



Audit Report



OIG-17-045

RESOURCE MANAGEMENT

DATA Act Readiness: Council Is Making Progress in Meeting
DATA Act Reporting Requirements Despite Challenges

June 2, 2017

Office of
Inspector General

Department of the Treasury

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Abbreviations

ARC	Administrative Resource Center
ASP	Award Submission Portal
Award ID	Award Identification Number
CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Council	Gulf Coast Ecosystem Restoration Council
DATA Act	Digital Accountability and Transparency Act of 2014
FAIN	Federal Award Identification Number
FFATA	Federal Funding Accountability and Transparency Act of 2006
FSSP	Federal Shared Service Provider
GAO	Government Accountability Office
IG	Inspector General
IGT	intra-governmental transfer
OIG	Office of Inspector General
OMB	Office of Management and Budget
Playbook	DATA Act Implementation Playbook
PMO	Program Management Office

Contents

RAAMS	Restoration Assistance and Award Management System
RESTORE Act	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act
SAO	Senior Accountable Official
Schema	DATA Act Information Model Schema
Treasury	Department of the Treasury
Trust Fund	Gulf Coast Restoration Trust Fund

*The Department of the Treasury
Office of Inspector General*

June 2, 2017

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Acting Executive Director
Gulf Coast Ecosystem Restoration Council

This report presents the results of our audit of the Gulf Coast Ecosystem Restoration Council's (Council) efforts to report financial and payment information as required by the Digital Accountability and Transparency Act of 2014 (DATA Act)¹ as of April 6, 2017. We performed this audit, the first in a series, as part of our ongoing oversight over the Council's DATA Act reporting efforts. Our objective was to gain an understanding and assess the processes, systems, and controls that the Council has implemented, or plans to implement, to report Federal agency expenditures and link Federal contract, loan, and grant spending information in accordance with the DATA Act.

To accomplish our objective, we obtained an understanding of the current laws and guidance related to the Council's reporting responsibilities under the DATA Act. We conducted interviews with Council personnel responsible for the Council's implementation of the DATA Act reporting requirements. We also reviewed the Council's DATA Act implementation plan and other relevant documents, such as its governance structure, policies and procedures, and project status reports. We conducted our fieldwork from November 2016 through April 6, 2017. Appendix 1 contains a detailed description of our objective, scope, and methodology.

Results in Brief

As of April 6, 2017, the Council is making progress toward compliance with the DATA Act by establishing a comprehensive implementation plan and project planning documentation that conform to technical and informational guidance issued by the

¹ Public Law 113-101 (May 9, 2014).

Department of the Treasury's (Treasury) Program Management Office (PMO) and the Office of Management and Budget (OMB). If fully executed, we anticipate that the Council will meet the DATA Act reporting requirement by the established May 2017 deadline. Specifically, the Council's DATA Act implementation plan and project planning documentation (1) identify its Senior Accountable Official (SAO)²; (2) estimate resource requirements; (3) propose an implementation timeline; and (4) identify foreseeable challenges that it may encounter while implementing the DATA Act, as well as potential resolutions.

In June 2015, Treasury's PMO outlined a suggested implementation approach in its *DATA Act Implementation Playbook* (Playbook), *Version 1.0*.³ The Playbook recommended eight key steps and a timeline that Federal agencies could use to develop a methodology for implementing the DATA Act. As documented in its implementation plan and other project planning documents, the Council has (1) organized an agency DATA Act working group, (2) reviewed the list of data elements and participated in the data standardization process, (3) completed an inventory of agency data, (4) designed a strategy for implementation of DATA Act requirements, and (5) prepared data for submission to the broker.⁴ Additionally, the Council has made progress in addressing steps six through eight, relating to testing broker implementation, updating systems, and submitting data. This includes ensuring it can (1) capture data from its grants and financial systems, (2) validate and reconcile that data, and (3) submit the data from its repository to the Government-wide broker for publication on USASpending.gov.⁵

² SAOs are high-level senior officials who are accountable for the quality and objectivity of Federal spending information under the DATA Act. These senior leaders ensure that the information conforms to OMB guidance on information quality and that adequate systems and processes are in place within the agencies to promote such conformity.

³ On June 24, 2016, Treasury's PMO released the *DATA Act Implementation Playbook, Version 2.0*.

⁴ The Treasury PMO's DATA Act broker is an information system that collects, maps, and validates agency data in a format consistent with the DATA Act Information Model Schema (Schema) and will transmit this data to USASpending.gov.

⁵ A data repository is a particular kind of setup within an overall information technology structure, such as a group of databases, where an enterprise or organization has chosen to keep various kinds of data.

While the Council has worked to comply with the DATA Act, it has identified risks and challenges associated with its reliance on manual processes and limited staff, and delays in additional guidance from Treasury's PMO and OMB. The Council does not believe that these risks and challenges will affect its ability to meet the May 2017 deadline for submitting data. However, the Council recognizes that these risks and challenges will need to be addressed as it continues to refine its DATA Act implementation.

The DATA Act implementation effort is a complex project, with aggressive deadlines, as well as the development of new data handling methodologies. Accordingly, we encourage the Council's SAO and DATA Act working group to continue closely monitoring their efforts to mitigate these risks and challenges. We will continue to monitor the Council's implementation efforts in future audit work.

In a written response, included as appendix 3, the Council agreed with the audit conclusion that it is making progress toward compliance with the DATA Act by establishing a comprehensive implementation plan and project planning documentation. The Council also agreed that it faces a number of challenges, including reliance on manual review processes and limited staff. As such, the Council has plans to automate more data transfer and reconciliation processes, and will continue its practice of assessing its staff requirements relative to the growth of its operations. The Council also noted that communication with Treasury's PMO is now excellent so challenges no longer exist in this area. Although not part of the scope of this audit, the Council noted that it met the guidelines and certified its first DATA Act report for the second quarter of fiscal year 2017 by the statutory May 2017 deadline.

Background

The DATA Act was signed into law by the President on May 9, 2014, and serves to:

- (1) expand the Federal Funding Accountability and Transparency Act of 2006 (FFATA)⁶ by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to programs of Federal agencies to enable taxpayers and policymakers to track Federal spending more effectively;
- (2) establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policymakers on USASpending.gov (or a successor system);
- (3) simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency;
- (4) improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and
- (5) apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal government.⁷

The DATA Act imposes requirements on Federal agencies and their Inspectors General (IG). Specifically, the DATA Act requires that any funds made available to or expended by a Federal agency, or its component, be accurately reported and displayed on USASpending.gov by May 9, 2017, in accordance with the data standards established by Treasury's PMO and OMB. The DATA Act

⁶ Public Law 109-282 (September 26, 2006).

⁷ The Recovery Accountability and Transparency Board was a Federal agency that managed Recovery.gov and oversaw spending under the American Recovery and Reinvestment Act of 2009. Recovery.gov displayed American Recovery and Reinvestment Act of 2009 spending information reported by recipient agencies. Pursuant to law, the Recovery Accountability and Transparency Board ceased operations in September 2015.

also requires the IGs of each Federal agency to perform a series of reviews of statistically valid samples of spending data submitted under the DATA Act. The IGs must submit to Congress (and make publicly available) a report assessing the completeness, timeliness, quality, and accuracy of the data sampled, as well as the implementation and use of data standards by the Federal agency.

The first IG reports were to be submitted in November 2016, and subsequent reports in November 2018 and November 2020. The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the DATA Act. Although the first IG reports were due to Congress in November 2016, Federal agencies are not required to report financial and payment information in accordance with the data standards established under the DATA Act until May 2017. To address this reporting date anomaly, the IGs plan to provide Congress with their first required reports in November 2017, a 1-year delay from the statutory due date, with subsequent reports following on a 2-year cycle. Although CIGIE determined the best course of action was to delay the IG reports, it encouraged IGs to undertake DATA Act "Readiness Reviews" at their respective agencies well in advance of the first November 2017 report. On December 22, 2015, CIGIE's chair issued a letter explaining the strategy for dealing with the IG reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform. The letter is provided in appendix 2.

OMB and Treasury PMO Guidance

On May 8, 2015, Federal agencies received guidance on implementing financial data standards required by the DATA Act, including their ongoing reporting responsibilities for USASpending.gov, in OMB M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*. This guidance requires Federal agencies

to establish an award identification number (Award ID)⁸ to link information between their financial, grants, and procurement management systems—a key component to tracking spending more effectively.

OMB M-15-12 specifies that agency implementation plans should (1) identify a SAO; (2) estimate resource requirements, (3) propose an implementation timeline; and (4) identify foreseeable challenges and resolutions. Further, agencies, particularly Federal Shared Service Providers (FSSP),⁹ should include specific information about anticipated costs and timelines necessary to implement the memorandum.

Concurrent with OMB's guidance, Treasury's PMO issued a Playbook that recommends eight key steps to help guide agencies through the DATA Act implementation process. On June 24, 2016, Treasury's PMO issued an updated Playbook, Version 2.0, with updates based on expanded guidance and progress specifically related to Playbook steps five through eight which relate to preparing, testing, and submitting data.

⁸ Award ID is the unique identifier of the specific award being reported and is used to link information from an agency's financial systems to its award management systems. The Award ID will serve as the key to associate data across management and financial systems. This linkage will facilitate timely reporting of award level financial data, reduce reporting errors, and serve as the primary mechanism moving forward for associating expenditures with Federal awards.

⁹ Shared services are arrangements under which one agency (the provider) provides information technology, human resources, financial, or other services to other departments, agencies, and bureaus (the customer). OMB and Treasury designated the Department of Agriculture's National Finance Center; Department of Interior's Interior Business Center; Department of Transportation's Enterprise Services Center; and Treasury's Bureau of the Fiscal Service's Administrative Resource Center (ARC) as FSSPs for financial management.

Figure 1: Agency 8 Step Plan

Steps for Agencies
1) Organize team <i>Create an agency DATA Act work group including impacted communities (e.g., CIO, Budget, Accounting, etc.) and identify Senior Accountable Official</i>
2) Review elements <i>Review list of DATA Act elements and participate in data definitions standardization</i>
3) Inventory data <i>Perform inventory of agency data and associated business processes</i>
4) Design & strategize <i>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</i>
5) Prepare Data for Submission to the Broker <i>Implement system changes and extract data (includes mapping of data from agency schema to the DATA Act Schema) iteratively</i>
6) Test Broker implementation <i>Test Broker outputs to ensure data are valid iteratively</i>
7) Update systems <i>Implement other changes iteratively (e.g., establish linkages between program and financial data, capture any new data)</i>
8) Submit data <i>Update and refine process (repeat 5-7 as needed)</i>

Source: *DATA Act Implementation Playbook* (Version 2.0, June 2016).

On May 3, 2016, OMB, in collaboration with Treasury’s PMO, issued Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, which further clarifies that the Award ID linkage be established by January 1, 2017, for both new awards and any modifications to awards after that date. It also provides guidance on, among other topics, new requirements for reporting financial assistance data, new information about agency assurance of internal controls over the data, and information about the authoritative sources for the data.

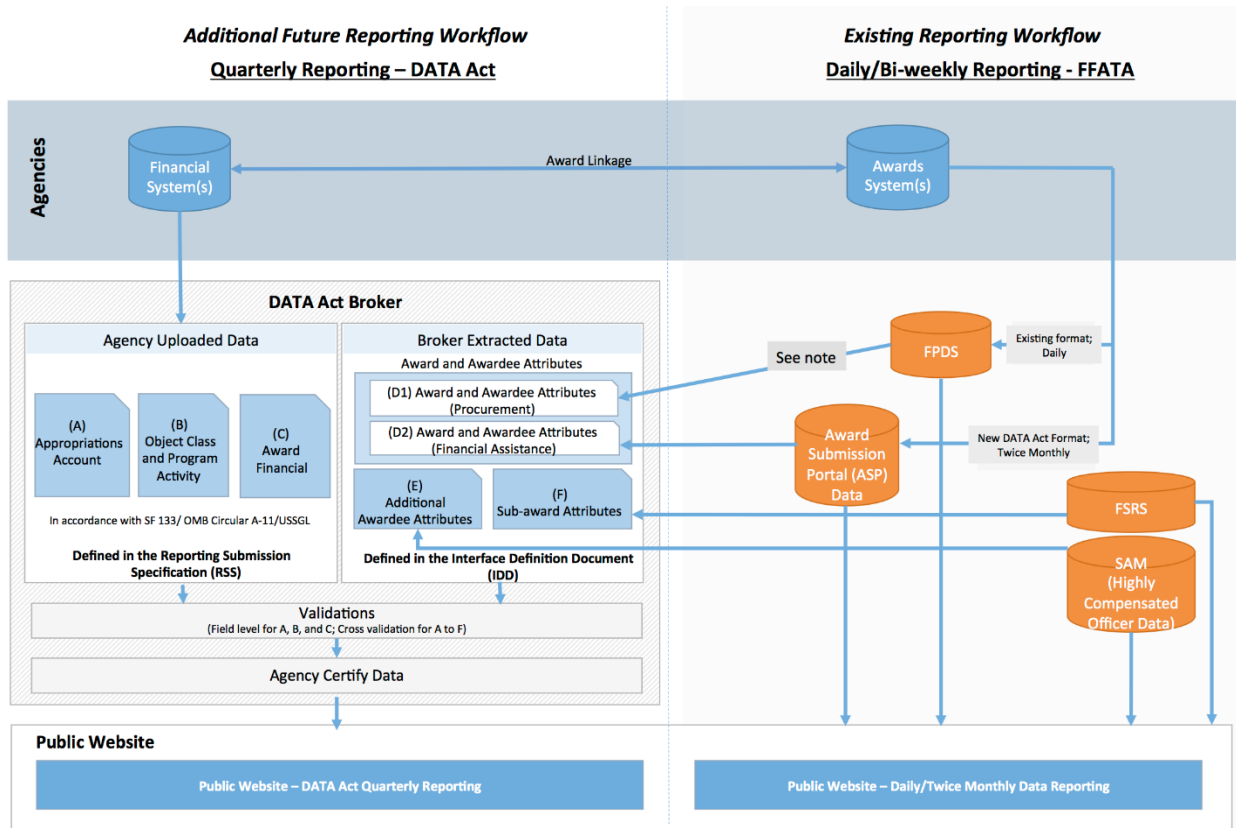
On November 4, 2016, OMB issued OMB M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, which provides additional guidance to Federal agencies to support the technical operationalization of reporting to USASpending.gov. This guidance describes the specifics regarding the (1) reporting of financial information for awards involving intra-governmental transfers (IGT),¹⁰ (2) reporting of financial assistance award records containing personally identifiable information, and (3) SAO's assurance over quarterly submissions to USASpending.gov.

DATA Act Information Flow

Figure 2 below depicts the DATA Act flow of information from agency financial and award systems to public websites and the sources of data for the different files. File A contains appropriation summary level data aligned to SF-133, *Report on Budget Execution and Budgetary Resource*, reporting. File B includes obligation and outlay information at the program activity and object class level. File C reports obligations at the award and object class level. File D1 reports award and awardee attributes for procurement data pulled from the Federal Procurement Data System. File D2 reports award and awardee attributes for financial assistance data pulled from the Award Submission Portal (ASP). File E includes the additional prime awardee attributes pulled from System for Award Management. File F includes sub-award attributes reported from the FFATA Sub-Award Reporting System.

¹⁰ IGTs are funds transferred between Federal agencies. DATA Act requirements affect the reporting of two type of IGTs: (1) allocation transfers; and (2) buy/sell transactions, which result in Federal awards that are subject to reporting under FFATA, as amended by the DATA Act.

Figure 2: Information Flow



Source: *DATA Act Implementation Playbook* (Version 2.0, June 2016).

About the Gulf Coast Ecosystem Restoration Council

In response to environmental challenges and the 2010 Deepwater Horizon oil spill, on July 6, 2012, the President signed into law the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act (RESTORE Act).¹¹ The RESTORE Act established the Council, and tasked it with developing and overseeing a Comprehensive Plan to restore the ecosystem and economy of the Gulf Coast region.¹² The

¹¹ Public Law 112-141, 126 Stat. 588-607 (July 6, 2012).

¹² As defined in the RESTORE Act, the term Gulf Coast region means (a) in the Gulf Coast States (Alabama, Florida, Louisiana, Mississippi, and Texas), the coastal zones that border the Gulf of Mexico; (b) any adjacent land, water, and watersheds that are within 25 miles of the coastal zones of the Gulf Coast States; and (c) all Federal waters in the Gulf of Mexico.

Council is comprised of governors from the five affected Gulf States (Alabama, Florida, Louisiana, Mississippi, and Texas), the Secretaries from the U.S. Departments of the Interior, Commerce, Agriculture, and Homeland Security as well as the Secretary of the Army, and the Administrator of the U.S. Environmental Protection Agency.

The RESTORE Act also established the Gulf Coast Restoration Trust Fund (Trust Fund), which resides within Treasury.¹³ The Trust Fund provides financial resources for the environmental and economic restoration and protection of the Gulf Coast region. Deposits into the Trust Fund will be comprised of 80 percent of all civil and administrative penalties paid by responsible parties after July 6, 2012, under the Federal Water Pollution Control Act.^{14,15}

The Council has responsibility for awarding funds through grants and inter-agency agreements under the Council-Selected Restoration and Oil Spill Impact components of the Trust Fund. The Restoration Assistance and Award Management System (RAAMS) is used by the Council to administer these grants and inter-agency agreements. At the end of each month, the Council is responsible for submitting this award information through the ASP. On a

¹³ The RESTORE Act divides the Trust Fund into five components: the Direct Component (35 percent); the Comprehensive Plan Component, also known as the Council-Selected Restoration Component (30 percent); the Spill Impact Component (30 percent), the National Oceanic and Atmospheric Administration RESTORE Act Science Program (2.5 percent); and the Centers of Excellence Research Grants Program (2.5 percent).

¹⁴ 33 U.S.C. § 1251 et seq.

¹⁵ As of December 31, 2016, the Trust Fund balance was \$947 million as a result of the Federal government's settlements with Transocean and Anadarko Petroleum Corporation defendants, including related interest. Also, in July 2015, BP Exploration & Production Inc. (BP) agreed to settle with the Federal government and the Gulf Coast States. A U.S. District Judge from the Eastern District of Louisiana approved the terms of the settlement on April 4, 2016, where BP agreed to pay \$20.8 billion. Of the \$20.8 billion, \$5.5 billion plus interest relates to civil and administrative penalties under the Clean Water Act. Of this amount, \$4.4 billion (80 percent) will be deposited into the Trust Fund over 15 years. BP made its first annual payment on April 10, 2017, in the amount of approximately \$379 million, of which approximately \$303 was deposited in the Trust Fund, with annual payments continuing through 2031. Interest shall accrue on all unpaid portions and is payable to the United States in 2032.

quarterly basis, ARC, the Council's FSSP¹⁶, will generate files A-C, containing the Council's budgetary information, from its systems, on behalf of the Council. ARC will then generate award related files D1, D2, E, and F via the broker, which contain procurement, financial, and additional award attributes. File D2 includes the award and awardee attributes for financial assistance data pulled from the information submitted to the ASP by the Council each month.

The Council is responsible for reviewing all files generated by ARC for accuracy. If there are any errors within file D2, the Council is responsible for correcting them through the ASP. If there are errors in the other files (A, B, C, D1, E, or F), the Council is responsible for informing ARC, so that corrections can be made prior to the Council's certification. Once the Council approves all files, the Council will certify the information is accurate and inform ARC to submit the data for publication on the website.

Audit Results

Council Is Making Progress in Meeting Reporting Requirements Under the DATA Act

The Council prepared a comprehensive DATA Act implementation plan that captured its strategic direction to implement the DATA Act and current progress. We reviewed the implementation plan that the Council submitted to OMB on April 6, 2017. The Council used the Playbook's Agency 8-Step Plan as a guide while developing its overarching implementation plan. The 8-Step Plan lays out recommended steps and timelines that agencies can use as they begin to develop their methodology for implementing the

¹⁶ As part of Treasury Office of Inspector General's (OIG) oversight of Treasury's DATA Act implementation efforts, our office issued the following audit report on ARC's efforts as an FSSP, to facilitate timely compliance under the DATA Act on behalf of its customer agencies: Treasury OIG, *DATA Act Readiness: ARC is Making Progress in Meeting DATA Act Reporting Requirements Despite Challenges* (OIG-17-039; issued April 13, 2017).

DATA Act using an agile,¹⁷ data-centric approach¹⁸. During our review, the Council identified risks and challenges associated with implementation relating to reliance on manual processes and limited staff, and delays in receiving guidance from Treasury’s PMO and OMB. For details, see the “Challenges” section below.

The following presents the Council’s DATA Act implementation efforts using the 8-step plan included in the Playbook and progress in meeting the requirements imposed by the DATA Act as of April 6, 2017.

Step 1 – Organize Team

Agencies are required to identify a SAO responsible for implementation of the DATA Act, which includes closely overseeing the governance and progress. The agency should select an executive officer with enough seniority and expertise to manage a project across multiple offices and Federal spending communities. Each agency will create a DATA Act working group that includes subject matter experts with strong experience in designing and creating the infrastructure used for Federal spending. The Playbook suggests the working group determine key implementation milestones, along with a working group governance structure and roles and responsibilities of people and offices within the agency.

Status: As documented in its implementation plan and other project planning documentation, the Council identified its Chief Financial Officer (CFO) and Director of Administration as the SAO. The Council utilized the RAAMS implementation team as its core team of subject matter experts for DATA Act implementation. Along with the SAO, the DATA Act working group is comprised of Council staff from its administration, finance, and grants offices. Following guidance from the Playbook, the Council’s DATA Act

¹⁷ Agile implementation is an effort to incorporate user feedback during a software release. Periodically, OMB and Treasury’s PMO released partial guidance and asked for feedback from the agencies to consider for incorporation in future guidance.

¹⁸ Treasury’s PMO proposed a “data-centric” technical approach that focuses on managing existing data and seeks to avoid massive system changes across Federal agencies. This contrasts with a “system-centric” solution that would collect, aggregate, and validate the format of data from agencies in a bulk file or central system.

working group established a working group governance structure and determined individual roles and responsibilities to execute the implementation process. Based on discussions with the Council's DATA Act working group and review of supporting documentation, we determined that the working group communicates regularly to discuss the Council's implementation plan and approach. In addition, the Council informed us that they plan to include roles and responsibilities for DATA Act implementation in the working group members' performance plans, which are currently being drafted.

Step 2 – Review List of Elements

The Playbook recommends that each agency review the data elements and participate in the data-element standardization process. The SAO and DATA Act working group should review the list of DATA Act elements, including the standardized definitions, to ensure they understand how elements are defined and how they relate to the agency's business operations, information technology systems, and organization.¹⁹

Status: From July 2015 through October 2015, the Council reviewed the data elements and participated in the process for standardizing data elements. During this time, the Council was in the process of developing its grants system, RAAMS. The Council used the review of data elements while developing RAAMS, to ensure the system would be DATA Act compliant when initially implemented. The review of data elements concluded in the Council completing preliminary data inventories described below in Step 3.

¹⁹ Subsequent to the enactment of the DATA Act, Treasury's PMO and OMB identified 57 data elements that required standardization. Treasury and OMB released the final standards for all data elements in phases from May 2015 through August 2015.

The Council worked with ARC and its grants system vendor to review the data elements, identify the system where those data elements are housed, and the level of detail available for each. As part of this review process and based on its understanding of the data element definitions, the Council identified areas within RAAMS requiring updates or configuration in order to comply with the DATA Act.

Step 3 – Inventory Data

According to the Playbook, after reviewing the DATA Act elements in Step 2, the SAO and DATA Act working group will perform an inventory of its agency data and its associated business processes. The SAO and DATA Act working group will need to trace how DATA Act elements are used across agency business processes, systems, and applications. Agencies should identify the appropriate source systems to extract the needed data, understand gaps in the data collected, and determine how the various elements, sources, and processes work together. The Playbook further states that it may also be beneficial for agencies to collect detailed attributes of the DATA Act data elements in a spreadsheet format, utilize a pilot business line/program to validate their hypothesized implementation approach, and then extend a confirmed approach to all business areas.

In addition to these considerations, agencies should document the role that FSSPs and enterprise resource planning vendors play in maintaining data on each element, if applicable. Following this process, working groups can leverage the inventory to determine ways their agency can modify systems and processes to improve data quality and better streamline agency analytics, management, reporting, and compliance efforts.

Status: The Council conducted preliminary data inventories for RAAMS from July 2015 through October 2015. The Council completed data inventory spreadsheets provided by ARC, identifying the DATA Act elements, the systems where these elements reside, the level of detail available (summary or transactional), and potential gaps. The Council worked with its grants system vendor on reconfigurations of RAAMS to resolve the

gaps identified and ensure that RAAMS was integrated with the Council's financial information in the accounting systems managed by ARC. The Council completed a final data inventory in November 2016, after the reconfigurations had been made to RAAMS, to ensure no further changes needed to be made.

Step 4 – Design and Strategize

The goals of this step are to: (1) capture Award IDs to link financial data to agency management systems; and (2) develop a comprehensive implementation plan, including solutions for addressing gaps in agency data. OMB M-15-12 requires agencies to use Award IDs to link the data contained in financial and management systems so that complete multilevel data may be captured. In addition, the Playbook, Version 1.0 states that agencies were required to submit implementation plans in September 2015, concurrent with their fiscal year 2017 budget requests to OMB. Implementation plans should include an estimate of resource requirements, an implementation timeline; and identify any foreseeable challenges to fully implement of the DATA Act. In addition, the Playbook recommends that the DATA Act working group develops options for addressing any gaps in the completeness and accuracy of DATA Act elements, along with analyses of the risk and assumptions.

Status: The Council informed ARC that the Federal Award Identification Number (FAIN) for its grants and interagency agreements will be captured as the Council's obligating document number in ARC's accounting systems. The FAIN will then act as the unique identifier across the Council's RAAMS and ARC's systems; thereby, creating linkage between budgetary award data submitted by the Council and award and awardee attributes for financial assistance data pulled from the ASP. The Council tracks the progress of the DATA Act implementation through the use of scorecards. The Council noted in its scorecards that as part of meeting the objectives of Step 4 of the Playbook, it ensured that file D2 data elements were captured by RAAMS and future system upgrades will facilitate data capture that more closely aligns with

the DATA Act Information Model Schema (Schema).²⁰

Additionally, in an effort to mitigate errors and ensure the integrity of data between the accounting, procurement, and RAAMS systems, the Council implemented an internal control process to reconcile, on a bi-monthly basis, its accounting records with its RAAMS records. These records will ultimately be reconciled with the information uploaded into the broker, as discussed in Step 5 of the Playbook.

The Council did not submit an implementation plan to OMB in September 2015. Per discussions with the SAO, it was the Council's understanding that it was not required to submit an implementation plan because it does not submit budget requests to OMB and it is not a CFO Act agency.²¹ Certain DATA Act guidance was distributed to all agencies required to comply with the act, but did not specify that the submission of implementation plans is not applicable to non-CFO Act agencies, while other guidance was only distributed to CFO Act agencies. This resulted in questions remaining as to the applicability of this guidance to the Council. Furthermore, the SAO told us that there were no communications between the Council and OMB to clarify whether the requirement to submit an implementation plan was applicable to the Council.

The SAO also told us that the Council had developed an implementation plan and began addressing the steps in the Playbook during 2015; however, the plan was not formally documented until October 2016, and later revised in March 2017. That said, despite the SAO's uncertainty as to whether the Council was required to submit the implementation plan, the Council submitted its finalized implementation plan to OMB on April 6, 2017. We suggest that going forward the Council work more

²⁰ The Schema is the data exchange standard for DATA Act reporting as defined by Treasury's PMO and OMB. The Schema gives an overall view of the distinct data elements used to depict how Federal dollars are spent. It provides technical guidance for Federal agencies as to what data are to be reported to Treasury including the authoritative sources of the data elements and the submission format. The Schema also provides clarity on how the public can better understand the inherent complexity of the data.

²¹ Public Law 101-576 (November 15, 1990).

closely with OMB to ensure its understanding of all DATA Act requirements is accurate, as well as obtain written documentation from OMB as to when a requirement is not applicable.

Step 5 – Prepare Data for Submission to the Broker

Preparing data for submission to the broker involves: reviewing the Schema, including the reporting architecture and submission specifications; extracting data from source systems and mapping agency data to the Schema; and implementing system changes as needed to collect and link data.

Status: The Council configured its systems to capture all necessary data, mapped all data elements from RAAMS to the Schema, and developed a method to transfer data to Treasury PMO's DATA Act broker. In addition to readying its systems to be DATA Act compliant, the Council's DATA Act working group established procedures for data preparation, validation, extraction, reconciliation, and transfer. The procedures detail what roles and responsibilities the Council staff will have in preparing data and those for ARC.

Steps 6 through 8 – Test Broker Implementation, Update Systems, and Submit Data

The remaining three steps in the Playbook's Agency 8-Step Plan involve testing broker outputs to ensure valid information; implementing system changes, as needed; and providing data to Treasury's PMO for publication on USASpending.gov by May 2017.

Status: The Council, in conjunction with ARC, has made progress in testing the broker, updating its systems, and submitting data. The Council implemented system changes to capture all required data, developed a process to reconcile data, and developed a method to transfer data to Treasury PMO's DATA Act broker. ARC began testing the Council's submitted data in February 2017. To date, testing has been successful, with no identified issues specific to the Council's submission. There are minor changes that ARC is working through on behalf of its customers, including the

Council. ARC provided an update of files A, B, and C for the first quarter of fiscal year 2017 and is in the process of moving files from its test environment into production. Furthermore, in April 2017, the Council's completed testing was used as an example in a DATA Act training webinar provided by ARC.

The Council's DATA Act working group plans to continue working with ARC in refining its execution of steps 6 through 8. The Council is currently scheduled to begin reporting DATA Act information no later than April 15, 2017, and expects to have its data publicly displayed on USASpending.gov by May 9, 2017, as required by the DATA Act.

Council Faces Challenges in Compliance With the DATA Act

The Council identified risks and challenges related to its DATA Act implementation efforts, including the Council's reliance on manual processes and limited staff, and delays in receiving guidance from Treasury's PMO and OMB. The Council does not believe that these risks and challenges will affect its ability to meet the May 2017 deadline for submitting data. However, the Council feels that these risks and challenges will need to be addressed as it continues to refine its DATA Act implementation.

Reliance on Manual Processes and Limited Staff

The Council's current procedures for submitting data rely on manual processes. More specifically, prior to submission to the ASP, the RAAMS technical analyst manually reviews the submission and makes changes to ensure the format of the data is accurate. Subsequent to the submission, the senior grants specialist manually reviews the data that has been publicly posted and compares it to the information from RAAMS to ensure accuracy of the data. The SAO and staff also manually review all broker submission files prepared by ARC during the quarterly reporting process for accuracy.

In addition, the Council has a small staff of approximately 25, and is currently responsible for a low volume of data. The Council

currently expects to report on approximately 25 grants and inter-agency agreements, with an average of 3 transactions per grant and inter-agency agreement through the remainder of fiscal year 2017. In addition, we were told that the staff has a good understanding of which awards should be included in each submission, as well as the details of those awards. Therefore, the Council believes that the manual review process and staff level is currently sufficient for the Council to ensure that its submissions are accurate.

However, the Council stated that as the volume of data grows, it may need to develop automated processes in place of these manual processes. Along with the possible need for automated processes, the Council may need additional staff if the volume of data grows significantly. While it is important for the Council to work on addressing these concerns as it works on DATA Act implementation, the Council does not anticipate having larger volumes of data for a few years.

The Government Accountability Office's *Standards for Internal Control in Federal Government* (September 2014), Section 11.09, *Design of Information Technology Infrastructure*, states that management should design control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information. It further states that management should continue to evaluate changes in the use of information technology and design new control activities when these changes are incorporated into the entity's information technology infrastructure. Section OV4.07, *Benefits and Costs of Internal Control*, also discusses how an entity should evaluate the costs versus benefits of various approaches to implementing an effective internal control system. We encourage the Council to continue to assess the volume of data in relation to the cost/benefit of developing automated processes and increasing staff levels.

Delays in Receiving Guidance from Treasury's PMO and OMB

The Council's working group provided comments to Treasury's PMO and OMB regarding concerns that the Council had relating to several data elements. More specifically, these concerns were

mainly related to how the Council would report the primary place of performance for projects that occurred offshore and in Federal waters. To date, the Council has not received a response from Treasury's PMO or OMB. The Council's working group stated that these concerns will not prevent the Council from meeting its DATA Act requirements in May 2017. However, the Council would like to address these concerns as soon as possible. Members of the Council's working group stated that they plan to reach out to Treasury's PMO and OMB soon if they do not receive a response to their initial comments.

Conclusion

The Council is making progress toward compliance with the DATA Act by establishing a comprehensive implementation plan and project planning documentation. If fully executed, we anticipate that the Council will meet the DATA Act reporting requirement by the established May 2017 deadline. Specifically, the Council's DATA Act implementation plan and project planning documentation (1) identify its SAO, (2) estimate resource requirements, (3) propose an implementation timeline, and (4) identify foreseeable challenges that it may encounter while implementing the DATA Act, as well as potential resolutions. The Council has also taken action to complete Playbook steps 1 through 5, which include organizing an agency DATA Act working group, reviewing the list of data elements and participating in the data standardization process, completing an inventory of agency data, designing a strategy for implementation of DATA Act requirements, and preparing data for submission to the broker. The Council is also making progress in testing the broker and submitting data as recommended in steps 6 through 8 of the Playbook.

The DATA Act implementation effort is a complex project, with aggressive deadlines, as well as the development of new data handling methodologies. The Council identified risks and challenges related to its DATA Act implementation efforts, including the Council's reliance on manual processes and limited staff, and delays in receiving guidance from Treasury's PMO and OMB. The Council does not believe that these risks and challenges will affect its ability to meet the May 2017 deadline for submitting data. However, the Council feels that these risks and challenges will need to be addressed as it continues to refine its DATA Act implementation.

Accordingly, we encourage the Council's SAO and DATA Act working group to continue closely monitoring its efforts to mitigate these risks and challenges. We will continue to monitor the Council's implementation efforts in future audit work.

* * * * *

We appreciate the courtesies and cooperation provided to our staff during the audit. If you wish to discuss the report, you may contact me at (202) 927-5776 or Daniel Gerges, Audit Manager, at (202) 927-0195. Major contributors to this report are listed in appendix 4. A distribution list for this report is provided as appendix 5.

/s/

Susan L. Barron
Director, Resource Management Audits

Our audit objective was to gain an understanding and assess the processes, systems, and controls that the Gulf Coast Ecosystem Restoration Council (Council) has implemented, or plans to implement, to report Federal agency expenditures and link Federal contract, loan, and grant spending information in accordance with the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act). This audit, the first in a series, is part of our ongoing oversight of the Council's DATA Act reporting efforts. The scope of our review was from March 2015 through April 6, 2017. We conducted our fieldwork from November 2016 through April 6, 2017.

To accomplish our audit objective, we took the following actions:

- reviewed the Federal Funding Accountability and Transparency Act of 2006, which outlines requirements for the Office of Management and Budget (OMB) to establish a single searchable website to provide the public with access to data on Federal spending.
- reviewed the DATA Act, which requires that any funds made available to or expended by a Federal agency, or its component, be accurately reported and displayed on USASpending.gov by May 9, 2017, in accordance with the data standards established by the Department of the Treasury's (Treasury) Program Management Office (PMO) and OMB.
- reviewed OMB memoranda to gain an understanding of the Council's implementation and ongoing responsibilities under the DATA Act, including:
 - OMB M-10-06, *Open Government Directive* (December 8, 2009);
 - OMB M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (May 8, 2015);
 - OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* (May 3, 2016); and
 - OMB-M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* (November 4, 2016).

- reviewed the following Treasury Office of Inspector General (OIG) reports to establish criteria and note any prior findings or recommendations, including the sufficiency of plans and actions taken by Treasury and its Bureau of the Fiscal Service to timely comply with the DATA Act:
 - *OIG-17-021, Treasury Is Making Progress in Meeting DATA Act Reporting Requirement Despite Challenges* (December 1, 2016);
 - *OIG-16-047, Treasury's Government-wide DATA Act Implementation Continues, But Project Management Concerns Remain* (June 22, 2016); and
 - *OIG-15-034, Treasury Is Making Progress in Implementing the DATA Act But Needs Stronger Project Management* (May 19, 2015).
- reviewed the following Government Accountability Office (GAO) reports and testimony to establish criteria and note any prior findings or recommendations that affected our audit:
 - *GAO-17-156, DATA Act: OMB and Treasury Have Issued Guidance and Have Improved Pilot Design but Implementation Challenges Remain* (Dec. 2016);
 - *GAO-16-824R, DATA Act: Initial Observations on Technical Implementation* (August 3, 2016);
 - *GAO-16-698, DATA Act: Improvements Needed in Reviewing Agency Implementation Plans and Monitoring progress* (July 2016);
 - *GAO-16-556T, DATA Act: Progress Made but Significant Challenges Must Be Addressed to Ensure Full and Effective Implementation* (April 19, 2016);
 - *GAO-16-438, DATA Act: Section 5 Pilot Design Issues Need to be Addressed to Meet Goal of Reducing Recipient Reporting Burden* (April 2016);
 - *GAO-16-261, DATA Act: Data Standards Established, but More Complete and Timely Guidance is Needed to Ensure Effective Implementation* (Jan. 2016);
 - *GAO-15-241T, Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight* (December 3, 2014);
 - *GAO-14-476, Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website* (June 30, 2014); and

- GAO-13-758, *Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increases* (September 12, 2013).
- reviewed Treasury PMO and OMB guidance related to the DATA Act implementation, including:
 - DATA Act Implementation Playbook, Version 1.0 (June 2015);
 - DATA Act Implementation Playbook, Version 2.0 (June 24, 2016); and
 - 57 Federal Spending Transparency Data Standards (August 31, 2015).
- interviewed personnel responsible for the Council's DATA Act implementation efforts, including the Senior Accountable Official, to gain an overall understanding of the Council's efforts and challenges in reporting under the DATA Act.
- reviewed key documents provided by the Council, including:
 - Organizational chart,
 - DATA Act Progress Request Forms,
 - Draft DATA Act Implementation Plans,
 - DATA Act elements and definitions review and crosswalks,
 - Policies and procedures for DATA Act compliance, and
 - Reporting from the Council's Grants Management System and its Federal Shared Services Provider, Treasury's Administrative Resource Center.

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



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

1717 H Street, NW, Suite 825, Washington, DC 20006

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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,



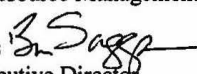
Michael E. Horowitz
Chair, Council of the Inspectors General on Integrity and Efficiency
Inspector General, U.S. Department of Justice

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



GULF COAST ECOSYSTEM RESTORATION COUNCIL

MEMORANDUM FOR: Susan L. Barron
Director, Resource Management Audits

FROM: Ben Scaggs 
Acting Executive Director,
Gulf Coast Ecosystem Restoration Council

DATE: May 31, 2017

SUBJECT: Response to the Treasury Office of Inspector General
Report "Audit of the Gulf Coast Ecosystem Restoration
Council's (Council) efforts to report financial and payment
information as required by the Digital Accountability and
Transparency Act of 2014 (DATA Act)"

Thank you for the opportunity to respond to the Treasury Office of the Inspector General's (OIG) above-entitled report, which was carried out as part of OIG's ongoing oversight of programs, projects, and activities to be funded by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act).

The Council is pleased that the audit found that the Council made progress towards compliance with the DATA Act by establishing a comprehensive implementation plan and project planning documentation that conform to technical and informational guidance issued by the Department of the Treasury's (Treasury) Program Management Office (PMO) and the Office of Management and Budget (OMB). The Council is pleased to report that it met the guidelines and certified its first DATA Act report for the second quarter of fiscal year 2017 by the statutory May deadline.

The Council agrees with the audit conclusion that it faces a number of challenges, including reliance on manual review processes and limited staff, and has plans to automate more data transfer and reconciliation processes. Likewise, the Council will continue its practice of assessing its staff requirements relative to the growth of its operations. Finally, communication with the Treasury DATA PMO is now excellent, so that challenge has been resolved.

The Council appreciates the OIG's courtesy and professionalism during its review of the Council's work, as well as the OIG's interest in working with the Council.

Daniel Gerges, Audit Manager
Michael Levin, Auditor-in-Charge
Brian Schlude, Auditor
Alexis Satterwhite, Auditor
Kevin Guishard, Referencer

Gulf Coast Ecosystem Restoration Council

Chairperson, Department of Agriculture

Department of the Army Council Designee

Department of Commerce Council Designee

Environmental Protection Agency Council Designee

Department of Homeland Security Council Member

Department of the Interior Council Designee

State of Alabama Council Designee

State of Florida Council Designee

State of Louisiana Council Designee

State of Mississippi Council Designee

State of Texas Council Designee

Department of the Treasury

Deputy Secretary

Under Secretary for Domestic Finance

Fiscal Assistant Secretary

Deputy Assistant Secretary, Fiscal Operations and Policy

Office of Management and Budget

Office of Inspector General Budget Examiner

U.S. Senate

Chairman and Ranking Member

Committee on Environment and Public Works

Chairman and Ranking Member
Committee on Commerce, Science, and Transportation

Chairman and Ranking Member
Committee on Energy and Natural Resources

Chairman and Ranking Member
Committee on Appropriations

Chairman and Ranking Member
Committee on Homeland Security and Government
Affairs

Chairman and Ranking Member
Committee on the Budget

U.S. House of Representatives

Chairman and Ranking Member
Committee on Science, Space, and Technology

Chairman and Ranking Member
Committee on Natural Resources

Chairman and Ranking Member
Committee on Transportation and Infrastructure

Chairman and Ranking Member
Committee on Appropriations

Chairman and Ranking Member
Committee on Oversight and Government Reform

Chairman and Ranking Member
Committee on the Budget



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<http://www.treasury.gov/about/organizational-structure/ig/Pages/default.aspx>

Report Waste, Fraud, and Abuse

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Gulf Coast Restoration Hotline – Call toll free: 1-855-584.GULF (4853)

Email: Hotline@oig.treas.gov

Submit a complaint using our online form:

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