OFFICE OF INSPECTOR GENERAL
Millennium Challenge Corporation

MCC Took Initial Steps To Implement the Digital Accountability and Transparency Act of 2014

AUDIT REPORT M-000-17-001-P
FEBRUARY 7, 2017

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MEMORANDUM

DATE: February 7, 2017

TO: Mahmoud Bah, Acting Vice President, Department of Administration and
            Finance and Chief Financial Officer

FROM: Donell Ries, Deputy Assistant Inspector General for the Millennium
            Challenge Corporation /s/

SUBJECT: MCC TOOK INITIAL STEPS TO IMPLEMENT THE DIGITAL
            ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 (M-000-17-
            001-P)

This memorandum transmits the final report on our audit of initial steps by the
Millennium Challenge Corporation (MCC) to implement the Digital Accountability and
Transparency Act. Our audit objectives were to determine if MCC has taken steps to
implement the DATA Act in accordance with Office of Management and Budget (OMB)
and Department of the Treasury (Treasury) guidance and recommendations, and to
determine any challenges that could impede MCC's ability to implement the DATA Act.
The report contains our observations but no recommendations.

We appreciate the cooperation and assistance you and your staff extended to us during
this audit.

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INTRODUCTION

In 2014, Congress enacted the Digital Accountability and Transparency Act (DATA Act) to further transparency in Government spending. The act builds on the Federal Funding Accountability and Transparency Act of 2006 (FFATA) as amended by the Government Funding Transparency Act of 2008. It requires agencies to disclose direct Federal agency expenditures and link Federal contract, loan, and grant spending information to agency programs; establish governmentwide data definition standards to make spending data consistent and reliable throughout Government; and improve data reported by Federal agencies under FFATA. The law aligns with Open Government Directive M-10-06, issued by the White House on December 8, 2009, to increase transparency and create a more data-driven Federal Government.

The DATA Act also requires offices of inspector general (OIGs) to review implementation of the act by their respective agencies and issue three reports in 2-year intervals, the first due to Congress in November 2016.[1] However, since agencies are not required to report data for the DATA Act until May 2017, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) encouraged OIGs to report first on their agencies' readiness to implement the requirements of the act, and then issue the three required reports in 2017, 2019, and 2021.

The U.S. Agency for International Development (USAID) OIG oversees MCC. Since its creation in 2004, MCC has committed more than $10 billion to fund development projects in 27 countries. In complying with FFATA's 2006 requirements, MCC posts award data related to its foreign assistance programs on USASpending.gov.

This readiness audit focused on MCC's progress in implementing the first four steps outlined in the DATA Act Implementation Playbook Version 2.0 (hereafter the Playbook), created by Treasury to help agencies meet their reporting requirements. The objectives of the audit were to determine if MCC has taken steps to prepare to implement the DATA Act in accordance with OMB and Treasury guidance and recommendations, and to determine what challenges could impede MCC's ability to implement the act.

We conducted this performance audit from July 18 to December 14, 2016, in Washington, DC. In planning and performing this audit, we reviewed relevant legislation, policy, and technical guidance. We also interviewed MCC officials and staff knowledgeable about MCC's DATA Act implementation efforts. We conducted this audit in accordance with generally accepted government auditing standards.

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[1] OIGs are required by the DATA Act to start submitting audit reports 18 months after data definitions are first issued. OMB first issued formal guidance on data definition standards and guidance on May 8, 2015.

SUMMARY

MCC has taken initial steps to implement the DATA Act by carrying out the recommended initial planning activities outlined by Treasury. It has (1) identified a senior accountable officer (SAO) responsible for managing the implementation of the DATA Act and established a DATA Act workgroup, (2) reviewed data definition standards and guidance from the OMB and Treasury, and (3) inventoried data and associated systems to prepare for submitting data to Treasury, and addressed gaps and changes needed to capture complete data.

However, risks associated with DATA Act implementation still exist for MCC. Its ability to meet the act's requirements will depend in part on the timely and successful completion of financial system software updates to facilitate the submission of data. Furthermore, future guidance for improving the quality of awardee-reported data could affect MCC's DATA Act reporting efforts.

Although we make no recommendations as part of this audit, MCC management agreed with our conclusions and called the report constructive in helping validate MCC's readiness to implement the act.

BACKGROUND

The DATA Act increases accountability and transparency in Federal spending. It expands on FFATA, which requires the publication of information relating to Federal awards— grants, subgrants, contracts, subcontracts, purchase orders, task orders, delivery orders, loans, awards, cooperative agreements, and other forms of financial assistance—on the website USASpending.gov. The DATA Act adds requirements for financial data linking Federal agency programs with the awards (e.g., contract, loan, and grant spending information) made and amounts spent under them. Specifically, Federal agencies must report financial data at the appropriations level, including the amount that is awarded and expended under their various programs. It also requires data on Federal spending by the type of items or services purchased (i.e., object class and outlays).

OMB and Treasury are responsible for establishing governmentwide financial data standards to improve the consistency and comparability of data reported, as well as for providing guidance to agencies on how to implement the DATA Act. On June 24, 2016, Treasury issued the Playbook, which laid out the eight steps shown in the following table to meet the DATA Act requirements. The first four steps relate to how agencies prepare for the implementation of the DATA Act.

DATA Act Implementation Steps

Step	Deadline
1. Organize team Create an agency DATA Act work group including impacted communities (e.g., CIO, Budget, Accounting, etc.) and identify Senior Accountable Officer (SAO)	By Spring 2015
2. Review elements Review list of DATA Act elements and participate in data definitions standardization	By Spring 2015
3. Inventory data Perform inventory of Agency data and associated business processes	February 2015-September 2015
4. Design & strategize a. Plan changes (e.g., adding award IDs to financial systems) to systems and business processes to capture data that are complete multi-level (e.g., summary and award detail) fully-linked data b. Prepare cost estimates for FY 2017 budget projections	March 2015-September 2015
5. Execute broker Implement system changes and extract data (includes mapping of data from agency schema to the DATA Act schema; and the validation) iteratively	October 2015-February 2016
6. Test broker implementation Test broker outputs to ensure data are valid iteratively	October 2015-February 2017
7. Update systems Implement other system changes iteratively (e.g., establish linkages between program and financial data, capture any new data)	October 2015-February 2017
8. Submit data Update and refine process (repeat 5-7 as needed)	March 2016-May 9, 2017

Source: Federal Audit Executive Council DATA Act Working Group, "DATA Act Readiness Review Guide," page 5.

Other guidance issued by OMB and Treasury pertains to the subsequent steps.

- On May 8, 2015, OMB issued Memorandum M-15-12 ("Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable"), on award-level reporting for Federal financial assistance and procurements, the implementation of data definition standards, and data exchange standards. The guidance also established a requirement for agencies to carry prime award identifiers (award IDs) in their financial systems to link agency financial systems with award systems. The guidance required Federal agencies to begin reporting financial data in accordance with the data definition standards by May 2017.
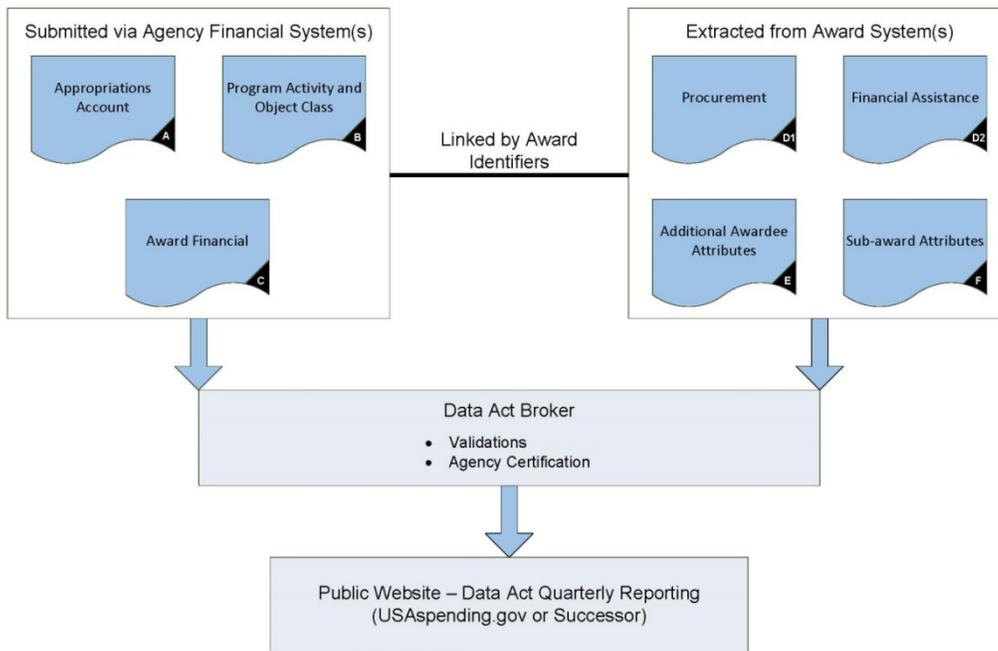
- On August 31, 2015, OMB and Treasury finalized 57 data definition standards, which include standards for financial data as required under the DATA Act, as well as standards to improve comparability of award data reported under FFATA.

- On April 29, 2016, Treasury developed and issued the DATA Act Information Model Schema DAIMS version1.0—a data exchange standard or schema.[2] The schema provides a standard taxonomy and a standard format to facilitate the exchange of the hundreds of data elements that make up the 57 standard definitions. Among other things, the schema includes a listing of the detailed data elements, as well as instructions for how Federal agencies will submit content in the appropriate format, and information on how content will be extracted from governmentwide systems. The following are included in DAIMS:

  - Treasury's Reporting Submission Specification (RSS) lays out financial reporting requirements. As shown in the figure on the following page, agencies report financial data in three files labeled A, B, and C. By the statutory deadline, Federal agencies are required to begin making quarterly submissions of three files via their financial system to the DATA Act broker[3]: (1) File A: summary appropriation data, (2) File B: obligation and outlay information by program activity and object class, and (3) File C: obligation information by award and object class.

  - Treasury's Interface Definition Document (IDD) gives the reporting requirements for procurement and financial assistance award data. Agencies report award data in four files labeled D1, D2, E, and F.

  - The various governmentwide systems being used for reporting at USAspending.gov will continue to be used for DATA Act reporting. These systems are the Federal Procurement Data System–Next Generation (FPDS-NG), the Award Submission Portal (ASP), FFATA Subaward Reporting System (FSRS), and the System for Award Management (SAM). MCC reports procurement data to FPDS-NG via its contract management system, and uploads financial assistance data to ASP. MCC told OIG that prime award recipients submit executive compensation and subaward data to FSRS and SAM.

- On May 3, 2016, OMB issued Management Procedures Memorandum (MPM) 2016-03 ("Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information"), which clarified the authoritative sources for DATA Act reporting, as well as agencies' responsibility for providing reasonable assurance that existing system and process controls are in place to support the reliability and validity of the data reported to USAspending.gov. The guidance also clarified that the award ID linkage should be established by January 2017 for new awards and any modifications made after that date to existing awards.

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[2] According to OMB 15-12, May 8, 2015, the data-centric approach focuses on managing data throughout Government by mapping them to standard schema and taxonomy instead of making massive changes to current systems.

[3] According to page 12 of the Playbook, "the DATA Act broker is a software layer that ingests agency data, validates the data against the DATA Act Schema, and ultimately allows agencies to submit their data for publication."

The following figure provides an overview of DATA Act information flow and related systems.

Flow of Information Under the DATA Act

Submitted via Agency Financial System(s)		Extracted from Award System(s)	
Appropriations Account A	Program Activity and Object Class B	Procurement D1	Financial Assistance D2
Award Financial C		Additional Awardee Attributes E	Sub-award Attributes F

Linked by Award Identifiers

Data Act Broker
- Validations
- Agency Certification

Public Website – Data Act Quarterly Reporting (USAspending.gov or Successor)

Source: OIG generated graphic based on information from DATA Act Interface Definition Document.

MCC HAS TAKEN STEPS TO PREPARE FOR DATA ACT IMPLEMENTATION

MCC has taken initial steps to prepare for the implementation of the Data Act. It has established a governance structure responsible for implementation, reviewed the data elements MCC will report, and assessed the readiness of existing procurement and financial data and systems.

MCC HAS ESTABLISHED A GOVERNANCE STRUCTURE TO MANAGE THE IMPLEMENTATION OF THE DATA ACT

In accordance with the Playbook, MCC has designated an SAO and established a DATA Act workgroup to implement the act. It has also coordinated with the Interior Business Center (IBC), a Federal shared service provider. IBC operates the Oracle Federal Financials (OFF) system MCC uses to process and record its financial transactions.

MCC designated its acting chief financial officer (CFO) as the SAO in July 2015, to head the agency's DATA Act implementation efforts. As required by OMB M-15-12, MCC charged the SAO with coordinating multiple groups in the agency and with external stakeholders to implement the act, ensuring MCC's compliance, and providing high-level oversight of MCC's implementation efforts. In speaking with us, the SAO confirmed that his main responsibilities are: (1) making sure MCC submitted its implementation plans in accordance with OMB guidance, (2) ensuring that IBC has a plan MCC can use, (3) understanding challenges MCC faces with implementing the DATA Act, and (4) ensuring that MCC's DATA Act workgroup has a project plan.[4] He must also approve major implementation decisions— particularly those affecting existing agency policies, business processes, and systems to support DATA Act reporting—and he will be responsible for certifying the reliability and validity of the data MCC submits to the DATA Act broker for publication on USASpending.gov.

In accordance with DATA Act guidance, MCC also established a workgroup. It is composed of individuals from key functional areas to ensure shared understanding of DATA Act requirements and technical standards throughout the agency. Specifically, the workgroup includes senior directors and staff from the Contracts and Grants Management (CGM) and Financial Management (FMD) Divisions of the Department of Administration and Finance (A&F), which provides budgeting, financial, and procurement management services in support of MCC's programs and operations.

Workgroup members oversee the following tasks:

- **Managing the project.** MCC's senior director of strategic initiatives and reporting is the project manager. She has had experience working on other transparency and reporting initiatives, including the International Aid Transparency Initiative and the Foreign Assistance Dashboard.

- **Mapping data elements to MCC's financial system.** The senior director and controller and the senior director of financial planning and analysis, both members of the DATA Act workgroup, oversee the accounting and budget staff that mapped the data elements. A financial report and system consultant has served as the liaison between MCC and IBC for mapping data elements required under the DATA Act to the financial system, while communicating about technical matters with OMB and Treasury. Accounting and budget staff also helped by providing information related to the appropriations account and guidance on how to enter program activity and object class information into the financial system.

- **Reconciling awards data published on USASpending.gov with MCC data.** The financial report and system consultant works with a supervisory procurement analyst, who also participates in the DATA Act workgroup, on comparing award data provided by prime awardees and published on USASpending.gov with data reported to FPDS-NG via CCMS. The supervisory procurement analyst is also the liaison between

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[4] OMB's M-15-12 and DATA Act Implementation Plans Guidance.

MCC and FPDS-NG, responsible for ensuring that MCC's procurement-reporting practices comply with FFATA.

MCC's DATA Act governance structure also includes a DATA Act workgroup formed by the IBC. Our review of records and interviews showed MCC has worked closely with IBC's DATA Act workgroup in preparing and implementing the law. As the host of OFF, IBC is responsible for ensuring functional and technical changes are made to the financial system so DATA Act files can be generated and submitted to the broker in accordance with technical requirements.

MCC HAS REVIEWED STANDARDS FOR THE DATA IT WILL SUBMIT

As recommended by the Playbook, MCC's DATA Act workgroup reviewed the data standards and requirements using a variety of resources. Staff who work in budgeting, accounting, procurement, and financial management participated in the review. MCC involved its accountants and budget analysts, who know MCC's budget execution process and how the appropriations funding is tracked in the financial management system, in reviewing budget and accounting data elements. MCC documented the results of its review.

The workgroup also communicated directly with external stakeholders as they deemed necessary to share concerns and stay abreast of any developments. For example, workgroup members participated in weekly conference calls hosted by Treasury and OMB; sent emails to the DATA Act point of contact and the DATA Act Program Management Office at OMB and Treasury; and interacted with the Small Agency Council (SAC), an interagency organization made up of independent Federal agencies.

Further, MCC's workgroup coordinated with IBC in reviewing technical aspects of the Federal data standards and specifications. For example, IBC provided MCC with a cross reference between the 57 data definition standards and data in OFF.

MCC HAS INVENTORIED DATA, PROCESSES, AND SYSTEMS IN PREPARATION FOR THE DATA ACT BROKER AND IDENTIFIED GAPS AND SOLUTIONS

As recommended by the Playbook, MCC has worked with IBC to conduct an inventory of agency award and financial data, associated business processes, and systems based on policy and technical guidance provided by OMB and Treasury. During the inventory process, MCC identified gaps in its existing collection of award and financial data, as well as solutions to those gaps.

Inventories of Data, Processes, and Systems

MCC did inventories of all three components.

Award Data. Treasury intends to establish a DATA Act broker to extract standardized data from existing award reporting systems, including FPDS-NG, ASP, FSRS, and SAM. The files include prime and subaward information, such as the name of the entity receiving the award, the amount of the award, and the recipient's location, in addition to other information. Once implemented, the DATA Act will provide data extraction parameters, and the agencies will determine which parameters apply to them. Agencies will then provide that information to the broker so that it can extract the appropriate data.

According to guidance provided in OMB Memorandum 2016-03, MCC's reporting responsibility for award data is limited to information contained in two of the four files to be extracted, prime award and awardee information for procurements and financial assistance from FPDS-NG and ASP. The two files contain 253 total data elements.

After inventorying agency data, MCC officials have determined that19 of the 253 data elements are not applicable to their foreign assistance programs. For example, four data elements in the procurement file relate to agency subcomponents responsible for procurements, but MCC does not have subcomponents. MCC also identified 15 data elements in the financial assistance file that will not be reported. One example is the business type element, which contains a number of indicators to show an award recipient's socioeconomic status and business area; since MCC's prime award recipients are governments, this element does not apply.

Additionally, under FFATA, the entity issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement to FSRS and SAM. MCC also has told OIG that the agency does not have the ability to enter information in the subaward reporting system.

Processes and Systems. MCC identified two systems involved with DATA Act reporting: the CGM Contract Management System (CCMS) and OFF. CCMS records agency procurement information,[5] and uploads the data to FPDS-NG, one of the feeder systems to the DATA Act broker. MCC uses CCMS data to generate accounting transactions in its financial system.

MCC uses OFF to record the apportionment, allotment, commitment, and obligations of congressionally appropriated funds. To track the use of appropriated funds, IBC sets up fund codes in Oracle for the main appropriations account to identify the sources and broad purposes of the funds. Except for the award ID, OFF already captures all financial data required by the DATA Act.

Gaps and Solutions Identified
According to the Playbook, an important part of the inventory process is identifying gaps in the data that will be collected.

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[5] At this time, FFATA, as amended does not require MCC to report program procurements administered and managed by countries that receive financial assistance from the agency, which account for the majority of the agency's spending.

The gaps MCC identified in the financial management system were program activity and object class data, as well as unique award identifiers. By the spring of 2016, MCC and IBC had gone through a mapping and testing process, which will allow MCC's financial system to report appropriations by agency programs and object classes.

As for award ID, the agency has been assigning unique identifiers to financial assistance and procurement awards. However, the award ID information is recorded in MCC's financial system in the Purchase Order Number field, which cannot functionally link financial data to awards as required under the DATA Act. According to documentation we reviewed, Oracle has provided IBC with target dates for providing the patches needed to facilitate agency data submissions from OFF to the broker, including award ID linkages. The most recent target dates showed Oracle planned to complete the necessary software updates by January 2017.

FUTURE GOVERNMENT-WIDE GUIDANCE AND DELAYED SOFTWARE UPDATE COULD AFFECT DATA ACT IMPLEMENTATION

Although MCC has taken steps to prepare for DATA Act implementation, the agency will need to maintain focus on addressing emerging challenges related to system updates and subaward data quality.

DELAYED SOFTWARE UPDATES

MCC expressed concern over whether the software updates would fully address the requirements of the DATA Act in a timely manner. The statutory deadline for agencies to establish an award ID linkage was January 2017, so that data from the second quarter of FY 2017 could be reported by May 2017. Oracle's current plan is as follows:

–   By the end of September 2016: Patch for award ID

–   By the end of October and November 2016: Patches for configurations

–   By the end of January 2017: Patch for data extraction from files A, B, and C.

However, Oracle's planned target dates may not give enough time for the agency and IBC to complete additional testing and fix any glitches related to the updates before the statutory deadline. For example, MCC officials said that initial tests exposed problems with the implementation of the award ID.

According to GAO, Federal Enterprise Resource Planning vendors such as Oracle waited to start developing key software patches until a stable version of the schema was

released.[6] Treasury released schema version 1.0 on April 29, 2016, 4 months later than originally planned.

MCC officials said the agency can use its existing reporting process for the foreign assistance dashboard to develop an interim solution if Oracle cannot provide a solution to enable the automated reporting by award ID in the financial system. However, even an interim solution could take some time to develop.

SUBAWARD DATA QUALITY

A key purpose of the DATA Act is to improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for data completeness and accuracy.

Federal agencies cannot rely solely on validations at the broker and feeder systems to ensure the quality of data submitted by the prime awardees. Validation checks to be performed by the DATA Act broker will involve mostly checking data format and cross-file validations and calculations. Documents we reviewed indicated that the broker will not validate the accuracy and completeness of the data reported by the agencies and posted to USASpending.gov. Similarly, Treasury officials told officials with the Government Accountability Office (GAO) that the ASP has been updated to include validation checks to ensure that agency-submitted financial assistance data comply with the standard format developed under the DATA Act.[7] Treasury officials have also said they have no plans to add validation tools to ensure the data from the award systems are accurate and will rely on agencies' existing controls for data quality assurance.

Under FFATA, "the [prime awardee] issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement," which involves disclosing subaward and executive compensation data in the same manner as data regarding the prime award. MCC relies on prime awardees to ensure that subaward and executive compensation information entered into the feeder systems is complete and accurate.

OMB M-17-04 ("Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability") specifies that "existing data quality measures required by regulation and/or OMB guidance will be sufficient for SAO reliance on individual data files." Existing measures for data reported by prime contractors of procurement awards include certification by the agency that it regularly reviews contractor-provided data. However, a similar certification requirement does not exist for subaward data. According to OMB, it is reviewing other mechanisms to further improve assurances regarding these data. Therefore, future guidance for assuring the quality of data reported by Federal prime awardees could affect MCC's DATA Act reporting efforts.

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[6] GAO-16-824R, August 2016.
[7] GAO-16-824R, August 2016.

CONCLUSION

The steps taken by MCC to meet the reporting requirements established by the DATA Act promote transparency and accountability, which are critical to MCC's role as steward of billions of dollars in committed assistance to foreign countries. Yet much of the implementation process has yet to be completed, including system updates to facilitate submission of data for broker extraction. MCC must sustain its focus to address implementation challenges and meet mandated congressional timelines for the DATA Act.

OIG RESPONSE TO AGENCY COMMENTS

This report contains our observations, but no recommendations. We submitted the draft report to MCC on December 14, 2016, and received their management response on January 13, 2017. MCC management agreed with our conclusion and thanked us for the opportunity to review the report. MCC's full management response appears in Appendix C.

APPENDIX A. SCOPE AND METHODOLOGY

We conducted our work from July 18 to December 14, 2016, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our objectives were to determine (1) whether MCC has taken steps to prepare to implement the DATA Act in accordance with OMB and Treasury guidance and recommendations and (2) what challenges could impede MCC's ability to implement the DATA Act.

The audit scope covered MCC's implementation of the DATA Act, which started with the designation of the SAO for the DATA Act workgroup in July 2015, through December 14, 2016, the date that we sent the draft report to MCC. MCC's implementation, like other Federal agencies, follows guidance that Treasury created to assist agencies in implementing the DATA Act. The guidance is the DATA Act Playbook, and it contains eight steps. For the purposes of the readiness audit, we evaluated MCC's implementation of steps one through four.[8] The law requires OIGs to sample and audit agency spending data and report on the timeliness, quality and accuracy of the data. The first OIG reports were due to Congress in November 2016, but agencies are not required to begin reporting data for the purposes of the DATA Act until May 2017. Due to this timing anomaly, OIGs cannot yet audit to steps five through eight, which deal with preparing data to submit to the broker, submitting data to the broker, testing the submission for validity and accuracy, updating systems as necessary, and submitting data for publication by May 2017.

The Federal Audit Executive Council of the Council of the Inspectors General on Integrity and Efficiency created a DATA Act Readiness Review Guide to assist OIGs in conducting their readiness engagements. We developed audit steps based on the procedures in the Readiness Review Guide and the Playbook. The audit program and methodology reflect those audit steps and procedures that apply to MCC.

We gathered two main types of evidence as part of the audit: documentation and testimonial evidence. The documentation included correspondence between the auditee and various stakeholders regarding DATA Act implementation, as well as internal correspondence on how to manage implementation. We also collected various pieces of documentation that showed how the auditee followed suggested DATA Act guidance. Our testimonial evidence came from individual and group interviews with various

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[8] The four steps are titled, in order, "Organize Team," "Review Elements," "Inventory Data," and "Design and Strategize." Step five is "Execute broker," step six is "Test broker implementation," step seven is "Update systems," and step eight is "Submit data." As of October 4, the DATA Act broker was not ready, and MCC's financial system was not ready to submit data to the DATA Act broker.

auditee officials, as well as from IBC. We then compared the testimonial evidence with the documentation we received from the auditee.

We examined MCC's internal controls related to DATA Act implementation by performing the following. We looked at how MCC established a DATA Act workgroup and chain of command for carrying out tasks related to the DATA Act as part of their control environment and control activities. In interviews, we asked about risks to implementation and how MCC assessed and prepared for those risks. We gathered documentation to support assessment of the risks. We also asked how MCC monitors progress on DATA Act implementation at the management level.

Since this is a new mandate, OIG has done no previous work on the DATA Act. However, we did consider and reference prior audit reports by GAO related to governmentwide DATA Act implementation.

During the planning phase of our audit we reviewed all pertinent laws and guidance related to MCC's implementation of the DATA Act, including FFATA of 2006, the Government Funding Transparency Act of 2008, and the DATA Act of 2014. We also reviewed the DATA Act Implementation Playbook and OMB guidance memos (M-10-06, M-15-12, and MPM 2016-03).

We examined the 57 data elements contained in the data definition standards and their respective data fields, as well as the DATA Act Information Model Schema (DAIMS) version 1.0. DAIMS lists the reporting data and provides the format agencies should use in submitting DATA Act information to Treasury's DATA Act broker system. Additionally, as part of the audit we did not use statistical based sampling to conduct testing. We also did not assess data reliability because this is a compliance audit.

To determine whether MCC had taken steps to prepare for the implementation of the DATA Act, we interviewed MCC officials responsible for implementing the DATA Act, including the SAO and members of the DATA Act Working Group. We also interviewed officials at IBC, the Federal shared service provider, to understand their expertise and particular role related to the DATA Act. We also specifically asked MCC personnel about their participation in the Small Agency Council and other governmentwide workgroups for the DATA Act, as well as their interaction with points of contact at OMB and Treasury. During the interviews, we asked MCC's DATA Act workgroup and IBC to walk us through their timelines and methods for reviewing the DATA Act elements when they were first released by OMB and Treasury in August 2015. This included email correspondence between MCC and IBC to show that both sides had reviewed the elements and identified any areas that didn't pertain to MCC. We asked for similar correspondence from both MCC and IBC related to inventorying the data standards captured in DAIMS and identifying any gaps in the data.

Through interviews, we determined which MCC IT systems will feed data to the DATA Act Broker, as well as the data from those systems that will feed pertinent DATA Act

elements. These systems include the Contract Management System (CCMS), which is managed internally, and Oracle's OFF located at IBC.

We also reviewed MCC's and IBC's DATA Act implementation and project plans and analyzed the extent to which MCC's implementation and project plans are reflective of IBC's.

Finally, we examined IBC and MCC email correspondence regarding IBC's testing in OMB's Object Class-Program Activity Data Collection System. The testing addressed the mapping of MCC's object class and program activity data in Oracle. In addition, we reviewed reports that measured the accuracy and completeness of the data, both at the appropriations account level of obligations, and outlays by program activity and object class.

To identify challenges that could impede MCC's implementation of the DATA Act, we interviewed IBC and MCC officials, since MCC relies on IBC's timely and successful updates of the OFF system for successful DATA Act implementation. IBC said that those updates depend on Oracle's ability to update the system as its vendor. IBC provided the OIG with further details on Oracle's efforts to update its system in time for IBC and its client agencies to conduct data submission testing before the May 2017 DATA Act deadline.

APPENDIX B. MAJOR CONTRIBUTORS TO THIS REPORT

Name	Title
Gary Middleton	Director of MCC/Performance Audits
Christopher (Reid) Featherstone	Lead Auditor
Long Chen	Auditor
Carol Yates	Auditor
Jerry Lawson	Associate Counsel to the Inspector General
Allison Tarmann	Editor
Martha Chang	Referencer
Timothy Lamping	Referencer
Esther Park	Referencer

APPENDIX C. MCC MANAGEMENT RESPONSE

MEMORANDUM

DATE: January 24, 2017

TO: Donell Ries
             Deputy Assistant Inspector General
             Office of the Inspector General
             United States Agency for International Development
             Millennium Challenge Corporation

FROM: Mahmoud Bah /pp/ Alice Miller /s/
             Acting Vice President and Chief Financial Officer
             Department of Administration and Finance
             Millennium Challenge Corporation

SUBJECT: MCC's Management Response to the Draft Report, "*MCC Took Initial Steps to Implement the Digital Accountability and Transparency Act of 2014*", dated December 14, 2016

The Millennium Challenge Corporation (MCC) appreciates the opportunity to review the draft report on the Office of Inspector's review, "*MCC Took Initial Steps to Implement the Digital Accountability and Transparency Act of 2014*", dated December 14, 2016. MCC concurs with the conclusion of the review and deemed the report constructive in helping to validate the agency's readiness for the DATA Act.

There were no recommendations as part of this audit, and as such, MCC does not provide a corrective action plan.

If you have any questions or require any additional information, please contact Mahmoud Bah, Acting Vice President and Chief Financial Officer, at 202-521-3653 or Bahm@mcc.gov; or Jude Koval, Director of Internal Controls and Audit Compliance (ICAC), at 202-521-7280 or Kovaljg@mcc.gov.

CC: Gary Middleton, Director of Performance Audits Division, OIG, USAID

Aleta Johnson, Administrative Assistant, OIG, USAID
Eric Redmond, Controller, Financial Management Division, A&F, MCC
Jude Koval, Director of ICAC, A&F, MCC
Karla L. Chryar, Compliance Officer (Contractor), ICAC, A&F, MC