entity other than VA. Refer to table 10 for further details.

**Table 8 File D2 exceptions**

Number of Samples with Exceptions	Data Element (DE) Number and Name	Sub Element Number and Name	Assertion
6	All Elements	All Elements	Timeliness
4	DE 5 - LegalEntityAddress	5('E)(i)-LegalEntityZip5 - 2 Exceptions 5(D)-LegalEntityStateCode - 2 Exceptions	Accuracy
2	DE 6 - LegalEntityCongressionalDistrict	6-LegalEntityCongressionalDistrict	Accuracy
1	DE 11 - AmountofAward	11- AmountofAward	Accuracy
1	DE 13 - FederalActionObligation	13- FederalActionObligation	Accuracy
2	DE 30 -PrimaryPlaceofPerformance Address	30(D)(i)-PrimaryPlaceofPerformanceStateName	Accuracy
2	DE31 - PrimaryPlaceofPerformance Congressional District	31-PrimaryPlaceofPerformanceCongressionalDistrict	Accuracy
40	DE 36 - ActionTypes	36 (A)-ActionTypesDescriptionTag	Completeness and Accuracy

The 6 sample items with timeliness errors, as reported in the first row of Table 8, are Purchased Care transactions. As discussed in Section 2, B.1-The initial submission of File D2 was not complete, VA said it was late in submitting its September 2020 Purchased Care transactions to the broker for Q4. Because the 6 transactions were submitted late, all associated data elements are counted as untimely. The last row of Table 8 shows all File D2 sample items had completeness and accuracy errors for the data element "ActionTypes." These errors were caused by the broker and not VA.

## B. Analysis of Results from The Testing

### B.1 Overall Determination of Quality

Based on the results of our statistical and non-statistical testing for VA’s DATA Act audit for FY 2020 Q4, VA scored 71.50 points, which is a quality rating of Moderate.

Department of Veterans Affairs			Maximum Points Possible	Quality Level		
FY 2020 Q4 DATA Act Quality Scorecard						
	Criteria	Score		Range		Level
Non-Statistical	Timeliness of Agency Submission	5.00	5.0	0.0	69.9	Lower
	Completeness of Summary Level Data (Files A & B)	10.00	10.0			
	Suitability of File C for Sample Selection	0.00	10.0			
	Record-Level Linkages (Files C & D1/D2)	0.00	7.0			
	COVID-19 Outlay Testing Non-Statistical Sample	0.00 *	8.0			
Statistical	Completeness	14.59	15.0	70.0	84.9	Moderate
	Accuracy	28.91	30.0			
	Timeliness	13.01	15.0			
Quality Score	<b>Moderate</b>	<b>71.50</b>	100.0	85.0	94.9	Higher
				95.0	100	Excellent

Note: Due to rounding, the summation of line items may not agree with the rounded total quality score.

\* We were unable to test outlays for COVID-19 awards, because VA could not produce File C as explained in the Completeness of File C and Sampling Suitability section. File C is where the outlays for COVID-19 awards to be tested would be reported.

### B.2 Statistical Results

**Data element analysis and overall results:** The Data Act Analysis in Appendix II depicts our test results and the associated error rates by data element for the sample. The analysis includes the results for completeness, accuracy, and timeliness.

Below we report the statistical projections from on our sample results as required by the IG audit guide.

#### Completeness

The projected error rate with respect to completeness was 2.76%. A data element was considered complete if the required data element that should have been reported was reported. Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 1.99% and 3.74%.

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## **Accuracy**

The projected error rate for the accuracy of the data elements is 3.64%. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS RSS, IDD, and the online data dictionary, and agreed with the originating award documentation/contract file. Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 2.75% and 4.72%.

## **Timeliness**

The projected error rate for the timeliness of the data elements is 13.28%. The timeliness of data elements was based on OMB guidance and the reporting schedules defined by the financial, procurement, and financial assistance requirements (FFATA, FAR, FPDS-NG, FABS, and DAIMS). Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 4.84% and 27.20%. The IG guide prescribes the sample precision to be set at 5%. The actual precision was significantly larger (meaning less precise) because of the 6 transactions in the sample that VA submitted late.

## **B.3 Data Standards**

### **Implementation and Use of the Data Standards**

We evaluated VA's implementation and use of the government-wide financial data standards as developed by OMB and Treasury. As part of the evaluation, we reviewed VA's data inventory and mapping for Files A, B, C, D1 and D2. The VA's legacy information system limitations and decentralized operations are significant factors that contribute to control weaknesses identified for DATA Act reporting. As a result, VA could not successfully implement and use all financial data standards developed by OMB and Treasury. The findings that support our assessment are described in section 1 above.

## **B.4 Non-Statistical Results**

### **B.4.1 Completeness of the VA's DATA Act Submission**

We evaluated VA's DATA Act submission to Treasury's broker and determined that the submission was not complete. To determine if VA's submission was complete, we evaluated Files A, B and C to determine that all transactions and events that should have been recorded were recorded in the proper period. We reported above that VA does not have the ability to submit a complete File C and that VA's initial File D2 submission for Q4 was incomplete. The limitations of VA's legacy information systems and VA's decentralized operations are significant factors that contribute to control weaknesses identified for DATA Act reporting. As a result, VA's DATA Act submission was not complete. The findings that support our assessment are described in section 1 above.

### **B.4.2 Timeliness of the Agency DATA Act Submission**

We evaluated VA's fiscal year 2020 July, August, and September monthly DATA Act submissions to Treasury's broker and determined that the submissions were timely. We also noted that the SAO certified the data timely. To be considered timely, the DATA Act submission(s) had to be submitted by the end of the following month and had to be certified by the SAO within 45 days of the end of the corresponding quarter.

### B.4.3 Completeness of Summary-Level Data for Files A and B

We performed summary-level data reconciliations and linkages for Files A and B and did not identify any variances. The test results confirmed: (1) summary-level data from File A matched the Agency's GTAS SF-133; (2) the totals and TAS identified in File A matched File B; and (3) all object class codes from File B match codes defined in Section 83 of OMB Circular No. A-11.

### B.4.4 Results of Linkages from File C to Files B, D1, and D2

Due to system limitations, VA was not able to produce File C except for two programs. Therefore, the linkages from File C to File B and File C to Files D1/D2 did not exist except for those two programs. The findings that support our assessment are described in Section 1 above.

### B.4.5 Analysis of the Accuracy of Dollar-Value Related Data Elements

Our analysis of the results of the test of the accuracy of dollar-value related data elements is presented in the following table. The absolute dollar value of the errors reported is not projectable because the statistical sample test was performed on attributes and not on monetary amounts. See Table 9 below.

**Table 9: Accuracy of dollar-value related elements**

Accuracy of Dollar-Value Related Elements*							
PIID/ FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
PIID	DE 11 Federal Action Obligation	5			5	0%	
PIID	DE 14 Current Total Value of Award	5			5	0%	
PIID	DE 15 Potential Total Value of Award	5			5	0%	
FAIN	DE 11 Federal Action Obligation	39	1		40	2.5%	\$.45
FAIN	DE 12 Non-Federal Funding Amount			40		N/A	
FAIN	DE 13 Amount of Award	39	1		40	2.5%	\$.45
	<b>Total</b>	<b>93</b>	<b>2</b>	<b>40</b>	<b>95</b>		

\*The amounts are not projectable because the statistical sample test was performed on attributes and not on monetary amounts.

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#### B.4.6 Analysis of Errors in Data Elements Not Attributable to the Agency

There are instances where errors are caused by entities other than VA. Those errors are included in the statistical results. Table 10 is provided to identify the types of errors that were not within VA's control.

**Table 10: Errors in data elements not attributable to the Agency**

PIID/FAIN	Data Element	Number of Errors	Assertion	Attributed to
FAIN	36 - Action Type	40	Completeness and Accuracy	USASpending Data Broker Error
PIID	4 - Ultimate Parent Legal Entity Name	1	Accuracy	VA does not own the database which populates the Ultimate Parent Legal Entity Name data element

#### B.4.7 Assessment of Internal Control and Compliance with Laws and Regulations

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. However, because our review was limited to certain internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. The findings that support our assessment are described in Section 1 above.

#### C. CORRECTIVE ACTIONS RECOMMENDED

We recommend the Assistant Secretary for Management and Chief Financial Officer:

10. Implement internal controls and update policies and procedures to improve the accuracy of and completeness of the information submitted for FABS reporting. The update should include and adhere to all FABS and DAIMS reporting requirements.
11. Improve reviewing and validating eCMS actions to underlying contract documentation to assess the completeness and accuracy of data stored in eCMS. Identified exceptions should continue to be documented, and appropriate corrective actions (e.g., adequate training and guidance) should be completed to ensure and improve completeness and accuracy of the data stored in eCMS.
12. Coordinate and report system errors to Treasury on an as needed basis to ensure all required or derivable data elements are reported for FABS submission.

**CliftonLarsonAllen LLP**



Greenbelt, Maryland  
November 4, 2021

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## **APPENDIX I – SCOPE, METHODOLOGY, AND MANAGEMENT’S RESPONSE TO FINDINGS**

### **Scope**

CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act of 2014. That is, the first IG reports were due to Congress in November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required reports by November 8, 2017, 1-year after the statutory due date, with two subsequent reports to be submitted following on a 2-year cycle. On December 22, 2015, CIGIE’s chair issued a letter detailing the strategy for dealing with the IG reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform. A copy of CIGIE’s DATA Act Anomaly Letter can be found at Appendix IV.

This report is in fulfillment of the OIG’s responsibility to report to Congress by November 8, 2021.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective was to report on VA’s compliance under the DATA Act with respect to:

- i. The completeness, accuracy, timeliness, and quality of FY 2020 Q4 financial and award data VA submitted for publication on USASpending.gov, and
- ii. VA’s implementation and use of the Government-wide financial data standards established by OMB and Treasury.

CLA’s last day of fieldwork for the audit was November 4, 2021. We conducted our work at VA’s Central Office located in Washington, D.C.; and the CLA offices located in Greenbelt, MD, and Arlington, VA. VA management is responsible for the implementation of the DATA Act. The results of our procedures are described in the Key Findings section of this report.

### **Methodology**

To accomplish the audit objective, we reviewed the “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” published by CIGIE and referred to as the IG audit guide, to establish, where applicable, our audit procedures to be consistent with the methodology and reporting approach across the IG community.

Consistent with the IG audit guide, we performed the following procedures as part of our audit:

- Obtained an understanding of regulatory criteria related to the agency’s responsibilities to report financial and award data under the DATA Act
- Reviewed the status of the VA Data Quality Plan
- Assessed the internal controls in place as they related to the extraction of data from source systems and the reporting of data to Treasury’s broker, in order to assess audit risk and design audit procedures

- 
- Reviewed and reconciled the FY 2020 Q4 summary-level data submitted by the agency for publication on USASpending.gov
  - Reviewed a statistically valid sample from the FY 2020 Q4 award data submitted by the agency for publication on USASpending.gov
  - Assessed the completeness, accuracy, timeliness, and quality of the award data sampled
  - Assessed the agency's implementation and use of the 59 data elements/standards established by OMB and Treasury.

We could not perform detailed tests of award level transactions for File C as reported in the Key Findings section of this report. In lieu of File C, the IG audit guide recommended that if File C was not suitable for sampling, the auditor should derive its sample from Files D1 and D2. We used statistical sampling to select 45 transactions from Files D1 and D2 using stratified sampling design with proportional allocation of samples to strata (Files D1 and D2) meaning that the number of samples was determined based on the relative size of each stratum (i.e., files D1 and D2). This resulted in 5 transactions selected from D1 and 40 from D2.

For the sample transactions, we reviewed documentation from VA systems that included contracts, veteran benefit payments, calculated cost of patient services, and clinical and demographic data. It was not within the scope of our audit to evaluate the cost allocation methodology VHA used in assigning monetary value to the direct services provided veterans, which VHA reported as financial assistance in File D2. We discussed the results of our sampled transactions with the VA PMO.

With respect to the aggregate D2 records sampled, each data element was declared as being in error if this data element were in error in at least one of the underlying sub-samples (or, conversely, it was qualified as not being in error if the data element did not contain any errors in all sub-samples). As described in the sampling plan approved by the VA OIG, the extrapolation methodology considered both the *clustering* of the data elements within each file as well as the stratification rendered by the two file types (i.e., File D1 versus File D2). In addition, the error rate was estimated as the ratio of the total errors observed (i.e., with respect to each attribute of completeness, accuracy, or timeliness) divided in each case by the total number of data elements tested. We did not simply average the error rates in the 45 sampled observations because the number of data elements tested in each sample was not the same. To estimate the precision of the estimates, we generated stratified clustered estimates of the variance and calculated Clopper-Pearson ("exact") binomial 95% two-sided confidence intervals. The choice of this methodology was made to ensure correct coverage of these intervals<sup>8</sup>. As stated in the IG audit guide, approximate (normal) confidence intervals are not reliable when the error rate is below 20%. The margin of error was calculated as half the length of the confidence interval.

### **Standard Report Language**

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

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<sup>8</sup> That means that the intervals are wide enough to ensure that the unknown population error rate will be contained in them with 95% confidence.

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**Testing Limitations for Data Reported from Files E and F**

File E of the DAIMS contains additional awardee attribute information the broker extracts from the System for Award Management. File F contains sub-award attribute information the broker extracts from the Federal Funding Accountability and Transparency Act Subaward Reporting System. Files E and F data remains the responsibility of the awardee in accordance with terms and conditions of Federal agreements; and the quality of this data remains the legal responsibility of the recipient. Therefore, agency senior accountable officials are not responsible for certifying the quality of File E and F data reported by awardees, but they are responsible for assuring controls are in place to verify that financial assistance awardees register in the System for Award Management at the time of the award. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from the System for Award Management and the Federal Funding Accountability and Transparency Act Subaward Reporting System via the broker system.

**Management's Response to Findings**

Management has presented a response to the findings identified in our report. See Appendix VI. Management concurred with all recommendations. We reviewed management's technical comments and revised or incorporated their comments into our report, as appropriate.

## APPENDIX II – DATA ELEMENT ANALYSIS

VA's Results for Data Elements – FY 2020 Q4 <i>in Descending Order by Accuracy Error Rate*</i>		Sample Error Rate*		
DAIMS Element #	Data Element Name	C Completeness	A Accuracy	T Timeliness
36	Action Type	89%**	89%**	13%
4	Ultimate Parent Legal Entity Name	0%	20%**	0%
26	Period of Performance Start Date	0%	20%	0%
5	Legal Entity Address	0%	7%	13%
6	Legal Entity Congressional District	0%	4%	13%
30	Primary Place of Performance Address	0%	4%	13%
31	Primary Place of Performance Congressional District	0%	4%	13%
11	Amount of Award	0%	3%	15%
13	Federal Action Obligation	0%	2%	13%
19	Catalog of Federal Domestic Assistance (CFDA) Number	0%	0%	15%
20	Catalog of Federal Domestic Assistance (CFDA) Title	0%	0%	15%
35	Record Type	0%	0%	15%
37	Business Types	0%	0%	15%
1	Awardee/Recipient Legal Entity Name	0%	0%	13%
7	Legal Entity Country Code	0%	0%	13%
8	Legal Entity Country Name	0%	0%	13%
16	Award Type	0%	0%	13%
22	Award Description	0%	0%	13%
25	Action Date	0%	0%	13%
32	Primary Place of Performance Country Code	0%	0%	13%
33	Primary Place of Performance Country Name	0%	0%	13%
34	Award ID Number (PIID/FAIN)	0%	0%	13%
38	Funding Agency Name	0%	0%	13%
39	Funding Agency Code	0%	0%	13%
40	Funding Sub Tier Agency Name	0%	0%	13%

\*These error rates do not reflect projected error rates to the population, but error rates from the sample alone.

\*\*These errors are related to systems outside of VA's control (i.e., errors in data elements not attributable to the Agency/VA).

Refer to table 10 for further details.

VA's Results for Data Elements – FY 2020 Q4 (cont.) <i>in Descending Order by Accuracy Error Rate*</i>		Sample Error Rate*		
DAIMS Element #	Data Element Name	C Completeness	A Accuracy	T Timeliness
41	Funding Sub Tier Agency Code	0%	0%	13%
42	Funding Office Name	0%	0%	13%
43	Funding Office Code	0%	0%	13%
44	Awarding Agency Name	0%	0%	13%
45	Awarding Agency Code	0%	0%	13%
46	Awarding Sub Tier Agency Name	0%	0%	13%
47	Awarding Sub Tier Agency Code	0%	0%	13%
48	Awarding Office Name	0%	0%	13%
49	Awarding Office Code	0%	0%	13%
2	Awardee/Recipient Unique Identifier	0%	0%	0%
3	Ultimate Parent Unique Identifier	0%	0%	0%
12	Non-Federal Funding Amount	0%	0%	0%
14	Current Total Value of Award	0%	0%	0%
15	Potential Total Value of Award	0%	0%	0%
17	NAICS Code	0%	0%	0%
18	NAICS Description	0%	0%	0%
23	Award Modification / Amendment Number	0%	0%	0%
24	Parent Award ID Number	0%	0%	0%
27	Period of Performance Current End Date	0%	0%	0%
28	Period of Performance Potential End Date	0%	0%	0%
29	Ordering Period End Date	0%	0%	0%
163	National Interest Action	0%	0%	0%

**APPENDIX III – FEDERAL SPENDING TRANSPARENCY DATA STANDARDS**

<b>59 Data Elements Mapped to Files A to D2</b>							
DAIMS Element #	Data Element Name	Links among Files					Notes
		File A	File B	File C	File D1	File D2	
1	Awardee/Recipient Legal Entity Name				•	•	
2	Awardee/Recipient Unique Identifier				•	•	
3	Ultimate Parent Unique Identifier				•	•	
4	Ultimate Parent Legal Entity Name				•	•	
5	Legal Entity Address				•	•	
6	Legal Entity Congressional District				•	•	
7	Legal Entity Country Code				•	•	
8	Legal Entity Country Name				•	•	
9	Highly Compensated Officer Name						Reported in Files E and F
10	Highly Compensated Officer Total Compensation						Reported in Files E and F
11	Amount of Award					•	
12	Non-Federal Funding Amount					•	
13	Federal Action Obligation				•	•	
14	Current Total Value of Award				•		
15	Potential Total Value of Award				•		
16	Award Type				•	•	
17	NAICS Code				•		
18	NAICS Description				•		
19	Catalog of Federal Domestic Assistance Number					•	
20	Catalog of Federal Domestic Assistance Title					•	
21	Treasury Account Symbol						Included with Data Element #51
22	Award Description				•	•	
23	Award Modification / Amendment Number				•	•	
24	Parent Award ID Number			•	•		

## 59 Data Elements Mapped to Files A to D2 (cont.)

DAIMS Element #	Data Element Name	Links among Files					Notes
		File A	File B	File C	File D1	File D2	
25	Action Date				•	•	
26	Period of Performance Start Date				•	•	
27	Period of Performance Current End Date				•	•	
28	Period of Performance Potential End Date				•		
29	Ordering Period End Date				•		
30	Primary Place of Performance Address				•	•	
31	Primary Place of Performance Congressional District				•	•	
32	Primary Place of Performance Country Code				•	•	
33	Primary Place of Performance Country Name				•	•	
34	Award ID Number (PIID/FAIN)			•	•	•	
35	Record Type					•	
36	Action Type				•	•	
37	Business Types					•	
38	Funding Agency Name				•	•	
39	Funding Agency Code				•	•	
40	Funding Sub Tier Agency Name				•	•	
41	Funding Sub Tier Agency Code				•	•	
42	Funding Office Name				•	•	
43	Funding Office Code				•	•	
44	Awarding Agency Name				•	•	
45	Awarding Agency Code				•	•	
46	Awarding Sub Tier Agency Name				•	•	
47	Awarding Sub Tier Agency Code				•	•	
48	Awarding Office Name				•	•	
49	Awarding Office Code				•	•	
50	Object Class		•	•			

## 59 Data Elements Mapped to Files A to D2 (cont.)

Data Element Name		Links among Files					Notes
51	Appropriations Account	•	•	•			
52	Budget Authority Appropriated	•					
53	Obligation	•	•	•			
54	Unobligated Balance	•	•	•			
55	Other Budgetary Resources	•					
56	Program Activity		•	•			
57	Outlay <sup>9</sup>	•	•	•			
163	National Interest Action (No.58)				•		
430	Disaster Emergency Fund Code (No.59)		•	•			

Source: CIGIE Federal Audit Executive Council Inspectors General Guide to Compliance under the DATA Act

<sup>9</sup> Agencies previously had the option to report File C outlays on a quarterly basis. Under OMB M-20-21, agencies with COVID-19 funding are now required to report outlays on a monthly basis for COVID-19 funded awards.

## APPENDIX IV – COMPARATIVE RESULTS TABLE

VA's Comparative Results for Data Elements <i>Based on FY 2020 Q4 Accuracy Error Rate* in Descending Order</i>		Error Rate		
DAIMS Element #	Data Element Name	FY 2020 Q4	FY 2019 Q1	% Change
36	Action Type	89%**	0%	-89%
26	Period of Performance Start Date	20%	2%	-18%
4	Ultimate Parent Legal Entity Name	20%**	0%	-20%
5	Legal Entity Address	7%	4%	-3%
6	Legal Entity Congressional District	4%	4%	0%
31	Primary Place of Performance Congressional District	4%	4%	0%
30	Primary Place of Performance Address	4%	2%	-2%
11	Amount of Award	3%	7%	4%
13	Federal Action Obligation	2%	5%	3%
37	Business Types	0%	51%	51%
15	Potential Total Value of Award	0%	33%	33%
25	Action Date	0%	4%	4%
3	Ultimate Parent Unique Identifier	0%	2%	2%
22	Award Description	0%	2%	2%
1	Awardee/Recipient Legal Entity Name	0%	0%	0%
2	Awardee/Recipient Unique Identifier	0%	0%	0%
7	Legal Entity Country Code	0%	0%	0%
8	Legal Entity Country Name	0%	0%	0%
12	Non-Federal Funding Amount	0%	0%	0%
14	Current Total Value of Award	0%	0%	0%
16	Award Type	0%	0%	0%
17	NAICS Code	0%	0%	0%
18	NAICS Description	0%	0%	0%
19	Catalog of Federal Domestic Assistance (CFDA) Number	0%	0%	0%

<b>VA's Comparative Results for Data Elements (cont.)</b> <i>Based on FY 2020 Q4 Accuracy Error Rate* in Descending Order</i>		<b>Error Rate</b>		
<b>DAIMS Element #</b>	<b>Data Element Name</b>	<b>FY 2020 Q4</b>	<b>FY 2019 Q1</b>	<b>% Change</b>
20	Catalog of Federal Domestic Assistance (CFDA) Title	0%	0%	0%
23	Award Modification / Amendment Number	0%	0%	0%
24	Parent Award ID Number	0%	0%	0%
27	Period of Performance Current End Date	0%	0%	0%
28	Period of Performance Potential End Date	0%	0%	0%
29	Ordering Period End Date	0%	0%	0%
32	Primary Place of Performance Country Code	0%	0%	0%
33	Primary Place of Performance Country Name	0%	0%	0%
34	Award ID Number (PIID/FAIN)	0%	0%	0%
35	Record Type	0%	0%	0%
38	Funding Agency Name	0%	0%	0%
39	Funding Agency Code	0%	0%	0%
40	Funding Sub Tier Agency Name	0%	0%	0%
41	Funding Sub Tier Agency Code	0%	0%	0%
42	Funding Office Name	0%	0%	0%
43	Funding Office Code	0%	0%	0%
44	Awarding Agency Name	0%	0%	0%
45	Awarding Agency Code	0%	0%	0%
46	Awarding Sub Tier Agency Name	0%	0%	0%
47	Awarding Sub Tier Agency Code	0%	0%	0%
48	Awarding Office Name	0%	0%	0%
49	Awarding Office Code	0%	0%	0%
50	Object Class	N/A	N/A	N/A
51	Appropriations Account	N/A	N/A	N/A
53	Obligation	N/A	N/A	N/A
54	Unobligated Balance	N/A	N/A	N/A
56	Program Activity	N/A	N/A	N/A
57	Outlay (File C - Gross Outlay Amount By Award CPE)	N/A	N/A	N/A

<b>VA's Comparative Results for Data Elements (cont.)</b> <i>Based on FY 2020 Q4 Accuracy Error Rate* in Descending Order</i>			<b>Error Rate</b>		
<b>Data Element Name</b>			<b>FY 2020 Q4</b>	<b>FY 2019 Q1</b>	<b>% Change</b>
<b>163</b>	National Interest Action		N/A	N/A	N/A
<b>430</b>	Disaster Emergency Fund Code		N/A	N/A	N/A

\*These error rates do not reflect projected error rates to the population, but error rates from the sample alone.

\*\*These errors are related to systems outside of VA's control (i.e., Analysis of Errors in Data Elements Not Attributable to the Agency). Refer to table 10 for further details.

## APPENDIX V – CIGIE’S DATA ACT ANOMALY LETTER

December 22, 2015

The Honorable Ron Johnson

Chairman

The Honorable Thomas Carper

Ranking Member

Committee on Homeland Security  
and Governmental Affairs

United States Senate

Washington, D.C.

The Honorable Jason Chaffetz

Chairman

The Honorable Elijah Cummings

Ranking Member

Committee on Oversight and Government  
Reform

U.S. House of Representatives

Washington, D.C.

Dear Mr. Chairmen and Ranking Members:

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) recognizes and appreciates your leadership on issues of Government transparency and accountability. In particular, we believe the enactment last year of the Digital Accountability and Transparency Act of 2014 (DATA Act) will significantly improve the quality of Federal spending data available to Congress, the public, and the accountability community if properly implemented. To make sure this happens, the DATA Act provides for strong oversight by way of the Federal Inspectors General and the Government Accountability Office (GAO). In particular, the DATA Act requires a series of reports from each to include, among other things, an assessment of the completeness, timeliness, quality, and accuracy of data submitted by agencies under the DATA Act.

I am writing this letter on behalf of CIGIE to inform you of an important timing anomaly with the oversight requirement for Inspectors General in the DATA Act. Your staffs have been briefed on this timing anomaly, which affects the first Inspector General reports required by the DATA Act. Specifically, the first Inspector General reports are due to Congress in November 2016. However, the agencies we oversee are not required to submit spending data in compliance with the DATA Act until May 2017. As a result, Inspectors General would be unable to report on the spending data submitted under the Act, as this data will not exist until the following year. This anomaly would cause the body of reports submitted by the Inspectors General in November 2016 to be of minimal use to the public, the Congress, the Executive Branch, and others.

To address this reporting date anomaly, the Inspectors General plan to provide Congress with their first required reports in November 2017, a one-year delay from the due date in statute, with subsequent reports following on a two-year cycle, in November 2019 and November 2021. We believe that moving

the due dates back one year will enable the Inspectors General to meet the intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act “readiness reviews” at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation.

We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

Should you or your staffs have any questions about our approach or other aspects of our collective DATA Act oversight activities, please do not hesitate to contact me at (202) 514-3435.

Sincerely,

Michael E. Horowitz  
Chair, Council of the Inspectors General on Integrity and Efficiency  
Inspector General, U.S. Department of Justice

cc: The Honorable David Mader, Controller, OMB  
The Honorable Gene Dodaro, Comptroller General, GAO

*This letter has been transcribed from the original signed document for accessibility and modified to fit in this report. The original document can be found at*  
<https://iqnet.gov/sites/default/files/files/CIGIE%20DATA%20Act%20Letter-Final.pdf>

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## APPENDIX VI –MANAGEMENT’S COMMENTS

Department of  
Veterans Affairs

Memorandum

Date: November 2, 2021

From: Associate Deputy Assistant Secretary for FMBTS Operations (046)

Subj: Office of Inspector General (OIG) Draft Report, FY 2021 Audit of VA's  
Compliance under the DATA Act of 2014

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to participate in the review of VA's compliance with the DATA Act FY20 Q4 submission. We appreciate the work your staff has conducted to help us strengthen and improve our compliance with the DATA Act.
2. We have reviewed the draft report and, in general, concur with the findings.
3. Attached is the requested response for each recommendation. An appropriate implementation plan with a target completion date or an alternative corrective action has been included for recommendations with which we concur.
4. If you have any questions, please call me, or have a member of your staff contact Maria Sadek, EPMO Director at (202) 841-5789.

Avie Snow  
Associate Deputy Assistant Secretary for FMBTS Operations  
Office of Management, FMBTS

*Attachments*

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**Department of Veterans Affairs  
Action Plan**

**VA's Compliance with the DATA Act**

**Date of Draft Report: October 25, 2021**

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<b>Recommendations/ Actions</b>	<b>Status</b>	<b>Completion Date</b>
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**OIG Recommendations**

**Recommendation 1.** Continue the system modernization efforts that provide VA with the capability to generate the required DATA Act reporting files containing the necessary elements to meet compliance with the DATA Act. Ensure the modernization will provide the following:

- a. Accurate reporting of object class, program activity codes, program activity names, and all other elements required by the DATA Act.
- b. Award identification to allow VA to be able to develop a File C and reconcile the File C to both summary level data (Files A and B) and award level data (File D).
- c. Reconciliations with subsidiary systems.
- d. A mechanism to ensure transactions are reported that currently may be excluded due to the use of 1358s.
- e. Standardized data fields to allow management to record an award ID across financial and supporting systems.
- f. Subsidiary systems that are consistent with USSGL or adequately mapped to USSGL to ensure transactions contain the necessary data elements/field required to meet DATA Act reporting.
- g. Differentiation between direct and reimbursable amounts.

DATA Act PMO Comments: Concur with intent

The DATA Act PMO is actively working with the Financial Management Business Transformation Service (FMBTS) to ensure DATA Act requirements are considered as part of the implementation.

Status: In Process

Target Completion Date:

February 2028

**Recommendation 2.** Implement a grants management solution across all of VA's grant programs and develop processes to ensure integration with the new reporting system.

DATA Act PMO Comments:

VA neither concurs nor non-concurs, VA acknowledges the recommendation, however, the current modernization efforts do not include a grants management solution. VA will continue to use existing processes.

Status: N/A

Target Completion Date: N/A

**Recommendation 3.** Improve researching of all root causes of differences between the VBA source systems and the monthly GTAS balances as part of their File B reconciliations. Also, differences should be accumulated and assessed at an aggregate level. The total differences either allocated to programs,

reclassified out of other programs, or attributed to MinX JVs should be researched and reported as part of the SAO sub-certification process.

DATA Act PMO Comments: Concur

VBA will review the process for completing reconciliations, including researching and documenting resolution of reconciling items. We will provide training to staff responsible for preparing and reviewing reconciliations.

Status: In process

Target Completion Date: Q4 FY27

**Recommendation 4.** Continue mapping efforts and ensure programs without entitlement codes are recorded with the correct program activity codes and names rather than defaulting to Compensation.

DATA Act PMO Comments: Concur

VBA will continue mapping efforts however, due to system limitations, complete mapping may not be possible until benefit programs are migrated to iFAMS.

Status: In Process

Target Completion Date: Q4 FY27

**Recommendation 5.** Work with component level SAO's to ensure timely receipt of signed certifications.

DATA Act PMO Comments: Concur

The DATA Act PMO will continue to work with and monitor component level SAO's to ensure timely receipt of signed certifications.

Status: In process

Target Completion Date: Q2 FY22

**Recommendation 6.** Include more information in the SAO certifications, the Data Quality Plan document and the data submission about the costing and aggregation methodologies VA uses to report VHA data to increase transparency.

DATA Act PMO Comments: Concur

The DATA Act PMO will review and update the Data Quality Plan to include information related to the aggregation methodologies for various VA programs. In addition, SAO certifications will be reviewed and updated to include additional disclosures related to aggregation methodologies.

Status: In Process

Target Completion Date: Q3 FY22

**Recommendation 7:** Implement internal controls and update policies and procedures to improve the accuracy of and completeness of the information submitted for DATA Act reporting. The internal controls should ensure the following:

- a. Excluded payments not reported due to zip code issues are researched, cleared, and reported in VBA's life insurance FABS submission.
- b. The default code "90" for Congressional District is not used when the county or zip code are unknown; instead, perform research to obtain the required data.
- c. Guidance from OMB and Treasury is requested on the proper reporting of the face amount of insurance policies in VBA's FABS submissions.

- d. Management’s policies and procedures (e.g., Standard Operating Procedures) and narratives are updated on a timely basis in coordination with the VA PMO for the most current DATA Act submission procedures and reporting requirements.

DATA Act PMO Comments: Concur

- a/b: Currently, much of the data collection resides in systems that are being upgraded and/or sunset. Reprogramming such systems would not be prudent. However, VBA will evaluate options to make the reporting as accurate as possible through manual research and inclusion.
- c. VBA will work with OMB and Treasury to determine whether face value of insurance should be reported.
- d. VBA will review and update Standard Operating Procedures related to DATA Act reporting on an annual basis or at the time of process changes.

Status: In Process

Target Completion Date: Q3 FY22

**Recommendation 8:** Ensure that reconciliations are complete, reconciling items are identified and researched, and any resolutions are clearly documented.

DATA Act PMO Comments: Concur

VBA will review the process for completing reconciliations, including researching and documenting resolution of reconciling items. We will provide training to staff responsible for preparing and reviewing reconciliations.

Status: In Process

Target Completion Date: Q4 FY22

**Recommendation 9:** Investigate potential controls or processes that could identify 1358s that should be reported until the system modernization can implement a solution.

DATA Act PMO Comments: OAL Concur

Status: In process

Target Completion Date: TBD

**Recommendation 10:** Implement internal controls and update policies and procedures to improve the accuracy of and completeness of the information submitted for FABS reporting. The update should include and adhere to all FABS and DAIMS reporting requirements.

DATA Act PMO Comments: Concur

VA DATA Act PMO will review and update DATA Act Desktop Procedures and implement internal controls to ensure compliance with FABS and DAIMS reporting requirements. In addition, VA DATA Act PMO will continue to work with program offices to improve compliance with FABS and DAIMS reporting processes.

Status: In Process

Target Completion Date: Q3 FY22

**Recommendation 11:** Improve reviewing and validating eCMS actions to underlying contract documentation to assess the completeness and accuracy of data stored in eCMS. Identified exceptions should continue to be documented, and appropriate corrective actions (e.g., adequate training and

guidance) should be completed to ensure and improve completeness and accuracy of data stored in eCMS.

DATA Act PMO Comments: OAL Concur

Status: In process

Target Completion Date: TBD

**Recommendation 12:** Coordinate and report system errors to Treasury on an as needed basis to ensure all required or derivable data elements are reported for FABS submission.

DATA Act PMO Comments: Concur

VA will review and update the DATA Act Desktop Procedures to include validation of FABS data elements, including elements derived by the Treasury Broker.

Status: In Process

Target Completion Date: Q3 FY22

## Report Distribution

### VA Distribution

Office of the Secretary  
Veterans Benefits Administration  
Veterans Health Administration  
National Cemetery Administration  
Assistant Secretaries  
Office of General Counsel  
Office of Acquisition, Logistics, and Construction  
Board of Veterans Appeals

### Non-VA Distribution

House Committee on Veterans' Affairs  
House Appropriations Subcommittee on Military Construction, Veterans Affairs,  
and Related Agencies  
House Committee on Oversight and Reform  
House Committee on the Budget  
Senate Committee on Veterans' Affairs  
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs,  
and Related Agencies  
Senate Committee on Homeland Security and Governmental Affairs  
Senate Committee on the Budget  
National Veterans Service Organizations  
Government Accountability Office  
Office of Management and Budget  
Department of the Treasury, Office of Inspector General

OIG reports are available at [www.va.gov/oig](http://www.va.gov/oig).