DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

November 8, 2017

OIG-CA-18-007R*

MEMORANDUM FOR TREVOR NORRIS, ACTING ASSISTANT SECRETARY FOR MANAGEMENT

FROM: Andrea D. Smith /s/
Director, Fiscal Service Audits

SUBJECT: Audit of Treasury's Reporting of Financial and Payment Information Under the DATA Act – Summary Results

*OIG-18-010R, was revised on March 30, 2018, to reflect changes made on pages 1, 3, 21, 22, 23, and 25. The changes clarify the percent of inaccurate transactions and corresponding accuracy rates for the individual data elements tested by the Office of Inspector General. The addressee of this report has also been updated to reflect the change in the incumbent Assistant Secretary for Management. These corrections did not affect the findings, conclusions, and recommendations previously reported.

In accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act), I am providing the summary audit results of the Department of the Treasury's (Treasury or the Department) efforts to report required financial and payment information. The objectives of the audits were to: (1) assess the completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov, and (2) assess Treasury's implementation and use of data standards. Our audit was performed in collaboration with the Treasury Inspector General for Tax Administration (TIGTA), an entity independent of our office, with jurisdictional oversight for the Internal Revenue Service (IRS). Our office and TIGTA each performed separate audits of our respective jurisdictional oversight areas – IRS for TIGTA and non-IRS offices and bureaus for the Treasury Office of Inspector General (OIG).

To accomplish our objectives, we obtained an understanding of the current laws and guidance related to Treasury's reporting responsibilities under the DATA Act. We conducted interviews with Treasury personnel responsible for implementation of the DATA Act reporting requirements. In collaboration with TIGTA, we selected a statistically valid sample and traced selected transactions

back to underlying agency records. We designed our sample to estimate a rate of reporting errors with a sampling error of no greater than plus or minus 5 percent at the 95 percent level of confidence, with an expected error rate of 50 percent. To select our sample, we divided a population of 7,033 transactions containing financial and payment information, into two strata: 3,956 IRS-related transactions, and 3,077 transactions related to Treasury's remaining reporting entities, or non-IRS transactions. We then selected a statistically valid sample of 366 transactions proportionally allocated between the two strata; 206 IRS transactions and 160 non-IRS transactions. The following are highlights on the results of these efforts.

Treasury Summary Results for All Offices and Bureaus

In total, for our sample of 366 transactions, 23.7 percent are incomplete, 96.2 percent are inaccurate, and 3.0 percent are untimely. Thus, we estimate with 95 percent confidence that the percentage of all transactions in Treasury's FY 2017, second quarter data that are (1) incomplete is between 19.6 and 27.7 percent; (2) inaccurate is between 94.3 and 98.1 percent; and (3) untimely is between 1.3 and 4.7 percent. Additionally, the Department's implementation and use of data standards was not always consistent with the definitions established by OMB and Treasury's Government-wide DATA Act Program Management Office. Until the weaknesses described above are addressed, any efforts to assess the quality of Treasury's data submitted for publication on Beta.USAspending.gov will be limited.

Treasury management acknowledged that the audit methodology for the DATA Act engagements followed OMB guidance; however, management is concerned that this guidance may not have anticipated the complexities of the DATA Act. Consequently, management responded that any audit conclusions related to the accuracy and usefulness of this information may be misleading. Treasury management's response is included, in its entirety, as attachment A to this memorandum.

We acknowledge the progress Treasury continues to make in the Department's efforts to report financial information under the DATA Act. Further, we used OMB and Government Accountability Office criteria in our efforts to assess (1) the completeness, accuracy, timeliness, and quality of FY 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov and (2) Treasury's implementation and use of the data standards.

Non-IRS Results

Our review of the 160 non-IRS transactions found that 25.0 percent are incomplete and 94.4 percent are inaccurate. While Treasury's comprehensive data submission was timely, we noted timing differences between financial data and procurement award data extracted from external award reporting systems in 6.9 percent of the transactions in our sample. Thus, we estimate with 95 percent confidence that the percentage of all non-IRS transactions in the Department's FY 2017, second quarter data that are (1) incomplete is between 18.7 and 32.2 percent; (2) inaccurate is between 90.9 and 97.9 percent; and (3) untimely is between 3.6 and 11.8 percent.

We recommend that Treasury's Assistant Secretary for Management, working with the Department's Senior Accountable Official, reporting entities, and Government-wide Program Management Office, as well as the Office of Management and Budget (OMB), take the following actions: (1) review the list of 57 data elements, including the standardized definitions, to ensure that all reporting entity contracting specialists/officers understand and are trained on how the elements are defined, where these elements are captured in underlying records, and how these elements are reported in procurement and financial systems; (2) ensure that appropriate and complete documentation is maintained and readily available for all procurement awards including, but not limited to, base award documentation and requisitions; (3) continue to evaluate, address, and communicate data quality concerns regarding data inaccuracies attributable to agency supplied information and/or broker extracted information; and (4) continue to monitor the resolution for issues identified in corrective action plans including, but not limited to, Administrative Resource Center's process to report procurement data on behalf of its customer agencies.

Treasury management agreed with our recommendations and outlined its corrective actions. Management described its plan to (1) enhance training of procurement contracting specialists and officers involved in data entry to ensure consistent understanding, interpretation, and standardized use of reported data elements; (2) make improvements to the underlying procurement source documentation by standardizing and making more transparent the supporting documentation in such a manner that better facilitates the auditor's location and review; and (3) continue to execute a strong governance program for periodically evaluating, addressing, and communicating data discrepancies, as well as tracking and monitoring the resolution of issues identified in corrective action plans.

For detailed audit results for the non-IRS offices and bureaus see attachment B of this memorandum for our report OIG-18-010R, dated November 8, 2017.

IRS Results

TIGTA's review of its 206 IRS transactions found that 22.7 percent are incomplete and 97.6 percent are inaccurate. TIGTA did not note timing differences in its sample. Thus, TIGTA estimates with 95 percent confidence that the percentage of all IRS transactions in the Department's FY 2017, second quarter data that are (1) incomplete is between 17.6 and 27.7 percent; (2) inaccurate is between 95.6 and 99.6 percent; and (3) untimely is between 0.0 and 1.7 percent.

TIGTA recommended that IRS's Chief Financial Officer, in coordination with the Chief, Procurement, and National Taxpayer Advocate, develop and implement policies and procedures that: (1) clarify the definition of DATA Act elements and associated fields where the required data is entered into IRS and external systems; (2) specify documentation which should be maintained in support of these elements in grant and contract files; and (3) provide mandatory training to all contracting officers and grant program staff to ensure understanding. TIGTA also recommended quality assurance procedures be enhanced.

IRS management agreed with TIGTA's recommendations and plans to implement policies and procedures to ensure that correct data is entered into related systems, supporting documentation is maintained, mandatory training is provided to procurement and grant staff, and a quality assurance program is implemented.

For detailed audit results for the IRS see attachment C of this memorandum for TIGTA's report 2018-10-006, dated November 7, 2017.

We conducted these audits 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.

If you have any questions, please contact me at 202-927-8757 or John Tomasetti, Audit Manager, at 202-927-2665.

cc: Carole Banks, Deputy Chief Financial Officer, Department of the Treasury
U.S. Senate Committee on the Budget
U.S. Senate Committee on Finance
U.S. House of Representatives Committee on the Budget
U.S. House of Representatives Financial Services Committee

Attachment A: Treasury's Management Response
Attachment B: OIG Report OIG-18-010R (November 8, 2017)
Attachment C: TIGTA's Report 2018-10-006 (November 7, 2017)

Attachment A

Department of the Treasury's Management Response

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

November 6, 2017

Deborah L. Harker
Assistant Inspector General for Audit
Office of the Inspector General
U.S. Department of the Treasury
875 15th Street, NW
Washington, DC 20005

Dear Ms. Harker:

We appreciate the opportunity to review and respond to the Treasury Office of Inspector General's (OIG) draft audit report regarding the Department of the Treasury's progress in implementing the Digital Accountability and Transparency Act (DATA Act) of 2014 (Pub.L. 113-101). Treasury successfully submitted and certified in a timely and complete manner, information required by the DATA Act, to the extent possible. We have confidence in our financial data quality, with Treasury having received 17 consecutive unmodified audit opinions from KPMG LLC, our external auditor, on our consolidated financial statements.

As you know, the federal government has long collected data on its contracts and other federal awards, primarily through the Federal Procurement Data System - Next Generation (FPDS-NG), and its predecessors, and made that data public through USAspending.gov. The DATA Act extended transparency by requiring agencies to make data available by appropriations account (financial data), and linking that data to existing published information on contracts and other awards.

Treasury's implementation of the DATA Act followed the guidance of the government-wide Program Management Office (PMO) and the Office of Management and Budget (OMB), which consisted primarily of collecting, verifying, and reporting financial data, and linking that data to existing award data. As part of this implementation, we developed a robust framework and governance process for submitting our data, including a process for establishing and monitoring bureau corrective actions for data quality improvement. Our implementation strategy largely focused on meeting submission specifications, addressing financial validation and reconciliation issues, and ensuring that financial data was accurate and complete across all files required to be submitted. We are proud of the results of our effort.

The accuracy of contract data has long been a focus of the procurement community government-wide. As required by OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* dated November 4, 2016, we relied upon FPDS-NG as the authoritative source for contract data. Maintaining complete accuracy of the FPDS-NG data is challenging due to the large number of required elements, many of which have limited impact to the agency's effective administration of the contract. Treasury's efforts with respect to FPDS-NG data quality have focused particularly on what the procurement community assesses to be the most relevant FPDS-NG data elements. Along with policy guidance and training, Treasury has maintained, on average, a 97 percent accuracy rate of the critical data elements reported to FPDS-NG, as supported by our validation and verification (V&V) assessment, in accordance with standards set forth by OMB.

We would like to note that government-wide delays and ongoing technical refinements limited our ability to triage and fully address issues prior to our first formal submission due on April 30, 2017 that became subject to audit. The PMO released its government-wide submission system (the "Broker") for agencies to test their data on September 30, 2016. Treasury began testing with this system in October 2016, despite ongoing technical refinements to the Broker.

Agency Concern: We are concerned that the error rate methodology employed by the OIG results in a misleading characterization of the accuracy of our audited data. The OIG derived its methodology from OMB memorandum dated April 6, 2010, *Open Government Directive –Federal Spending Transparency*. The methodology in this memorandum (from 2010) may have been appropriate guidance for the limited information previously published on USASpending.gov, but we do not believe it is practical for this audit. This memorandum did not anticipate DATA Act reporting.

Under the OIG's methodology, if any one of the 57 data elements (including any component of one element) required to be reported on a sample transaction cannot be verified or agreed to source records, the entire transaction is counted as inaccurate. This methodology results in treating all data elements with equal weighting. Here is an example of this issue:

- Key financial information (e.g. "Award Amount") was weighted equally to "Legal Entity Address," a data element comprised of five components (address line 1 and 2, city, state code, zip+4-digit extension or postal code)—all components which must be complete and accurate. While any error in the data is a matter of concern, the reported high error rate that results from the OIG's methodology obscures the fact that the data as a whole provides an accurate picture of federal spending and is fully useful for most purposes.

Our concern noted, Treasury agrees with the OIG that there is room for improvement. We concur with OIG recommendations, as follows:

- We will enhance training of procurement contracting specialists and officers involved in data entry to ensure consistent understanding, interpretation, and standardized use of data elements.
- We will make improvements to the underlying procurement source documentation. While we believe this documentation exists, we will seek to standardize and make more transparent the supporting documentation in such a manner that facilitates the auditor's location and review.
- We have established, and will continue to execute, a strong governance program for periodically evaluating, addressing, and communicating data discrepancies, as well as tracking and monitoring the resolution of issues identified in corrective action plans. We maintain a monthly submission process to test data and review corrective actions, beyond the quarterly requirement.

Conclusion: Treasury continues to have a high degree of confidence in its publicly displayed financial information included within the DATA Act submission files, relying on controlled business processes and feeder systems. The DATA Act Broker submission system, Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS), and our underlying internal financial reporting systems, all validate the integrity of our financial information that is reported pursuant to the DATA Act.

We appreciate OIG's in-depth review of our first DATA Act submission. As a whole, we do not believe that the issues identified in this audit report should weigh heavily on an end-users ability to use and derive value from the reported data. We would suggest that until the community of the Inspectors General agree to revisit the error rate methodology applied for assessing the accuracy of a transaction, any audit conclusions related to the accuracy and usefulness of this information may be misleading. We strongly believe that Treasury's implementation of the DATA Act has had a positive impact on the Department by reinforcing the importance of data quality in service of transparency for the American people.

/s/
Kody H. Kinsley
Assistant Secretary for Management

/s/
Carole Y. Banks
Deputy Chief Financial Officer

Attachment B

Department of the Treasury
Office of Inspector General

OIG-18-010W, *Treasury Continues to Make Progress in Meeting DATA Act Reporting Requirements, But Data Quality Concerns Remain* (November 8, 2017)

Audit Report

OIG-18-010R

Treasury Continues to Make Progress in Meeting DATA Act Reporting Requirements, But Data Quality Concerns Remain

November 8, 2017

This report was revised on March 30, 2018, to reflect changes made on pages 1, 3, 21, 22, 23, and 25. The changes clarify the percent of inaccurate transactions and corresponding accuracy rates for the individual data elements tested by the Office of Inspector General. The addressee of this report has also been updated to reflect the change in the incumbent Assistant Secretary for Management. These corrections did not affect the findings, conclusions, and recommendations previously reported.

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Contents

Audit Report

Appendices

Abbreviations

Act	Digital Accountability and Transparency Act of 2014
ARC	Administrative Resource Center
ASP	Award Submission Portal
Award ID	Award Identification Number
BEP	Bureau of Engraving and Printing
Broker	DATA Act broker
CAP	Corrective Action Plan
CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency

DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
Department	Department of the Treasury
DO	Departmental Offices
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Database System – Next Generation
FSRS	FFATA Sub-award Reporting System
FSSP	Federal Shared Service Provider
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
IDV	Indefinite Delivery Vehicle
IGTs	Intragovernmental Transfers
IRS	Internal Revenue Service
JAMES	Joint Audit Management Enterprise System
MPM	Management Procedures Memorandum
OCC	Office of the Comptroller of the Currency
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier
PMO	Program Management Office
Recovery Board	Recovery Accountability and Transparency Board
SAM	System for Award Management
SAO	Senior Accountable Official
SBR	Statement of Budgetary Resources
TAS	Treasury Account Symbol
TFDW	Treasury Financial Data Warehouse
TIER	Treasury Information Executive Repository
TIGTA	Treasury Inspector General for Tax Administration
Treasury	Department of the Treasury

November 8, 2017

Trevor Norris
Acting Assistant Secretary for Management
Department of the Treasury

This report presents the results of our audit, the first in a series, of the Department of the Treasury's (Treasury or the Department) efforts to report financial and payment information[1] as required by the Digital Accountability and Transparency Act of 2014 (DATA Act or the Act).[2] Our audit objectives were to assess (1) the completeness, accuracy, timeliness, and quality of Fiscal Year (FY) 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov[3] and (2) Treasury's implementation and use of the data standards. The Treasury Inspector General for Tax Administration (TIGTA), an entity independent of our office, is performing a separate audit of the Internal Revenue Service's (IRS) efforts to report financial and payment information as required by the DATA Act.[4] The results of our audit and TIGTA's audit will be used to assess Treasury's efforts, as a whole, to comply under the DATA Act.

To accomplish our objectives, we obtained an understanding of the current laws, regulations, and guidance related to Treasury's reporting responsibilities under the DATA Act. We conducted interviews with Treasury personnel responsible for the Department's implementation of the DATA Act reporting requirements. In consultation with TIGTA, we selected a statistically valid sample of spending data submitted and certified

[1] In this report, financial and payment information will be referred to as financial and award data or spending data.
[2] Public Law 113-101 (May 9, 2014).
[3] On May 9, 2017, Treasury's Government-wide DATA Act Program Management Office (PMO) unveiled Beta.USAspending.gov to track agency expenditures and link relevant agency expenditure data with awards distributed by the government as required under the DATA Act. Treasury's Government-wide PMO plans to run Beta.USAspending.gov concurrently with the previous version of USAspending.gov until fall 2017, to minimize disruptions to users' data access and provide more time to add user-centered enhancements.
[4] TIGTA Report Number 2018-10-006 (November 7, 2017).

by Treasury for publication on Beta.USAspending.gov. We also reviewed relevant documents such as Treasury's (1) DATA Act implementation plan, (2) submission process design document, (3) Corrective Action Plan (CAP) reports, and (4) data certification statements. We conducted our fieldwork from May through October 2017. Appendix 1 contains a detailed description of our objectives, scope, and methodology.

Results in Brief

Treasury continues to make progress in its efforts to comply with the DATA Act by executing its comprehensive implementation plan that conforms to the Government-wide technical and informational guidance issued by the Office of Management and Budget (OMB) and Treasury's Program Management Office (PMO).[5] Specifically, on April 28, 2017, Treasury's senior accountable official (SAO)[6] submitted and certified the Department's FY 2017, second quarter spending data[7] in the DATA Act broker (broker)[8] for publication on Beta.USAspending.gov.

While Treasury continues to make progress in its efforts to comply with the DATA Act, we identified concerns with the completeness, accuracy, and timeliness of data submitted for publication that hinders the quality and usefulness of this information. We assessed completeness in two ways, by determining (1) if all transactions that should have been recorded were recorded in the proper reporting period[9] and (2) the percentage of transactions containing

[5] Treasury's compliance under the DATA Act is separate and distinct from the Government-wide implementation efforts being led by Treasury's Data Transparency Office at the Bureau of the Fiscal Service, also referred to as the PMO, and OMB's Office of Federal Financial Management. In this report, unless otherwise indicated, "Treasury" refers to the Department's reporting team, and not the PMO.

[6] An SAO is a high-level senior official who is accountable for the quality and objectivity of Federal spending information.

[7] FY 2017, second quarter spending data includes financial and award data collected between January 1 and March 31, 2017.

[8] The broker is an information system that collects, maps, takes in, transforms, validates, and submits agency data into a format consistent with the proposed taxonomy.

[9] The *Government Accountability Office (GAO) Financial Audit Manual,* GAO-08-585G defines completeness on page 235-1.02 (July 25, 2008).

all applicable data elements required by the DATA Act.[10] We assessed accuracy as the percentage of transactions that were complete and agreed with underlying records.[11] We assessed timeliness as the percentage of transactions reported within 30 days of FY 2017, second quarter end.[12] We assessed quality as a combination of utility, objectivity, and integrity.[13] Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.

In collaboration with TIGTA, we stratified Treasury's financial and award transactions between IRS-related transactions and transactions associated with Treasury's non-IRS reporting entities. We then selected a statistically valid sample of 366 transactions proportionally allocated between the two strata; 206 IRS transactions and 160 transactions for Treasury's non-IRS reporting entities. For our sample of the 160 non-IRS transactions, 25.0 percent are incomplete and 94.4 percent are inaccurate. While Treasury's comprehensive data submission was timely, we noted timing differences between financial data and procurement award data extracted from external award reporting systems in 6.9 percent of the transactions in our sample. Thus, we estimate with 95 percent confidence that the percentage of all non-IRS transactions in Treasury's FY 2017, second quarter data that are (1) incomplete is between 18.7 and 32.2 percent; (2) inaccurate is between 90.9 and 97.9 percent; and (3) untimely is between 3.6 and 11.8 percent.

Additionally, we determined that Treasury's implementation and use of data standards was not always consistent with the

[10] Completeness, accuracy, and timeliness are defined in OMB's Open Government Directive – Federal Spending Transparency (April 6, 2010).

[11] For a transaction to meet OMB's standard for accuracy, all applicable data elements must match underlying records. We weighted all applicable data elements equally in our review.

[12] Under OMB M-15-12, for Federal award-level and procurement reporting, agencies are to maintain current reporting cadences. Agencies are required to report appropriations account summary-level data quarterly beginning May 2017.

[13] OMB's Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies (February 22, 2002).

definitions established by OMB and Treasury's Government-wide PMO.

Another matter of concern is that Treasury's Administrative Resource Center (ARC),[14] a Federal Shared Service Provider (FSSP),[15] did not accurately report customer agency procurement award and financial assistance awardee data in the customer agency broker files.

While the inaccuracies discussed above are attributable to root causes within Treasury's control, we identified additional inaccuracies beyond the Treasury SAO's control. These inaccuracies are a result of how the broker extracts data from external award reporting systems and are Government-wide issues that must be resolved by Treasury's PMO. Removal of these Government-wide issues did not significantly change Treasury's completeness, accuracy, and timeliness rates. As such, until weaknesses identified in this report are addressed, any efforts to use Treasury's financial and award data will be impacted by uncertainties about data quality.

We understand this implementation effort is a complex project, with aggressive deadlines, involving multiple reporting bureaus and financial and management systems, as well as the development of new data-handling methodologies. However, to improve the quality of its data submissions for publication on Beta.USAspending.gov, we recommend that Treasury's Assistant Secretary for Management, working with Treasury's SAO, reporting entities, and Government-wide PMO, as well as OMB, take the following actions:

1. review the list of 57 data elements, including the standardized definitions, to ensure that all reporting entity contracting

[14] ARC is a Federal Shared Service Provider operating under an arrangement where it provides information technology, human resources, financial, or other services to other departments, agencies, and bureaus known as customer agencies. The IGs of ARC's customer agencies are responsible for performing the customer agency's DATA Act oversight mandate.

[15] Shared services are an arrangement 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 ARC as FSSPs for financial management.

specialists/officers understand and are trained on how the elements are defined, where these elements are captured in underlying records, and how these elements are reported in procurement and financial systems;

2. ensure that appropriate and complete documentation is maintained and readily available for all procurement awards including, but not limited to, base award documentation and requisitions;

3. continue to evaluate, address, and communicate data quality concerns regarding data inaccuracies attributable to agency supplied information and/or broker extracted information; and

4. continue to monitor the resolution for issues identified in corrective action plans including, but not limited to, ARC's process to report procurement data on behalf of its customer agencies.

In a written response, which is included in its entirety in appendix 2, Treasury management agreed with our recommendations and outlined its corrective actions. Management described its plan to (1) enhance training of procurement contracting specialists and officers involved in data entry to ensure consistent understanding, interpretation, and standardized use of reported data elements; (2) make improvements to the underlying procurement source documentation by standardizing and making more transparent the supporting documentation in such a manner that better facilitates the auditor's location and review; and (3) continue to execute a strong governance program for periodically evaluating, addressing, and communicating data discrepancies, as well as tracking and monitoring the resolution of issues identified in corrective action plans.

Additionally, although Treasury management acknowledged that our audit methodology followed OMB guidance, management is concerned that this guidance may not have anticipated the complexities of the DATA Act. Consequently, management responded that any audit conclusions related to the accuracy and usefulness of this information may be misleading.

We acknowledge the progress Treasury continues to make in the Department's efforts to report financial information under the DATA Act. However, as stated above, until weaknesses identified in this report are addressed, any efforts to use Treasury's financial and award data will be impacted by uncertainties about data quality. Further, we used OMB and Government Accountability Office (GAO) criteria in our efforts to assess (1) the completeness, accuracy, timeliness, and quality of FY 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov and (2) Treasury's implementation and use of the data standards. Treasury's response to our recommendations are summarized and evaluated in the recommendation section of this report. We determined that Treasury's response and corrective actions meet the intent of our recommendations and request management record target dates for planned corrective actions in the Joint Audit Management Enterprise System (JAMES), Treasury's audit recommendation tracking system.

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)[16] 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 that displays the data);

(3) simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency;

[16] Public Law 109-282 (September 26, 2006).

(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 (Recovery Board) to spending across the Federal government.[17]

The DATA Act imposes requirements on Federal agencies and their Inspectors General (IG). Specifically, the DATA Act required 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 financial data standards established by Treasury's Government-wide PMO and OMB.

The DATA Act 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, accuracy, timeliness, and quality of the data sampled, as well as the implementation and use of financial 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. However, due to a reporting date anomaly, this report constitutes the first required report, a 1-year delay from the statutory due date, with subsequent reports

[17] The Recovery 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 Board ceased operations in September 2015.

following on a 2-year cycle ending in November 2021.[18] See appendix 3 for more information on the reporting date anomaly.

Government-wide Financial Data Standards

The DATA Act requires the establishment of Government-wide financial data standards for Federal funds made available to or expended by Federal agencies and entities receiving Federal funds. Under FFATA, Federal agencies report over 259 data elements to USAspending.gov. Subsequent to the enactment of the DATA Act, Treasury's Government-wide PMO and OMB identified 57 data elements that required standardization. From May 2015 through August 2015, Treasury's Government-wide PMO and OMB released final financial data standards for the 57 data elements in phases. Appendix 4 provides the standard data elements and their definitions. Appendix 5 provides an analysis of the 57 standard data elements as they should be presented in the DATA Act files according to the DATA Act Information Model Schema (DAIMS), which is discussed further below.

OMB and Treasury's Government-wide PMO Guidance

On May 8, 2015, Federal agencies received guidance on implementing financial data standards required by the DATA Act, including 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, in part, requires Federal agencies to establish an award identification number (Award ID) to link

[18] 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 were 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 by November 8, 2017, a 1-year delay from the statutory due date, with subsequent reports following on a 2-year cycle. 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.

information between their financial, financial assistance management, and procurement systems.[19]

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

Concurrent with OMB's May 8, 2015 guidance, Treasury's Government-wide PMO issued a DATA Act Implementation Playbook, Version 1.0 that recommends eight key steps to help agencies leverage existing capabilities and drive implementation efforts.[20] Figure 1 depicts the eight steps.

[19] 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.

[20] On June 24, 2016, Treasury and OMB released Version 2.0 with minor changes to the eight-step plan.

Figure 1: Agency 8-Step Plan

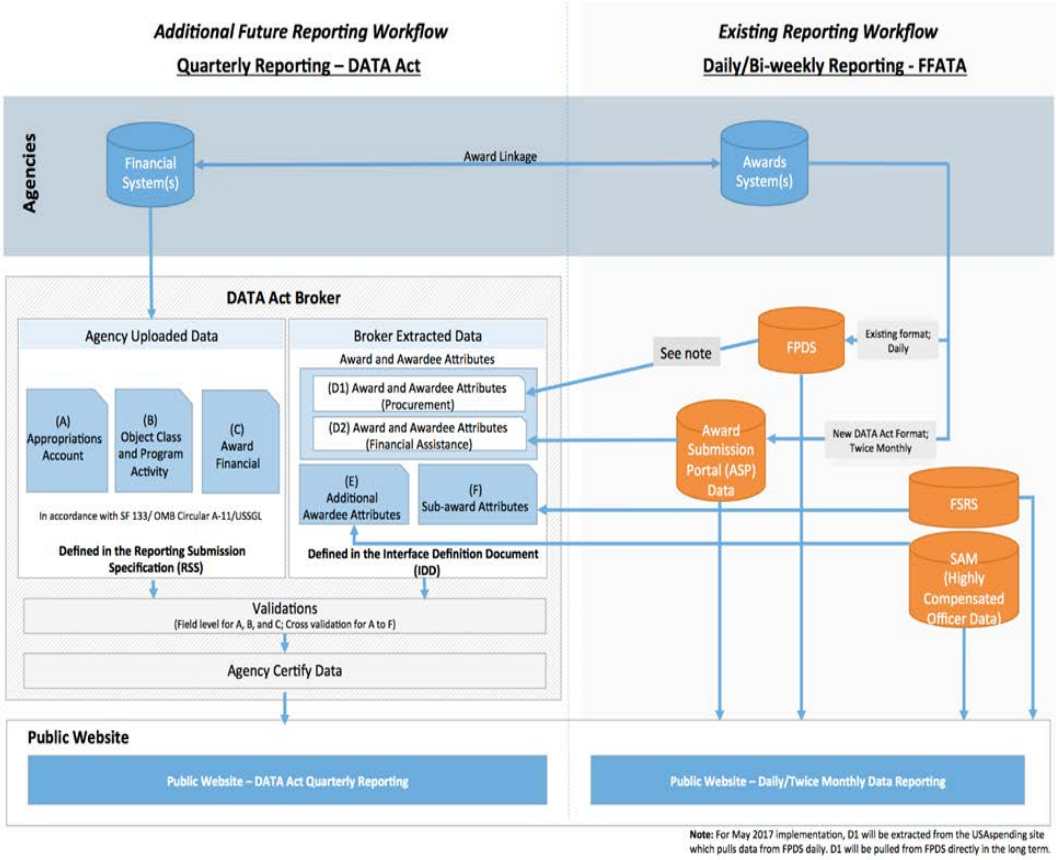
	Steps for Agencies
1) Organize team	*Create an agency DATA Act work group including impacted communities (e.g., CIO, Budget, Accounting, etc.) and identify Senior Accountable Official*
2) Review elements	*Review list of DATA Act elements and participate in data definitions standardization*
3) Inventory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

Source: DATA Act Implementation Playbook Version 2.0

On April 29, 2016, Treasury's Government-wide PMO and OMB released the DAIMS, which prescribes relationships between data elements, as well as data reporting validation requirements necessary for Federal agencies to transmit financial and award data from their internal financial systems and external award reporting systems for publication on USAspending.gov.

As depicted in Figure 2 below, the DAIMS provides the DATA Act flow of information from agency internal financial systems, external award reporting systems, and the sources of this data for publication on Beta.USAspending.gov.

Figure 2: DATA Act Information Model Schema Flow Diagram



Source: DAIMS Version 1.0

The following is a description of the flow of information depicted in Figure 2 above:

- Agency financial and award data is reported on a quarterly basis from its internal financial systems to the broker for publication on Beta.USAspending.gov.
- Agency financial data is collected from the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS).[21] Files A through C are generated and contain the reporting agency's budgetary information from its systems:

[21] GTAS is an accounting system used by Federal agencies to report budget execution information and proprietary financial reporting information to Treasury.

- File A includes appropriation summary level data that aligns to the Standard Form-133, *Report on Budget Execution and Budgetary Resources* (SF-133).[22]
- File B includes obligation and outlay information at the program activity and object class level.[23]
- File C includes obligations at the award (procurement and financial assistance) and object class level.
- Once Files A through C are submitted, the broker performs a series of validation checks of Files A through C, ensuring the data is consistent with the DAIMS.

- The broker then generates award, awardee, and sub-award attributes found in data extracts from external award reporting systems in four additional datasets, Files D1, D2, E, and F.
  - File D1 contains award and awardee details associated with procurement awards found in File C, and is extracted from the Federal Procurement Database System – Next Generation (FPDS-NG).[24]
  - File D2 includes award and awardee details associated with financial assistance awards in File C, and is extracted from the Award Submission Portal (ASP).[25]
  - File E includes highly compensated officer data associated with any unique identifier present in Files

[22] The SF-133 Report on Budget Execution and Budgetary Resources provides a consistent presentation of data across programs within each agency. An agency-wide SF-133 should generally agree with an agency's Statement of Budgetary Resources (SBR). The SBR and related disclosures provide information about budgetary resources made available to an agency and the status of those resources at the end of the fiscal year.

[23] Obligation, program activity, and object class are defined in appendix 4.

[24] FPDS-NG is used by Federal agencies to report all contract actions, including modifications, using appropriated funds for contracts whose estimated value is at or above $3,500. FPDS-NG is administered by the General Services Administration (GSA).

[25] ASP, administered by Treasury's Government-wide PMO, was the platform used by Federal agencies to upload financial assistance files, correct records, and to report that an agency has no submissions for a specific month. Treasury's PMO replaced ASP with the Financial Assistance Broker Submission on September 20, 2017.

D1 and D2.[26] File E is extracted from the System for Award Management (SAM).[27]
    - File F includes all sub-award data associated with the awards that appear in Files D1 and D2, and is extracted from the FFATA Sub-award Reporting System (FSRS).[28]
    - Once the broker generates Files D1, D2, E, and F, it performs an intra-file validation check of data in Files A, B, and C; and a cross-file validation of linkages across Files A through D2. This process is completed by the broker's validation tool, which can identify additional warnings and/or errors for Files A through D2. Treasury's Government-wide PMO has configured these validation checks so that a warning or critical error message will display if the data submitted is not consistent with the DAIMS and supporting artifacts. A warning message will not prevent the agency from submitting its data, but a critical error message will prevent submission.
    - There are no field-level or cross-file validations for Files E and F. It is the prime awardee's responsibility to report sub-award and executive compensation information in SAM and FSRS. As such, the data is reported directly from the authoritative sources, SAM and FSRS, respectively.
- Reporting agencies are responsible for reviewing the broker's validation checks of Files A through D2.[29]
- Each reporting agency's SAO must provide quarterly assurance[30] that their agency's internal controls support the

[26] Awardee/recipient unique identifier is defined in appendix 4.

[27] SAM is the primary database in which those wishing to do business with the Federal government must maintain an active registration unless exempt. SAM is administered by GSA.

[28] FSRS provides data on first-tier sub-awards as reported by the prime grantee and contract award recipients (awardees). FSRS is administered by GSA.

[29] We tested seven elements in File A and six elements in File B. In our sample of Treasury's award data, we tested 43 applicable elements from Files C and D1; of which, 41 are unique. These elements were selected by determining which of the 57 standard data elements are applicable to Files C and D1 based on the DAIMS. Appendix 5 provides an analysis of the 57 standard data elements as they should be presented in Files A through F in accordance with the DAIMS. Please note, some elements may be present in one or more Files.

[30] In general, an assurance is a statement of accountability to confirm an agency's efforts to support data quality.

reliability and validity of its data submitted for display on Beta.USAspending.gov and that the linkages among Files A through F are valid.
- Following the agency SAO's assurance, the broker uploads each agency's submission for publication on Beta.USAspending.gov.

On May 3, 2016, OMB issued Management Procedures Memorandum (MPM) No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*. Consistent with OMB M-15-12, this memorandum provides additional guidance to Federal agencies on reporting Federal appropriations account summary-level and Federal award-level data to USAspending.gov in accordance with the DATA Act. This memorandum requires Federal agencies, in part, to associate data in agency financial systems with a unique Award ID by January 1, 2017, to facilitate the linkage of summary-level and award-level data.[31] Furthermore, this guidance requires SAOs, on a quarterly basis, to provide reasonable assurance that their agency's internal controls support the reliability and validity of the data submitted to Treasury for publication on USAspending.gov.

On September 30, 2016, Treasury's Government-wide PMO released the broker.

On November 4, 2016, OMB issued OMB M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*. This memorandum provides additional guidance to Federal agencies to support the reporting to USAspending.gov. Consistent with OMB MPM No. 2016-03, this memorandum further specifies (1) responsibilities for reporting financial information for awards involving Intragovernmental Transfers (IGTs),[32] (2) guidance for reporting financial assistance award records containing personally identifiable information, and (3) guidance for agencies to provide the SAO assurance over

[31] OMB established a deadline of January 1, 2017 for agencies to have the Award ID linkage in their financial and management systems in order to display linked FY 2017, second quarter data beginning May 2017 on USAspending.gov, in accordance with the Act.

[32] 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 the DATA Act.

quarterly submissions to USAspending.gov. Further, agencies are required to comply with the recordkeeping and reporting requirements detailed in this memorandum for the initial DATA Act reporting submission due May 2017, and every quarter thereafter.

DATA Act Governance Structure – Treasury Specific

As documented in Treasury's comprehensive implementation plan and other project planning documents, the Department identified its Deputy Chief Financial Officer (CFO) as the SAO responsible for leading its implementation and reporting efforts. Treasury's SAO established the Departmental Offices (DO) working group as the primary DATA Act decision-making and advisory body[33] for Treasury's reporting entities.[34] Treasury's major reporting entities include ARC, the Bureau of Engraving (BEP), the IRS, and the Office of the Comptroller of the Currency (OCC). ARC provides reporting services for Treasury reporting entities including, but not limited to, the U.S. Mint, Financial Crimes Enforcement Network, Community Development Financial Institutions Fund, and Alcohol and Tobacco Tax and Trade Bureau. For a listing of Treasury's reporting entities, see appendix 6. In addition to the DO working group, Treasury requires its reporting entities to establish individual working groups to facilitate regular communication and oversight of its implementation efforts. A qualified SAO leads each bureau-level working group and oversees the bureau's implementation efforts.

Audit Results

Treasury Continues to Make Progress in Meeting Its Reporting Requirements Under the DATA Act

Treasury continues to make progress in its efforts to comply with the DATA Act by executing its comprehensive implementation plan that conforms to the Government-wide technical and informational guidance issued by OMB and Treasury's PMO. Specifically, on

[33] Treasury DO is composed of divisions headed by Assistant Secretaries and Under Secretaries who are primarily responsible for policy formulation and overall management for the Department. The DO DATA Act working group facilitates coordination of impacted communities within Treasury and provides technical assistance and implementation guidance in support of the Department's efforts.

[34] In this report, Treasury's bureaus and reporting entities are collectively referred to as reporting entities.

April 28, 2017, Treasury submitted and certified its FY 2017, second quarter spending data in the broker for publication on Beta.USAspending.gov.[35]

Treasury's Data Submission

Treasury leverages its Treasury Information Executive Repository (TIER)[36] and Treasury Financial Data Warehouse (TFDW)[37] to transmit financial and award data from internal financial systems for publication on Beta.USAspending.gov. The process for submitting information to the broker begins with gathering financial and award data, including financial, procurement, grant, and loan information, from Treasury's reporting entities. On a monthly basis, each reporting entity submits its data into TIER for validation. Once validated, the data is extracted from TIER and ingested into the TFDW to generate three datasets, Files A, B, and C. Once the TFDW generates Files A through C, the DO working group submits these files to the broker. The broker then generates award and awardee attributes found in data extracts from external award reporting systems in four additional datasets, Files D1, D2, E, and F.

Once Files A through F are submitted in the broker, field-level and cross-file validation checks are performed which can generate error and warning reports, as appropriate, for Files A through D2. There are no field-level or cross-file validations for Files E and F because the data is reported directly from those file's authoritative sources, SAM and FSRS, respectively.[38] The TFDW ingests the results of broker validation checks, and the DO working group generates a reconciliation report and a CAP report. Reconciliation reports are used to assist and guide reporting entities in identifying data mismatches, timing issues, warnings, and errors necessary for reporting entities to take corrective action. The CAP report provides the reporting entities with comprehensive information on broker warnings, errors, and failed internal sum checks. Reporting entities are responsible for reviewing the CAP report and

[35] On August 9, 2017, Treasury submitted and certified its FY 2017, third quarter spending data for publication on Beta.USAspending.gov. Treasury's third quarter data is outside the scope of this audit.

[36] TIER is a reporting application that receives uploaded financial accounting and budgetary data from reporting entities in a standard data file format.

[37] The TFDW is an internal system that transfers data between Treasury and the broker.

[38] OMB MPM No. 2016-03 (May 3, 2016).

(1) providing a detailed CAP report for each identified warning, error, and failed sum check, (2) naming a person with the responsibility for implementation, (3) setting a completion date, and (4) making available the entity's status on correcting the issue.

Treasury's SAO Certification

Treasury's SAO is responsible for certifying that the Department's internal controls support the reliability and validity of its FY 2017, second quarter summary-level and award-level data submitted to the broker for publication on Beta.USAspending.gov. Treasury's SAO also attests to the linkages across data in Files A through F.[39] Treasury's internal certification guidance requires assurance from each reporting entity CFO, or Deputy CFO-level official, that the data reported in Files A through C, and D2 where applicable, were complete, accurate, timely, and of quality. This guidance states that assurance should rely upon monthly certification of GTAS financial data, coupled with the reporting entity's monthly and/or quarterly certification of the SF-133/Statement of Budgetary Resources (SBR). Further, this guidance instructs each reporting entity CFO, or Deputy CFO-level official, to review its monthly and quarterly reconciliation reports from the TFDW, to ensure (1) data are properly reconciled and (2) discrepancies are identified, resolved, or reflected in planned corrective actions. Treasury's Senior Procurement Executive provided an assurance statement for Treasury's File D1, in its entirety, with reliance on the verification and validation process.[40] Treasury's SAO leveraged assurance for Files E and F based on the internal controls of the system's owner, General Services Administration (GSA), in accordance with OMB Circular A-123.[41,42] Treasury's SAO and DO working group stated that they met monthly to analyze reporting entities' broker

[39] Treasury's SAO provided categorical explanations for misalignments and legitimate differences between files in the assurance statement Treasury submitted to the broker prior to certification.

[40] Agencies are required to submit an annual FPDS-NG Data Verification and Validation Report to OMB and GSA. The report includes assurances over the timeliness and completeness of the data and sampling of the core DATA Act required data elements, comparing contract files to FPDS-NG.

[41] OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016).

[42] On January 30, 2017, GSA published the *"Procurement Management Review (PMR) Verification Language"* which attests to the internal controls over SAM and FSRS and that agencies can rely on data from these systems for DATA Act reporting.

validation results and applicable CAP reports and quarterly to assess entity assurance statements for reasonableness.

We gained an understanding of Treasury's internal controls related to its SAO certification to determine the nature, timing, and extent of our audit procedures. As such, we reviewed policies and procedures related to procurement data entry, approvals, and processing in Treasury's source system. Additionally, we performed walkthroughs of the procurement data entry and approval processes at ARC, BEP, Mint, and OCC. We reviewed broker validation results, applicable CAPs, and assurance statements to verify adequate oversight of the process by the Department's reporting entities. Further, we reviewed the results of work performed by an independent public accountant who examined the controls over ARC's financial management services used for processing customer agency transactions, as well as the suitability of the design and operating effectiveness of ARC's controls.[43]

Financial and Award Data Did Not Meet Standards for Completeness, Accuracy, Timeliness, and Quality

We determined that Treasury's implementation and use of the data standards for summary-level transactions in Files A and B are complete and accurate. Further, these summary-level transactions contained all applicable data elements that complied with data definitions established by OMB and Treasury's Government-wide PMO. We found, in our assessment of File C including linkages to File D1, that the financial and award data included in Treasury's fiscal year 2017, second quarter DATA Act submission did not meet the standards for completeness, accuracy, timeliness, and quality.

Assessment of Treasury's Data Submission

To determine the extent to which Treasury's data was complete, accurate, timely, and of quality, and to assess the Department's implementation and use of data standards, we performed a series

[43] Financial Management: *Report on the Bureau of the Fiscal Service Administrative Resource Center's Description of its Financial Management Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period July 1, 2016 to June 30, 2017* (OIG-17-050; issued August 23, 2017).

of data assessments. Specifically, we assessed Treasury's (1) summary-level financial data from Files A and B, (2) detail-level award data from File C, and (3) linkages between Files C through D1. We assessed completeness in two ways, by determining (1) if all transactions that should have been recorded were recorded in the proper reporting period and (2) the percentage of transactions containing all applicable data elements required by the DATA Act. We assessed accuracy as the percentage of transactions that were complete and agreed with underlying records or other authoritative sources. We assessed timeliness as the percentage of transactions reported within 30 days of FY 2017, second quarter end. We assessed quality as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision. Further, we assessed the Department's implementation and use of the data elements that were standardized by OMB and Treasury's Government-wide PMO. The following is a detailed discussion on the results of these efforts.

Summary-Level Assessments from Files A and B

We leveraged work we previously performed on Treasury's efforts to meet its DATA Act reporting requirements in which we concluded that Treasury and its reporting entities reviewed and participated in the process for standardizing the data elements.

Treasury's File A contained 353 FY 2017, second quarter Federal appropriations summary-level transactions. According to OMB guidance,[44] the authoritative source for appropriations summary-level data is the OMB SF-133. However, the broker validates File A against the GTAS SF-133. We noted that the GTAS SF-133 contains additional data that is not captured in the OMB SF-133. As such, to assess the completeness and accuracy of File A, we matched the seven applicable data elements in File A to Treasury's FY 2017, second quarter GTAS SF-133. We verified that all but two transactions aligned to the GTAS SF-133. The DO working group stated that the two missing transactions were submitted to

[44] OMB MPM No. 2016-03 (May 3, 2016) and OMB M-17-04 (November 4, 2016).

GTAS, but did not appear in the GTAS SF-133 because they did not have a balance for FY 2017, second quarter. Treasury provided documentation to support its explanation, which we considered reasonable.

Treasury's File B contained 4,085 transactions for FY 2017, second quarter, summary-level object class and program activities. According to OMB guidance, the authoritative sources for object class and program activity are Section 83 of OMB Circular A-11 and the FY 2017 President's Budget, respectively. To assess completeness, for the four applicable data elements, we verified that (1) all appropriations found in File A are accounted for in File B and (2) obligation and outlay totals in Files A and B equaled. To assess the accuracy of File B, we matched all object class and program activity names and codes to the applicable authoritative source listed above. While there are no object class variances, we noted that 3 percent of program activity names and codes reported in File B are not included in Treasury's submission to the President's Budget. The DO working group provided explanations for the program activity variances, stating that the program activity either (1) had a name change after the submission of the President's Budget; (2) was inactive at the time of the President's Budget's publication; (3) was a secondary account under a primary program activity included in the President's Budget;[45] or (4) was not reported in the President's Budget due to the nature of the activity.[46] We considered these explanations reasonable.

[45] While secondary program activity accounts are not reported in the President's Budget, we verified that the primary program activity accounts were reported.

[46] Activities not reported in the President's Budget primarily included those associated with accounts that do not obligate, outlay, or are otherwise not represented in other budget accounts but are displayed in GTAS.

Detail-Level Assessments from File C including Linkages to Files D1

Treasury's File C included 7,033 procurement and financial assistance award transactions made and/or modified in FY 2017 second quarter. In collaboration with TIGTA, we divided Treasury's award data into two sub-populations: the IRS and Treasury's non-IRS reporting entities. We selected a statistically valid sample of 366 transactions from Treasury's FY 2017 second quarter award data, allocated in proportion to the two sub-populations: 206 for the IRS and 160 for non-IRS reporting entities. The results for Treasury's non-IRS reporting entities are summarized below.

Completeness

Within our sample, 25.0 percent of transactions are incomplete. We estimate with 95 percent confidence that between 18.7 and 32.2 percent of FY 2017, second quarter non-IRS transactions are incomplete. A transaction is incomplete if it did not contain all required values in the proper data fields for the applicable 43 data elements in Files C and D1. To assess completeness, we reviewed the sampled transactions to determine what percentage contain all required values in the data fields for all applicable data elements under the DATA Act.

Accuracy

Within our sample, 94.4 percent of transactions are inaccurate. We estimate with 95 percent confidence that between 90.9 and 97.9 percent of FY 2017, second quarter non-IRS transactions are inaccurate. To assess accuracy, we verified that our sampled transactions are complete and agreed with Treasury's underlying records for the applicable 43 data elements tested. A transaction is inaccurate if it contains information that does not match Treasury's underlying records for any one of the 43 applicable data elements tested.

Additionally, we tested the linkages between the award-level data in File C to the detail award and awardee attributes in File D1. While only seven of the transactions in our sample contain accurate information in the broker for all applicable DATA Act elements, we determined that 27 of the 43 applicable data elements are accurate in 75 percent or more of the transactions we tested. Table 1

shows the 27 DATA Act elements that have a 75 percent or higher accuracy rate.

Table 1: Data Elements with 75 Percent or Higher Accuracy Rate

Data Element	Accurate Transactions (%)
Appropriation (File C)	98
Award ID (File C)	85
Parent Award ID (File C)	85
Award ID (File D1)	81
Awarding Agency Code (File D1)	81
Awarding Agency Name (File D1)	81
Ordering Period End Date (File D1)	81
Parent Award ID (File D1)	81
Funding Agency Code (File D1)	80
Funding Agency Name (File D1)	80
Funding Sub Tier Agency Code (File D1)	80
NAICS Description (File D1)	80
Award Modification/Amendment Number (File D1)	79
Awardee or Recipient Legal Entity Name (File D1) [a]	79
Legal Entity Country Code (File D1)[a]	79
Legal Entity Country Name (File D1) [a]	79
NAICS (File D1)	79
Federal Action Obligation Amount (File D1)	78
Funding Office Code (File D1)	78
Funding Sub Tier Agency Name (File D1)	78
Legal Entity Address (File D1) [a]	78
Ultimate Parent Unique Identifier (File D1)	78
Awardee or Recipient Unique Identifier (File D1)	77
Obligation Amount (File C)	77
Ultimate Parent Legal Entity Name (File D1)	76
Action Type (File D1)	75
Award Description (File D1)	75

Source: Treasury OIG analysis of agency records
[a] Data element extracted from SAM

Conversely, 16 of the 43 applicable DATA Act elements with an accuracy rate less than 75 percent are shown in Table 2 below.

Table 2: Data Elements with lower than a 75 Percent Accuracy Rate

Data Element	Accurate Transactions (%)
Award Type (File D1)	74
Awarding Office Code (File D1)	74
Awarding Office Name (File D1)	73
Legal Entity Congressional District[b] (File D1)	73
Primary Place of Performance Country Code (File D1)	73
Awarding Sub Tier Agency Code (File D1)	71
Awarding Sub Tier Agency Name (File D1)	71
Period of Performance Current End Date[b] (File D1)	67
Period of Performance Potential End Date[b] (File D1)	67
Funding Office Name[b] (File D1)	64
Action Date[b] (File D1)	58
Current Total Value of Award*[b] (File D1)	49
Potential Total Value of Award*[b] (File D1)	47
Primary Place of Performance Congressional District[b] (File D1)	46
Period of Performance Start Date*[b] (File D1)	43
Primary Place of Performance Address[b] (File D1)	33

Source: Treasury OIG analysis of agency records

[b] The root causes for data elements with accuracy concerns are described below

* Government-wide broker-related issues which are described below

Generally, inaccuracies for data elements in Table 2 are attributable to (1) data not captured on Treasury's underlying records; (2) data auto populated from feeder systems; (3) data not reported in FPDS-NG; and (4) lack of supporting documentation. Additionally, there are Government-wide issues as a result of the methodology in which the Treasury PMO's broker extracts data from external award reporting systems. A Treasury Government-wide PMO official stated that they are aware of this issue and plan to provide a resolution. The following describes specific causes of data elements with accuracy rates of 67 percent and below.

- **Primary Place of Performance Address and Congressional District:**
  The primary place of performance address had an accuracy rate of 33 percent for transactions in our sample, which directly affected the accuracy of the primary place of performance Congressional District. The primary place of performance Congressional District had an accuracy rate of 46 percent for the transactions in our sample. Primary place of performance is defined as the location of the principal plant or place of

business where the items will be produced, supplied from stock, or where the service will be performed. Most of the transactions we tested are inaccurate because FPDS-NG displayed the contract vendor address rather than an address consistent with the definition for primary place of performance. The contracting specialist or officer who enters the data into the procurement system has multiple available addresses to select from based on the type of procurement. Due to the inaccuracies we identified, Treasury should provide additional training to contract specialists and officers to increase accuracy for this data element.

- **Action Date:**
  The action date has an accuracy rate of 58 percent for transactions sampled. The action date is defined as the date the action being reported was issued/signed by the Government or a binding agreement was reached. Data for this element is interpreted and reported differently across the Department's reporting entities resulting in differences between data reported from FPDS-NG and Treasury's underlying records. We noted that data for this element is reported by contracting specialists from the "effective date" or "date of order" field on the award documentation as opposed to the date the award document was signed. We also found instances where we could not identify the action date reported in FPDS-NG in Treasury's underlying record. Due to the inaccuracies we identified, Treasury should provide additional training to contract specialists and officers to increase accuracy for this data element.

- **Funding Office Name:**
  The funding office name has an accuracy rate of 64 percent for transactions sampled. The funding office name is defined as the name of the unit in the organization, below the bureau level, that provided the preponderance of the funds obligated by this transaction. Of the inaccurate transactions, most are inaccurate either because the data field displays a name that is different from the source document, or we are unable to independently verify the data element. Department personnel explained that GSA updated Treasury's funding office codes and associated names in April 2016 and that awards made after that date

should be consistent with source documents. Further, GSA maintains the funding office list, and the Department can request changes as necessary.

- **Period of Performance Current End Date and Potential End Date:** The (1) period of performance current end date and (2) period of performance potential end date each have accuracy rates of 67 percent of transactions sampled. The period of performance current end date is defined as the current date on which, for the award referred to by the action being reported, awardee effort is completed or the award is otherwise ended. On the other hand, period of performance potential end date is defined as the date on which, for the award referred to by the action being reported if all potential pre-determined or pre-negotiated options were exercised, awardee effort is completed or the award is otherwise ended. Data for these elements were interpreted and reported differently across the Department's reporting entities resulting in differences between data reported from FPDS-NG and Treasury's underlying records. Specifically, for some procurement modifications, we found that contracting specialists input data into their systems using the base award end date as opposed to the current modification or potential total award end date. Further, we found that File D1 displayed potential end dates that did not match what was captured in underlying records. Due to the inaccuracies we identified, Treasury should provide additional training to contract specialists and officers to increase accuracy for this data element.

While the inaccuracies discussed above are attributable to root causes within Treasury's control, we identified additional inaccuracies beyond the Treasury SAO's control. These inaccuracies are a result of how the broker extracts data from external award reporting systems and are Government-wide issues. Removal of these Government-wide issues did not significantly change Treasury's overall accuracy rate. Specifically, we noted the following Government-wide issues:

- **Period of Performance Start Date:** The period of performance start date has an accuracy rate of 43 percent of transactions sampled. Period of performance start date is the date on which, for the award referred to by the

action being reported, awardee effort begins or the award is otherwise effective. For procurement award modifications, the broker extracts data for the period of performance start date from the effective date field in the award modification opposed to the effective date field in the base award in FPDS-NG. We plan to follow up on this matter in future audit work.

- **Current Total Value of Award and Potential Total Value of Award**:
  Current total value of award and potential total value of award have an accuracy rate of 49 and 47 percent of transactions sampled, respectively. For procurement modifications, data from the (1) current total value of award and (2) potential total value of award elements are extracted from FPDS-NG via legacy USAspending.gov and provided to the broker. These data elements are defined as the: (1) base and exercised options, and (2) base and all options, respectively. For procurement award modifications, there are two categories in FPDS-NG "current" and "total". The "current" column contains amounts entered into the system by the agency for modified contracts. The "total" column contains cumulative amounts computed by FPDS-NG based on the modification amounts entered into the system by the agency.

  Procurement award modifications, included in our sample, reported values for these elements from FPDS-NG's "current" column, which displays the modification amount, rather than the "total" column, which displays the total award value. As a result, data for the current total value of award and potential total value of award elements did not match Treasury's records. Procurement awards that were not modified (base awards) did not produce these same inaccuracies. Treasury's Government-wide PMO officials confirmed that they are aware that the broker currently extracts data for these elements from the "current" column rather than the "total" column. A Treasury official stated that the issue will be resolved once DAIMS Version 1.1 is implemented in the broker and related historical data from USAspending.gov are transferred to Beta.USAspending.gov during fall 2017. We plan to follow up on this corrective action plan in future audit work.

We note that 79 percent of all inaccurate elements we identified are attributed to our inability to verify some aspect of required information in Treasury's underlying records. Specifically, there are three types of unverifiable information: (1) lack of source documentation, (2) incomplete source documentation, and (3) incomplete transactions in File D1. The remaining inaccuracies are related to differences between what is displayed in File D1 and Treasury's underlying records.

Timeliness

Treasury's SAO submitted and certified its comprehensive data submission timely for publication on Beta.USAspending.gov on April 28, 2017. However, we noted timing differences in procurement award and awardee data extracted from external award reporting systems in 6.9 percent of the transactions in our sample. We estimate with 95 percent confidence that between 3.6 and 11.8 percent of FY 2017, second quarter non-IRS transactions are untimely. To assess timeliness, we verified that our sampled transactions were reported within 30 days of the end of FY 2017, second quarter, or April 30, 2017. Treasury's CAP report explained that these timing differences are a result of interface issues between bureau procurement and financial systems. We considered these explanations reasonable.

Quality

Until the weaknesses identified in this report are addressed, any effort to use Treasury's financial and award data will be hampered by uncertainties about data quality.

Other Matters of Concern

In our efforts to assess whether Treasury's data was complete, accurate, timely, and of quality, we identified other matters of concern we believe could hinder the quality of data published, if not addressed.

- **ARC Customer Information Displayed in Treasury's File D1:**
  In April 2017,[47] we reported that the majority of ARC customer agencies' detailed award-level data for procurement transactions will show Fiscal Service as the awarding agency because ARC contracts/issues awards on behalf of these customer agencies. During fieldwork, we noted that Treasury's procurement data in File D1 includes ARC's external customer agencies' data. ARC personnel explained that ARC's customer agencies' information was reported in Treasury's File D1 because the broker retrieves agency data using the awarding agency rather than the funding agency. Since ARC is the awarding agency for its customer agencies, these transactions are included in Treasury's broker submission. As a result, certain ARC customer agencies' data were not reported in the customer's File D1 broker submission, presenting a reconciliation challenge to ARC and its customers. To mitigate this challenge, ARC developed an additional reconciliation process to identify the correct detailed award-level data for its customer agencies.

  A Treasury Government-wide PMO official stated that this is an ARC specific issue based on the way ARC reports procurement awards in FPDS-NG. The Treasury Government-wide PMO official also stated that ARC listed itself as the awarding agency as opposed to its customer agency and that ARC is the only FSSP experiencing this issue. However, ARC is correct in listing itself as the awarding agency,[48] because ARC is responsible for administering contracts for its customers, the funding agency. We plan to follow up on this issue as well as any planned corrective actions in future audit work.

- **Business Types:**
  Business types are a required element for File D2 only and this element was not included in our assessment of completeness, accuracy, and timeliness; however, associated business types are displayed in File D1. Business types are a collection of indicators of different types of award recipients based on socio-economic status and organization/business areas. The business

[47] On April 13, 2017, we issued OIG-17-039, *DATA Act Readiness: ARC is Making Progress in Meeting DATA Act Reporting Requirements Despite Challenges*.

[48] Awarding agency is defined in appendix 4.

types indicated in Treasury's File D1 are accurate for 45 percent of the transactions we reviewed. Since the business types are reported with Treasury's data in File D1, we traced the applicable business types to Treasury's underlying records. Treasury officials told us this data is extracted from SAM and auto-populated into FPDS-NG based on the DUNS input into the system by contracting specialists. As a result, Treasury's SAO has no control over the accuracy of this data.

- **Indefinite Delivery Vehicle (IDV) Type:**
  IDV Type is a required data element under FFATA but is not a part of the 57 standardized data elements under the DATA Act. However, we noticed the value in this File D1 element mirrored the value reported in the contract award type element despite their separate and distinct intended uses and acceptable codes. As such, this produced inaccuracies in award type data fields for some transactions in Treasury's File D1.

  For procurement transactions, IDV Type should be extracted from FPDS-NG and provided to the broker. The FPDS-NG atom feed[49] delivers the IDV type and contract award type in the same field because the broker did not properly separate the data for the two elements; therefore, this element was improperly displayed in File D1. Officials from Treasury's Government-wide PMO confirmed that they are aware of this issue and have taken steps to avoid this issue in future reporting periods. We plan to follow up on this issue in future audit work.

Recommendations

We understand this implementation effort is a complex project, with aggressive deadlines, involving multiple reporting bureaus and financial and management systems, as well as the development of new data-handling methodologies. However, to improve the quality of its data submissions for publication on Beta.USAspending.gov, we recommend Treasury's Assistant Secretary for Management, working as needed with Treasury's SAO, reporting entities, and the Government-wide PMO, as well as OMB, take the following actions:

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

1. Review the list of 57 data elements, including the standardized definitions, to ensure that all reporting entity contracting specialists/officers understand and are trained on how the elements are defined, where these elements are captured in underlying records, and how these elements are reported in procurement and financial systems.

   Management Response

   Treasury agreed to enhance training of procurement contracting specialists and officers involved in data entry to ensure consistent understanding, interpretation, and standardized use of reported data elements.

   OIG Comment

   Management's response meets the intent of our recommendation and we request management record a target date for completing this corrective action in JAMES.

2. Ensure that appropriate and complete documentation is maintained and readily available for all procurement awards including, but not limited to, base award documentation and requisitions.

   Management Response

   Treasury agreed to make improvements to the underlying procurement source documentation by standardizing and making more transparent the supporting documentation in such a manner that better facilitates the auditor's location and review.

   OIG Comment

   Management's response meets the intent of our recommendation and we request management record a target date for completing this corrective action in JAMES.

3. Continue to evaluate, address, and communicate data quality concerns regarding data inaccuracies attributable to agency supplied information and/or broker extracted information.

4. Continue to monitor the resolution for issues identified in corrective action plans including, but not limited to, ARC's process to report procurement data on behalf of its customer agencies.

Management Response for Recommendations 3 and 4

Treasury agreed to continue to execute a strong governance program for periodically evaluating, addressing, and communicating data discrepancies, as well as tracking and monitoring the resolution of issues identified in corrective action plans.

OIG Comment

Management's response meets the intent of our recommendation and we request management record a target date for completing this corrective action in JAMES.

* * * * *

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) 927-8757 or John Tomasetti, Audit Manager at (202) 927-2665. Major contributors to this report are listed in appendix 8. A distribution list for this report is provided as appendix 9.

/s/
Andrea D. Smith
Director, Fiscal Service Audits

Our audit objectives were to assess (1) completeness, accuracy, timeliness, and quality of Fiscal Year (FY) 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov, and (2) the Department of the Treasury's (Treasury) implementation and use of the data standards. This audit is the first in a series of mandated reports on Treasury's efforts to report financial and payment information as required by the Digital Accountability and Transparency Act of 2014 (DATA Act). Treasury submitted and certified one FY 2017, second quarter submission for publication on Beta.USAspending.gov for all Treasury bureaus and offices. Treasury's Inspector General for Tax Administration (TIGTA) will present the audit results for Internal Revenue Service (IRS) and we will present the results for Treasury's non-IRS reporting offices and bureaus.

To determine the extent to which Treasury's data was complete, accurate, timely, and of quality, we performed a series of data assessments. Specifically, we assessed Treasury's (1) summary-level financial data from Files A and B, (2) detail-level award data from File C, and (3) linkages between Files C and D1.

We also assessed the Department's implementation and use of the data elements that were standardized by OMB and Treasury's Government-wide Program Management Office (PMO). To assess the completeness, accuracy, and implementation and use of data standards that were submitted and certified by Treasury for publication on Beta.USAspending.gov, we selected a statistically valid sample of 366 transactions from Treasury's FY 2017 second quarter award data. The population consisted of 7,033 transactions, divided into two sub-populations: 3,956 IRS related transactions, and 3,077 transactions related to Treasury's remaining reporting entities. The sample, allocated proportionally between the sub-populations, represented 206 transactions for the IRS and 160 transactions for Treasury's remaining reporting entities. We designed the sample to estimate a rate of reporting errors with a sampling error of no greater than plus or minus 5 percent at the 95 percent level of confidence, with an expected error rate of 50 percent. Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each

sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval (e.g., plus or minus 5 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn.

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

- reviewed Federal laws, regulations and guidance, including:
  - *Inspectors General Guide to Compliance Under the DATA Act*, which presents a common methodological and reporting approach for the Inspectors General community to use in performing its mandated work (February 27 and July 6, 2017)
  - The DATA Act, which outlines the requirements for Treasury to establish Government-wide financial data standards and increase the availability, accuracy, and usefulness of Federal Spending information (May 9, 2014)
  - Federal Funding Accountability and Transparency Act of 2006, which outlines requirements for OMB to establish a single searchable website to provide the public with access to data on Federal spending (September 26, 2006)
  - Treasury Directive 80-05, *Records and Information Management Program* (June 26, 2002)

- reviewed technical and informational guidance issued by Treasury's Government-wide PMO and OMB, including:
  - Treasury's DATA Act Submission Process Design Document (July 2017)
  - Treasury Financial Data Warehouse (TFDW) Technical Design Document (July 2017)
  - DATA Act Information Model Schema (DAIMS) Practices and Procedures for DATA Act Broker Submissions Version 1.1 (June 30, 2017)
  - DATA Act Implementation Playbook Versions 1.0 and 2.0 (June 2015 and June 2016)
  - DATA Act Schema Reporting Submission Specification (RSS) Version 1.0 (April 29, 2016)

- DATA Act Schema Validation Rules Update Version 1.08 (April 13, 2017)
- Treasury's Certification Procedures, DATA Act (Last Updated April 13, 2017)
- DATA Act Schema Interface Definition Document (IDD) Version 1.01 (December 21, 2016)
- OMB M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* (November 4, 2016)
- OMB M-16-17, OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016)
- OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* (May 3, 2016)
- OMB M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (May 8, 2015)
- OMB Open Government Directive – Federal Spending Transparency (April 6, 2010)
- OMB's Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies (February 22, 2002)

- 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 the Bureau of the Fiscal Service to timely comply with the DATA Act:
  - OIG-17-039, *DATA Act Readiness: Administrative Resource Center (ARC) Is Making Progress in Meeting DATA Act Reporting Requirements Despite Challenges* (April 13, 2017)
  - OIG-17-021, *DATA Act Readiness: Treasury Is Making Progress in Meeting DATA Act Reporting Requirements Despite Challenges* (December 1, 2016)
  - OIG-16-055, *Financial Management: Report on the Bureau of the Fiscal Service Administrative Resource Center's Description of its Financial Management*

Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period July 1, 2015 to June 30, 2016 (September 1, 2016)
  - OIG-16-047, *Treasury's Government-wide DATA Act Implementation Continues, But Project Management Concerns Remain* (June 22, 2016)
  - 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 to establish criteria:
  - GAO-16-824R, *DATA Act: Initial Observations on Technical Implementation* (August 3, 2016)
  - GAO-14-704G, *Standards for Internal Control in the Federal Government* (September 2014)
  - GAO-14-476, *Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website* (June 30, 2014)
  - GAO-10-365, *Electronic Government: Implementation of the Federal Funding Accountability and Transparency Act of 2006* (March 12, 2010)
  - GAO-08-585G, *GAO Financial Audit Manual* (July 25, 2008)

- interviewed personnel responsible for Treasury's implementation of the DATA Act reporting requirements

We performed our audit fieldwork from May through October 2017 at ARC in Parkersburg, WV; and in Washington, DC at the Bureau of Engraving and Printing, Bureau of the Fiscal Service, Office of the Comptroller of the Currency, Office of the Deputy Chief Financial Officer, Office of the Procurement Executive, and the U.S. Mint.

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.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

November 6, 2017

Deborah L. Harker
Assistant Inspector General for Audit
Office of the Inspector General
U.S. Department of the Treasury
875 15th Street, NW
Washington, DC 20005

Dear Ms. Harker:

We appreciate the opportunity to review and respond to the Treasury Office of Inspector General's (OIG) draft audit report regarding the Department of the Treasury's progress in implementing the Digital Accountability and Transparency Act (DATA Act) of 2014 (Pub.L. 113-101). Treasury successfully submitted and certified in a timely and complete manner, information required by the DATA Act, to the extent possible. We have confidence in our financial data quality, with Treasury having received 17 consecutive unmodified audit opinions from KPMG LLC, our external auditor, on our consolidated financial statements.

As you know, the federal government has long collected data on its contracts and other federal awards, primarily through the Federal Procurement Data System - Next Generation (FPDS-NG), and its predecessors, and made that data public through USAspending.gov. The DATA Act extended transparency by requiring agencies to make data available by appropriations account (financial data), and linking that data to existing published information on contracts and other awards.

Treasury's implementation of the DATA Act followed the guidance of the government-wide Program Management Office (PMO) and the Office of Management and Budget (OMB), which consisted primarily of collecting, verifying, and reporting financial data, and linking that data to existing award data. As part of this implementation, we developed a robust framework and governance process for submitting our data, including a process for establishing and monitoring bureau corrective actions for data quality improvement. Our implementation strategy largely focused on meeting submission specifications, addressing financial validation and reconciliation issues, and ensuring that financial data was accurate and complete across all files required to be submitted. We are proud of the results of our effort.

The accuracy of contract data has long been a focus of the procurement community government-wide. As required by OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* dated November 4, 2016, we relied upon FPDS-NG as the authoritative source for contract data. Maintaining complete accuracy of the FPDS-NG data is challenging due to the large number of required elements, many of which have limited impact to the agency's effective administration of the contract. Treasury's efforts with respect to FPDS-NG data quality have focused particularly on what the procurement community assesses to be the most relevant FPDS-NG data elements. Along with policy guidance and training, Treasury has maintained, on average, a 97 percent accuracy rate of the critical data elements reported to FPDS-NG, as supported by our validation and verification (V&V) assessment, in accordance with standards set forth by OMB.

We would like to note that government-wide delays and ongoing technical refinements limited our ability to triage and fully address issues prior to our first formal submission due on April 30, 2017 that became subject to audit. The PMO released its government-wide submission system (the "Broker") for agencies to test their data on September 30, 2016. Treasury began testing with this system in October 2016, despite ongoing technical refinements to the Broker.

Agency Concern: We are concerned that the error rate methodology employed by the OIG results in a misleading characterization of the accuracy of our audited data. The OIG derived its methodology from OMB memorandum dated April 6, 2010, *Open Government Directive –Federal Spending Transparency*. The methodology in this memorandum (from 2010) may have been appropriate guidance for the limited information previously published on USASpending.gov, but we do not believe it is practical for this audit. This memorandum did not anticipate DATA Act reporting.

Under the OIG's methodology, if any one of the 57 data elements (including any component of one element) required to be reported on a sample transaction cannot be verified or agreed to source records, the entire transaction is counted as inaccurate. This methodology results in treating all data elements with equal weighting. Here is an example of this issue:

- Key financial information (e.g. "Award Amount") was weighted equally to "Legal Entity Address," a data element comprised of five components (address line 1 and 2, city, state code, zip+4-digit extension or postal code)—all components which must be complete and accurate. While any error in the data is a matter of concern, the reported high error rate that results from the OIG's methodology obscures the fact that the data as a whole provides an accurate picture of federal spending and is fully useful for most purposes.

Our concern noted, Treasury agrees with the OIG that there is room for improvement. We concur with OIG recommendations, as follows:

- We will enhance training of procurement contracting specialists and officers involved in data entry to ensure consistent understanding, interpretation, and standardized use of data elements.
- We will make improvements to the underlying procurement source documentation. While we believe this documentation exists, we will seek to standardize and make more transparent the supporting documentation in such a manner that facilitates the auditor's location and review.
- We have established, and will continue to execute, a strong governance program for periodically evaluating, addressing, and communicating data discrepancies, as well as tracking and monitoring the resolution of issues identified in corrective action plans. We maintain a monthly submission process to test data and review corrective actions, beyond the quarterly requirement.

Conclusion: Treasury continues to have a high degree of confidence in its publicly displayed financial information included within the DATA Act submission files, relying on controlled business processes and feeder systems. The DATA Act Broker submission system, Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS), and our underlying internal financial reporting systems, all validate the integrity of our financial information that is reported pursuant to the DATA Act.

We appreciate OIG's in-depth review of our first DATA Act submission. As a whole, we do not believe that the issues identified in this audit report should weigh heavily on an end-users ability to use and derive value from the reported data. We would suggest that until the community of the Inspectors General agree to revisit the error rate methodology applied for assessing the accuracy of a transaction, any audit conclusions related to the accuracy and usefulness of this information may be misleading. We strongly believe that Treasury's implementation of the DATA Act has had a positive impact on the Department by reinforcing the importance of data quality in service of transparency for the American people.

/s/
Kody H. Kinsley
Assistant Secretary for Management

/s/
Carole Y. Banks
Deputy Chief Financial Officer

Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

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

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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

Data Element	Data Definition
Action Date	The date the action being reported was issued / signed by the Government or a binding agreement was reached.
Action Type	Description (and corresponding code) that provides information on any changes made to the Federal prime award. There are typically multiple actions for each award.
Amount of Award	The cumulative amount obligated by the Federal Government for an award, which is calculated by USAspending.gov or a successor site (Beta.USAspending.gov). For procurement and financial assistance awards except loans, this is the sum of Federal Action Obligations. For loans or loan guarantees, this is the Original Subsidy Cost.
Appropriations Account	The basic unit of an appropriation generally reflecting each unnumbered paragraph in an appropriation act. An appropriation account typically encompasses a number of activities or projects and may be subject to restrictions or conditions applicable to only the account, the appropriation act, titles within an appropriation act, other appropriation acts, or the Government as a whole. An appropriations account is represented by a Treasury Appropriation Fund Symbol (TAFS) created by the Department of Treasury (Treasury) in consultation with the Office of Management and Budget (OMB). (defined in OMB Circular A-11)
Award Description	A brief description of the purpose of the award.
Award Identification Number (Award ID)	The unique identifier of the specific award being reported, i.e. Federal Award Identification Number (FAIN) for financial assistance and Procurement Instrument Identifier (PIID) for procurement.
Award Modification/Amend-ment Number	The identifier of an action being reported that indicates the specific subsequent change to the initial award.
Award Type	Description (and corresponding code) that provides information to distinguish type of contract, grant, or loan and provides the user with more granularity into the method of delivery of the outcomes.
Awardee/Recipient Legal Entity Name	The name of the awardee or recipient that relates to the unique identifier. For U.S. based companies, this name is what the business ordinarily files in formation documents with individual states (when required).
Awardee/Recipient Unique Identifier	The unique identification number for an awardee or recipient. Currently the identifier is the 9-digit number assigned by Dun & Bradstreet referred to as the DUNS® number.
Awarding Agency Code	A department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).
Awarding Agency Name	The name associated with a department or establishment of the Government as used in the TAFS.
Awarding Office Code	Identifier of the level "n" organization that awarded, executed or is otherwise responsible for the transaction.
Awarding Office Name	Name of the level "n" organization that awarded, executed or is otherwise responsible for the transaction.
Awarding Sub Tier Agency Code	Identifier of the level 2 organization that awarded, executed or is otherwise responsible for the transaction.
Awarding Sub Tier Agency Name	Name of the level 2 organization that awarded, executed or is otherwise responsible for the transaction.
Budget Authority Appropriated	A provision of law (not necessarily in an appropriations act) authorizing an account to incur obligations and to make outlays for a given purpose. Usually, but not always, an appropriation provides budget authority. (defined in OMB Circular A-11)
Business Types	A collection of indicators of different types of recipients based on socio-economic status and organization / business areas.
Catalog of Federal Domestic Assistance (CFDA) Number	The number assigned to a Federal area of work in the Catalog of Federal Domestic Assistance.

Data Element	Data Definition
Catalog of Federal Domestic Assistance (CFDA) Title	The title of the area of work under which the Federal award was funded in the CFDA.
Current Total Value of Award	For procurement, the total amount obligated to date on a contract, including the base and exercised options.
Federal Action Obligation	Amount of Federal Government's obligation, de-obligation, or liability, in dollars, for an award transaction.
Funding Agency Code	The 3-digit Common Government-wide Accounting Classification agency code of the department or establishment of the Government that provided the preponderance of the funds for an award and/or individual transactions related to an award.
Funding Agency Name	Name of the department or establishment of the Government that provided the preponderance of the funds for an award and/or individual transactions related to an award.
Funding Office Code	Identifier of the level "n" organization that provided the preponderance of the funds obligated by this transaction.
Funding Office Name	Name of the level "n" organization that provided the preponderance of the funds obligated by this transaction.
Funding Sub Tier Agency Code	Identifier of the level 2 organization that provided the preponderance of the funds obligated by this transaction.
Funding Sub Tier Agency Name	Name of the level 2 organization that provided the preponderance of the funds obligated by this transaction.
Highly Compensated Officer Name	First Name: The first name of an individual identified as one of the five most highly compensated "Executives." "Executive" means officers, managing partners, or any other employees in management positions. Middle Initial: The middle initial of an individual identified as one of the five most highly compensated "Executives." "Executive" means officers, managing partners, or any other employees in management positions. Last Name: The last name of an individual identified as one of the five most highly compensated "Executives." "Executive" means officers, managing partners, or any other employees in management positions.
Highly Compensated Officer Total Compensation	The cash and noncash dollar value earned by the one of the five most highly compensated "Executives" during the awardee's preceding fiscal year and includes the following (for more information see 17 C.F.R. § 229.402(c)(2)): salary and bonuses, awards of stock, stock options, and stock appreciation rights, earnings for services under non-equity incentive plans, change in pension value, above-market earnings on deferred compensation which is not tax qualified, and other compensation.
Legal Entity Address	The awardee or recipient's legal business address where the office represented by the Unique Entity Identifier (as registered in the System for Award Management) is located. In most cases, this should match what the entity has filed with the State in its organizational documents, if required. The address is made up of five components: Address Lines 1 and 2, City, State Code, and ZIP+4 or Postal Code.
Legal Entity Congressional District	The congressional district in which the awardee or recipient is located. This is not a required data element for non-U.S. addresses.
Legal Entity Country Code	Code for the country in which the awardee or recipient is located, using the ISO 3166-1 Alpha-3 GENC Profile, and not the codes listed for those territories and possessions of the United States already identified as "states."
Legal Entity Country Name	The name corresponding to the Country Code.
Non-Federal Funding Amount	For financial assistance, the amount of the award funded by non-Federal source(s), in dollars. Program Income (as defined in 2 C.F.R. § 200.80) is not included until such time that Program Income is generated and credited to the agreement.

Data Element	Data Definition
North American Industrial Classification System (NAICS) Code	The identifier that represents the NAICS Code assigned to the solicitation and resulting award identifying the industry in which the contract requirements are normally performed.
North American Industrial Classification System (NAICS) Description	The title associated with the NAICS Code.
Object Class	Categories in a classification system that presents obligations by the items or services purchased by the Federal Government. Each specific object class is defined in OMB Circular A-11 § 83.6. (defined in OMB Circular A-11)
Obligation	Obligation means a legally binding agreement that will result in outlays, immediately or in the future. When you place an order, sign a contract, award a grant, purchase a service, or take other actions that require the Government to make payments to the public or from one Government account to another, you incur an obligation. It is a violation of the Antideficiency Act (31 U.S.C. § 1341(a)) to involve the Federal Government in a contract or obligation for payment of money before an appropriation is made, unless authorized by law. This means you cannot incur obligations in a vacuum; you incur an obligation against budget authority in a Treasury account that belongs to your agency. It is a violation of the Antideficiency Act to incur an obligation in an amount greater than the amount available in the Treasury account that is available. This means that the account must have budget authority sufficient to cover the total of such obligations at the time the obligation is incurred. In addition, the obligation you incur must conform to other applicable provisions of law, and you must be able to support the amounts reported by the documentary evidence required by 31 U.S.C. § 1501. Moreover, you are required to maintain certifications and records showing that the amounts have been obligated (31 U.S.C. § 1108). The following subsections provide additional guidance on when to record obligations for the different types of goods and services or the amount. Additional detail is provided in OMB Circular A-11.
Ordering Period End Date	For procurement, the date on which, for the award referred to by the action being reported, no additional orders referring to it may be placed. This date applies only to procurement indefinite delivery vehicles (such as indefinite delivery contracts or blanket purchase agreements). Administrative actions related to this award may continue to occur after this date. The period of performance end dates for procurement orders issued under the indefinite delivery vehicle may extend beyond this date.
Other Budgetary Resources	New borrowing authority, contract authority, and spending authority from offsetting collections provided by Congress in an appropriations act or other legislation, or unobligated balances of budgetary resources made available in previous legislation, to incur obligations and to make outlays. (defined in OMB Circular A-11)
Outlay	Payments made to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending. (defined in OMB Circular A-11)
Parent Award Identification (ID) Number	The identifier of the procurement award under which the specific award is issued, such as a Federal Supply Schedule. This data element currently applies to procurement actions only.
Period of Performance Current End Date	The current date on which, for the award referred to by the action being reported, awardee effort completes or the award is otherwise ended. Administrative actions related to this award may continue to occur after this date. This date does not apply to procurement indefinite delivery vehicles under which definitive orders may be awarded.

Data Element	Data Definition
Period of Performance Potential End Date	For procurement, the date on which, for the award referred to by the action being reported if all potential pre-determined or pre-negotiated options were exercised, awardee effort is completed or the award is otherwise ended. Administrative actions related to this award may continue to occur after this date. This date does not apply to procurement indefinite delivery vehicles under which definitive orders may be awarded.
Period of Performance Start Date	The date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective.
Potential Total Value of Award	For procurement, the total amount that could be obligated on a contract, if the base and all options are exercised.
Primary Place of Performance Address	The address where the predominant performance of the award will be accomplished. The address is made up of six components: Address Lines 1 and 2, City, County, State Code, and ZIP+4 or Postal Code.
Primary Place of Performance Congressional District	U.S. congressional district where the predominant performance of the award will be accomplished. This data element will be derived from the Primary Place of Performance Address.
Primary Place of Performance Country Code	Country code where the predominant performance of the award will be accomplished.
Primary Place of Performance Country Name	Name of the country represented by the country code where the predominant performance of the award will be accomplished.
Program Activity	A specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government. (defined in OMB Circular A-11)
Record Type	Code indicating whether an action is an individual transaction or aggregated.
Treasury Account Symbol (TAS) - (excluding sub-account)	TAS: The account identification codes assigned by the Treasury to individual appropriation, receipt, or other fund accounts. All financial transactions of the Federal Government are classified by TAS for reporting to Treasury and the OMB. (defined in OMB Circular A-11) Treasury Appropriation Fund Symbol: The components of a TAS – allocation agency, agency, main account, period of availability and availability type – that directly correspond to an appropriations account established by Congress. (defined in OMB Circular A-11)
Ultimate Parent Legal Entity Name	The name of the ultimate parent of the awardee or recipient. Currently, the name is from the global parent DUNS® number.
Ultimate Parent Unique Identifier	The unique identification number for the ultimate parent of an awardee or recipient. Currently the identifier is the 9-digit number maintained by Dun & Bradstreet as the global parent DUNS® number.
Unobligated Balance	Unobligated balance means the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts at a point in time. The term "expired balances available for adjustment only" refers to unobligated amounts in expired accounts. Additional detail is provided in OMB Circular A-11.

Source: OMB, Federal Spending Transparency Data Standards, August 31, 2015

Appendix 5
Government-wide Standard Financial Data Elements File Presence

Data Element	File A	File B	File C	File D1	File D2	File E	File F
Action Date				✓	✓		✓
Action Type				✓	✓		
Amount of Award[a]				✓	✓		
Appropriations Account[b]	✓	✓	✓				
Award Description				✓	✓		✓
Award Identification Number (Award ID)[c]			✓	✓	✓		
Award Modification/Amend-ment Number				✓	[d]		
Award Type				✓			
Awardee/Recipient Legal Entity Name				✓	✓		
Awardee/Recipient Unique Identifier				✓	✓	✓	✓
Awarding Agency Code				✓	✓		
Awarding Agency Name				✓	✓		
Awarding Office Code				✓	[d]		
Awarding Office Name				✓	✓		
Awarding Sub Tier Agency Code				✓	✓		✓
Awarding Sub Tier Agency Name				✓	✓		✓
Budget Authority Appropriated	✓						
Business Types					✓		
Catalog of Federal Domestic Assistance (CFDA) Number					✓		✓
Catalog of Federal Domestic Assistance (CFDA) Title					✓		✓
Current Total Value of Award				✓			
Federal Action Obligation				✓	✓		
Funding Agency Code				✓	[d]		
Funding Agency Name				✓	✓		
Funding Office Code				✓	[d]		
Funding Office Name				✓	✓		
Funding Sub Tier Agency Code				✓	[d]		

Appendix 5
Government-wide Standard Financial Data Elements File Presence

Data Element	File A	File B	File C	File D1	File D2	File E	File F
Funding Sub Tier Agency Name				✓	✓		
Highly Compensated Officer Name						✓	✓
Highly Compensated Officer Total Compensation						✓	✓
Legal Entity Address[e]				✓	✓		✓
Legal Entity Congressional District				✓	✓		✓
Legal Entity Country Code				✓	✓		✓
Legal Entity Country Name				✓			✓
Non-Federal Funding Amount					[d]		
North American Industrial Classification System (NAICS) Code				✓			✓
North American Industrial Classification System (NAICS) Description				✓			✓
Object Class		✓	✓				
Obligation	✓	✓	✓				
Ordering Period End Date				✓			
Other Budgetary Resources	✓						
Outlay	✓	✓	[d]				
Parent Award Identification (ID) Number			✓	✓			✓
Period of Performance Current End Date				✓	[d]		
Period of Performance Potential End Date				✓			
Period of Performance Start Date				✓	[d]		
Potential Total Value of Award				✓			
Primary Place of Performance Address[f]				✓			✓
Primary Place of Performance Congressional District				✓	✓		✓
Primary Place of Performance Country Code				✓	✓		✓

Appendix 5
Government-wide Standard Financial Data Elements File Presence

Data Element	File A	File B	File C	File D1	File D2	File E	File F
Primary Place of Performance Country Name							✓
Program Activity		✓					
Record Type					✓		
Treasury Account Symbol (TAS) (excluding sub-account)[g]	✓	✓	✓				
Ultimate Parent Legal Entity Name				✓		✓	
Ultimate Parent Unique Identifier				✓		✓	
Unobligated Balance	✓						

Source: Treasury OIG's analysis of the DATA Act Information Model Schema (DAIMS) Version 1.0

✓The element should be presented in the respective File.

[a] Amount of Award is the sum of Federal Action Obligations for procurement awards; or the Original Subsidy Cost for financial assistance awards.

[b] Appropriations accounts are represented by Treasury Account Symbols (TAS)

[c] Award ID is the Federal Award Identification Number (FAIN) for financial assistance and Procurement Instrument Identifier (PIID) for procurement.

[d] A value may be optionally reported for this element in the respective File in accordance with the DAIMS.

[e] Legal Entity Address is made up of five components: Address Lines 1 and 2, City, State Code, and ZIP+4 or Postal Code.

[f] Primary Place of Performance Address is made up of six components: Address Lines 1 and 2, City, County, State Code, and ZIP+4 or Postal Code.

[g] TAS is made up of five components: allocation agency, agency, main account, period of availability and availability type.

Treasury's reporting bureaus and entities and the data domains collected from each bureau for Digital Accountability and Transparency Act of 2014 reporting

	Component	Data			
Code	Name	Financial	Procurement	Grants	Loans
BEP	Bureau of Engraving and Printing	Y	Y	N	N
CDF	Community Development Financial Institutions Fund	Y	Y	Y	Y
DCP	DC Pension Fund	Y	Y	N	N
DFF	Departmental Franchise Fund / Shared Services Program	Y	Y	N	N
DO	Departmental Offices	Y	Y	N	N
ESF	Exchange Stabilization Fund	Y	N	N	N
FFB	Federal Financing Bank	Y	N	N	N
FIN	Financial Crimes Enforcement Network	Y	Y	N	N
FRF	Financial Research Fund	Y	Y	N	N
FSA	Fiscal Services Administration	Y	Y	N	N
FSC	Fiscal Services Cash	Y	N	N	N
FSD	Fiscal Services Debt	Y	N	N	N
FSM	Fiscal Services Miscellaneous	Y	N	N	N
FSU	Fiscal Service Umbrella	Y	N	Y	N
GSE	Government Sponsored Enterprises	Y	N	N	N
IMF	International Monetary Fund	Y	N	N	N
IRR	Internal Revenue Service/Rev	Y	N	N	N
IRS	Internal Revenue Service	Y	Y	Y	N
MNT	U.S. Mint	Y	Y	N	N
OAS	Office AS International Affairs	Y	N	N	N
OCC	Office of the Comptroller of the Currency	Y	Y	N	N
OFS	Office of Financial Stability	Y	Y	N	N
OIG	Office of Inspector General	Y	Y	N	N
SBL	Small Business Lending	Y	Y	N	N
SIG	Special Inspector General TARP	Y	Y	N	N
TA	Office of Technical Assistance	Y	Y	N	N
TFF	Treasury Forfeiture Fund	Y	Y	Y	N
TIG	Treasury Inspector General for Tax Administration	Y	Y	N	N
TTB	Alcohol and Tobacco Tax and Trade Bureau	Y	Y	N	N

Source: Treasury Departmental Offices

Treasury reporting entities included in our representative sample, broken out by the total number of awards

Agency	Total Number of Awards
Bureau of Engraving and Printing	27
Community Development Financial Institutions Fund*	1
Department Franchise Fund / Shared Services Program*	4
Departmental Offices*	8
Financial Crimes Enforcement Network*	5
Financial Research Fund*	2
Fiscal Services Administration*	53
Office of the Comptroller of the Currency*	8
Office of Financial Stability*	1
Office of Technical Assistance*	6
United States Mint*	42
Treasury Inspector General for Tax Administration*	3
Total	**160**

Source: Treasury OIG analysis of Treasury's Departmental Offices data
Asterisks (*) denote agencies reported by ARC

John N. Tomasetti, Audit Manager
Ashley N. Smith, Audit Manager
Kenneth G. Dion, Audit Manager
Herb N. Addy, Auditor-in-Charge
Horace A. Bryan, Auditor
Shaneasha Edwards, Program Analyst
Maria M. McLean, Auditor
Jeneba R. Moiwo, Auditor
Avery L. Williams, Auditor
Katherine E. Johnson, Referencer

Department of the Treasury

Deputy Secretary
Fiscal Assistant Secretary
Deputy Fiscal Assistant Secretary for Accounting Policy and Financial Transparency
Office of the Deputy Chief Financial Officer, Risk and Control Group
Office of Strategic Planning and Performance Improvement

Bureau of the Fiscal Service

Commissioner
Director, Finance and Internal Control Division
OIG Liaison

Office of Management and Budget

Controller
OIG Budget Examiner

U.S. Senate

Chairman and Ranking Member
Committee on Homeland Security and Governmental Affairs

Chairman and Ranking Member
Committee on the Budget

Chairman and Ranking Member
Committee on Finance

U.S. House of Representatives

Chairman and Ranking Member
Committee on Oversight and Government Reform

Chairman and Ranking Member
Committee on the Budget

Chairman and Ranking Member
Financial Services Committee

U.S. Government Accountability Office

Comptroller General of the United States

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Access Treasury OIG reports and other information online:
www.treasury.gov/about/organizational-structure/ig

Attachment C

Treasury Inspector General For Tax Administration

2018-10-006, *Fiscal Year 2017 Digital Accountability and Transparency Act Reporting Compliance* (November 7, 2017)

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Fiscal Year 2017 Digital Accountability and Transparency Act Reporting Compliance

November 7, 2017

Reference Number: 2018-10-006

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Phone Number / 202-622-6500
E-mail Address / TIGTACommunications@tigta.treas.gov
Website / http://www.treasury.gov/tigta

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Or Write:

Treasury Inspector General for Tax Administration
P.O. Box 589
Ben Franklin Station
Washington, D.C. 20044-0589

Information you provide is confidential and you may remain anonymous.

FISCAL YEAR 2017 DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT REPORTING COMPLIANCE

Highlights

Final Report issued on November 7, 2017

Highlights of Reference Number: 2018-10-006 to the Internal Revenue Service Chief Financial Officer, Chief of Procurement, and National Taxpayer Advocate.

IMPACT ON TAXPAYERS

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires Federal agencies, including the IRS, to disclose direct expenditures and link Federal contract, loan, and grant spending information to Federal agency programs. Effective implementation of the DATA Act would provide consistent and reliable Governmentwide Federal agency spending data that are available to taxpayers at USAspending.gov.

WHY TIGTA DID THE AUDIT

To comply with the DATA Act's requirements, the Treasury Office of Inspector General and TIGTA jointly selected a random statistically valid sample of 366 transactions from the Department of the Treasury's (Treasury) DATA Act submission of Fiscal Year 2017 second quarter financial and award data and assessed (1) the completeness, timeliness, quality, and accuracy of those sample transactions and 2) the use of the Governmentwide financial data standards.

WHAT TIGTA FOUND

TIGTA determined that the IRS certified and submitted DATA Act spending data by May 2017, as required, for publication on USAspending.gov. However, TIGTA's review of 206 (of the 366 total for Treasury) procurement and grant transactions found that significant improvements are needed to ensure the completeness, accuracy, and overall quality of the procurement and grant information submitted. Specifically, of the 202 procurement and four grant sample transactions TIGTA reviewed, 201 (over 97 percent) had one or more data elements that were inaccurate.

For the 201 sample transactions with one or more errors, the majority of data elements that had quality issues were nonfinancial. Examples include procurement and grant award attribute data, such as the funding office name, primary place of performance address, and period of contract performance. TIGTA also determined that the financial data within the IRS submission did not include the Parent Award Identification Number for any of the 80 procurement transactions TIGTA tested that had a parent award.

The data quality issues were generally attributable to inconsistencies in interpretation of DATA Act element definitions by contracting officers and grant program staff, a lack of comprehensive quality review processes designed to ensure contract and grant award attribute information is accurately entered into internal and external systems for DATA Act reporting, and incomplete agency records.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Financial Officer, in coordination with the Chief, Procurement, and the National Taxpayer Advocate, develop and implement policies and procedures that: 1) clarify the definition of DATA Act elements and associated fields, 2) specify documentation which should be maintained, and 3) provide mandatory training to all contracting officers and grant program staff. TIGTA also recommended quality assurance procedures be enhanced.

IRS management agreed with our recommendations and plans to implement policies and procedures to ensure that correct data is entered into related systems, supporting documentation is maintained, mandatory training is provided to procurement and grant staff, and a quality assurance program is implemented.

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 7, 2017

MEMORANDUM FOR CHIEF FINANCIAL OFFICER
CHIEF, PROCUREMENT
NATIONAL TAXPAYER ADVOCATE

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Fiscal Year 2017 Digital Accountability and Transparency Act Reporting Compliance (Audit # 201710005)

This report presents the result of our review on Fiscal Year 2017 Digital Accountability and Transparency Act Reporting Compliance. To comply with Digital Accountability and Transparency Act of 2014 (DATA Act)[1] requirements, the Treasury Office of Inspector General and the Treasury Inspector General for Tax Administration jointly selected a random statistically valid sample of 366 transactions from the Department of the Treasury's (Treasury) DATA Act submission of Fiscal Year 2017 second quarter financial and award data and assessed (1) the completeness, timeliness, quality, and accuracy of those sample transactions and 2) the use of the Governmentwide financial data standards. The review is included in our Fiscal Year 2018 Annual Audit Plan and addresses the major management challenge of Achieving Program Efficiencies and Cost Savings.

Management's complete response to the draft report is included as Appendix VI.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).

[1] Pub. L. No. 113-101, 128 Stat. 1146 (2014).

Table of Contents

Abbreviations

DATA Act	The Digital Accountability and Transparency Act of 2014
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System–Next Generation
FY	Fiscal Year
GAO	Government Accountability Office
IRS	Internal Revenue Service
OIG	Office of Inspector General
OMB	Office of Management and Budget
SAO	Senior Accountable Official
TIGTA	Treasury Inspector General for Tax Administration

Background

The DATA Act increases accountability and transparency in Federal spending by requiring Federal agencies to report financial and award data in accordance with established standards.

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014,[1] and expands Section 3 of the Federal Funding Accountability and Transparency Act (FFATA) of 2006 to increase accountability and transparency in Federal spending. The DATA Act, in part, requires Federal agencies to report financial and award data in accordance with the established Governmentwide financial data standards and link Federal contract, loan, and grant spending information to Federal agency programs.

In May 2015, the Office of Management and Budget (OMB) and Department of the Treasury (Treasury) published 57 data definition standards and required Federal agencies to convey financial data in accordance with these standards for DATA Act reporting, beginning January 2017.[2] Agencies must report financial data on USAspending.gov in accordance with OMB/Treasury established data standards by May 2017. Once submitted, the data are made available on USAspending.gov for taxpayers and Government policymakers.

DATA Act reporting is also accomplished through direct linkage with various Federal procurement and financial assistance systems. These systems include the System for Award Management, a platform through which entities applying to receive awards from the U.S. Federal Government must register, and the Federal Procurement Data System–Next Generation (FPDS-NG), a repository of data related to Government procurement and contracts. DATA Act information is also extracted from the Award Submission Portal, a platform that allows Federal agencies to submit assistance award (grants) data.

Federal Agency information submitted to USAspending.gov in accordance with DATA Act reporting requirements is comprised of seven data files.

File A: Summary financial information on Agency Appropriation[3] Accounts.

[1] Pub. L. No. 113-101, 128 Stat. 1146 (2014).
[2] On May 8, 2015, the OMB and Treasury issued final data definition standards guidance. Additional data definition standards related to Federal award reporting were finalized on August 31, 2015, to improve comparability of other data reported in connection with the FFATA's Fiscal Year 2006 and 2008 requirements. Section 2(b) of the FFATA requires reporting of Federal award-level data to include award title, award amount, recipient, and purpose of the award, among other data elements.
[3] Appropriation is a provision of law authorizing the expenditure of funds for a given purpose (Internal Revenue Manual 1.34.1).

File B: Summary financial information categorized by Object Class[4] and Program Activity.[5]

File C: Transaction-level financial information[6] on agency procurements and grants respectively.

Files D1 and D2: Transaction-level awardee attribute information[7] on agency procurements and grants, respectively. It is important to note that procurements (D1) and grants (D2) have different attribute information for specific data elements required for DATA Act reporting.

File E: Additional transaction-level awardee attribute information on agency procurements and grants.

File F: Transaction-level subawardee attribute information on agency procurements and grants.

The IRS submitted DATA Act spending information by May 2017, as required, for publication on USAspending.gov. The IRS submits its information to the Treasury Information Executive Repository[8] for processing by the Treasury. The Treasury then submits the consolidated information for all Treasury bureaus and offices, including the IRS, for publication on USAspending.gov.

The IRS's DATA Act Submission Assurance Statement for the second quarter of Fiscal Year (FY)[9] 2017 was submitted by the IRS's designated Senior Accountable Official (SAO), the Associate Chief Financial Officer for Financial Management. The IRS attested that its internal controls are operating effectively with regards to its spending data, agency source systems, and the DATA Act submission files (File A–Appropriation Account, File B–Object Class and Program Activity, File C–Award Financial, and File D2–Financial Assistance) with the exception of approximately 1,500 discrepancies. The IRS reported that these discrepancies primarily relate to missing Parent Award Identification Number information[10] and timing differences with the FPDS-NG.

[4] Classification of expense by type. For example, personnel compensation and travel and transportation.
[5] Classification of expense by program. For example, prefiling and education.
[6] Financial information about specific awards. For example, award funding source.
[7] Attribute information about specific awards. For example, awardee name.
[8] The Treasury Information Executive Repository is a database containing a record of all month-end standard general ledger account balances at the lowest level of attribute detail for each Treasury Account Symbol. The Treasury Account Symbol is an identification code assigned by the Treasury, in collaboration with OMB and the owner agency, to an individual appropriation, receipt, or other fund account. The Treasury Information Executive Repository is owned, operated, and maintained by the Department of the Treasury.
[9] Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.
[10] Parent Award Identification Number – For procurements, if the award is a delivery order or task order under a parent contract, the identifier of the parent award.

One of the key components of the DATA Act is the 57 data element standardized definitions. The data elements include, for example, contract award description and total amount of the award. The DATA Act technical schema, developed by the Treasury, details the specifications for the format, structure, and transmission of the required data.

To aid agency implementation of the DATA Act's requirements, the OMB provided guidance to agencies through a number of policy documents.[11] For example, OMB guidance required all Federal agencies to link agency financial systems with award systems by the use of specified unique prime Award Identification Numbers for financial assistance awards (grants) and contracts.[12] Agencies were required to have the Award Identification Number linkage for all modifications (amendments) to awards made after January 1, 2017, for reporting to USAspending.gov (or its successor system). The Award Identification Number (Financial Assistance Instrument Identifiers for grants and Procurement Instrument Identifiers for procurements) serves as the key to connect data across award systems and financial systems. The purpose of this linkage is to facilitate the timely reporting of award-level financial data and to reduce reporting errors.

The IRS uses the following internal and external electronic systems to support its DATA Act reporting.

- **Integrated Financial System** – this system contains the IRS's core financial systems, including expenditure controls, accounts payable, accounts receivable, general ledger, and budget formulation. The system includes a managerial cost accounting capability that enables the IRS to make informed and timely performance-based business and budgetary decisions.
- **Integrated Procurement System** – this system is used by the IRS to track obligations, create solicitations and awards, handle vendor files, and generate reports.
- **Grant Solutions** – The IRS uses the Department of Health and Human Services Grant Solutions system for the financial administration and detail-level accounting of its grant programs to disburse payments to individual grantees and record those transactions for the Low-Income Taxpayer Clinic grant program.
- **Grant Program Excel Workbooks** – The IRS uses these Excel workbooks to record financial administration and detail-level accounting for the Tax Counseling for the Elderly and Voluntary Income Tax Assistance grant programs.
- **Payment Management System** – The IRS uses the Department of Health and Human Services Division of Payment Management database to facilitate payments to grantees

[11] OMB, Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (May 2015) and OMB, Controller Alert, *DATA Act Implementation and Offices for Financial Assistance Awards* (Dec. 2015).
[12] The Award Identification Number is the unique identifier of the specific award reported.

and maintain grantee financial reports for the IRS Low-Income Taxpayer Clinics, Tax Counseling for the Elderly, and Voluntary Income Tax Assistance grant programs.

In our prior Treasury Inspector General for Tax Administration (TIGTA) audit report, we identified areas that required additional attention. Specifically, the IRS had not clearly identified the source for 18 of the required 57 data elements or documented how the 57 standardized reporting data elements are used in its business processes, as required.[13] In addition, the IRS had not finalized the accounting procedures needed to support the posting of transaction-level grant program information in its financial system as required by the DATA Act. Further, the IRS Office of Procurement and grant program offices manually entered data for 10 elements related to procurements required for DATA Act reporting into either the FPDS-NG (procurements) or Award Submission Portal (grants) for every contract award and contract modification. Finally, the IRS had not determined whether the Non-Federal Funding Amount DATA Act element would require it to report grantee-matching contributions relating to its various grant programs or how this reporting would be accomplished, if required.[14] TIGTA recommended that the Chief Financial Officer update the data source inventory to include all required information and clearly document the data source of all required data elements. In addition, the Chief Financial Officer should finalize accounting procedures and associated controls to support the posting of transaction-level financial information for IRS grant programs. Finally, the Chief Procurement Officer should pursue methods of automating the capture of data for the 10 procurement-related elements required for DATA Act reporting. The IRS generally agreed with our recommendations.

Audit Requirements

The DATA Act requires a series of oversight reports by Federal Agency Offices of Inspectors General (OIG) in consultation with the Government Accountability Office (GAO). Specifically, OIGs are required to review: 1) a statistically valid sampling of the spending data submitted by the Federal agency and assess the completeness, timeliness, quality, and accuracy of the data sampled and 2) the implementation and use of the Governmentwide financial data standards. This report is the first of the three mandatory OIG audits required by the DATA Act. The scope of this audit is the FY 2017 second quarter financial and award data (procurements and grants) for IRS as part of the Treasury publication on USAspending.gov.

Under the DATA Act, the first OIG reports evaluating the completeness, timeliness, quality, and accuracy of agency spending data submissions were due to Congress in November 2016. However, agencies were not required to submit spending data in compliance with the DATA Act

[13] TIGTA, Ref. No. 2017-10-018, *Status of Digital Accountability and Transparency Act Implementation Efforts* p.3 (March 2017).
[14] The Non-Federal Funding Amount, for financial assistance (grants), is the amount of the award funded by non-Federal source(s), in dollars. Program Income (as defined in 2 CFR Section 200.80) is not included until such time that Program Income is generated and credited to the agreement.

until May 2017. As a result, the OIGs did not report in November 2016 on the spending data submitted under the DATA Act. On December 22, 2015, the Council of the Inspectors General on Integrity and Efficiency issued a letter to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform outlining its strategy for addressing the OIG reporting date anomaly and delayed issuance of the mandated audit reports. The OIGs will provide Congress with their first required reports in November 2017, a one-year delay from the statutory due date, with two subsequent reports each following on a two-year cycle.

Audit Coordination

Because there is only one submission for publication on USAspending.gov for all Treasury bureaus and offices, including the IRS, the TIGTA and the Treasury OIG agreed to jointly pull a random statistically valid sample of 366 transactions from the Department of the Treasury's DATA Act submission of FY 2017 second quarter financial and award data. For the Department of the Treasury DATA Act spending data submission, the population consisted of 7,033 transactions. These transactions are divided into two subpopulations: 1) the IRS and 2) all other Treasury bureaus and offices. The IRS subpopulation consists of 3,956 transactions, and the subpopulation for all other Treasury bureaus and offices consists of 3,077 transactions.

TIGTA reviewed 206 IRS sample transactions. TIGTA's sample contained 202 procurement transactions and four grant transactions, associated with the IRS Low-Income Taxpayer Clinic grant program administered by the Taxpayer Advocate Service. The Treasury OIG reviewed the remaining 160 procurement sample transactions for the other Treasury bureaus and offices. The Treasury OIG also assessed the overall completeness, timeliness, quality, and accuracy of summary financial data reported for all Treasury bureaus and offices in the second quarter of FY 2017 (Files A and B). Additionally, the Treasury OIG assessed the reconciliation process between the data in Files B and C for all Treasury bureaus and offices. Details on the results of this substantive testing will be reported separately by the Treasury OIG. Files E and F of the DATA Act model schema contain additional awardee attribute information extracted from the System for Award Management and the FFATA Subaward Reporting System.[15] The responsibility for reporting this information is that of the prime awardee, not the agency. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from the System for Award Management and the FFATA Subaward Reporting System via the DATA Act broker. The broker is an information system that takes in Federal spending data from agency award and financial systems, validates it, and standardizes it against the common DATA Act model.

[15] The FFATA Subaward Reporting System is the reporting tool Federal prime awardees (*i.e.*, prime contractors and prime grant recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements.

As part of our coordination with the Treasury OIG, we agreed to assist if any material differences were identified in the Treasury OIG's reconciliation and review of Treasury (including IRS) files. The Treasury OIG did not identify any IRS differences and, as a result, did not contact us regarding the resolution of any differences of this type. Consequently, TIGTA's focus was on reviewing the financial (File C) and award (procurement (File D1) and grant (File D2)) information included in the IRS submission to the Treasury and assessing it for accuracy, completeness, and timeliness. TIGTA and the Treasury OIG maintained close coordination during the conduct of our separate DATA Act audits. This report provides the TIGTA's transaction testing error rate results that were within the IRS control and does not include any data errors that were due to the DATA Act broker issues.

This review was performed at the Headquarters offices of the Office of the Chief Financial Officer, the Office of Procurement, and the Taxpayer Advocate Service located in Washington, D.C.; at Office of Procurement field offices located in Oakland, California; Atlanta, Georgia; Lanham Maryland; New York City, New York; Dallas, Texas; and Vienna, Virginia; at the field office of the Taxpayer Advocate Service located in Laguna Nigel, California; and at the Wage and Investment Division field office located in Atlanta, Georgia. This review was performed during the period April through October 2017. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

Results of Review

Significant Efforts Are Needed to Improve the Quality of IRS Spending Data

While the IRS submitted DATA Act spending data by May 2017, as required, for publication on USAspending.gov, the overall quality of the spending data, and specifically the awards (procurement and grant) attribute data, need significant improvement. The initial submission and certification of agency spending data to USAspending.gov under the DATA Act was the first time that Federal agencies had to provide award (procurement and grant) attribute data, in conjunction with associated financial data, in their financial reporting under the DATA Act (which expanded the FFATA reporting requirements).

The OMB estimated a 50 percent error rate in the spending data Federal agencies were required to submit. The IRS spending data in our sample contained a 97.6 percent error rate. The majority of the data elements that had quality issues were nonfinancial. Examples include procurement and grant award attribute data (File D) such as the funding office name, primary place of performance address, and period of contract performance. We determined that the financial data (File C) within the IRS submission did not include the Parent Award Identification Number for any of the 80 procurement transactions we tested that had a parent award. Without effective controls over award attribute data quality, the IRS will be unable to ensure that spending data it reports on USAspending.gov are consistent and reliable.

Nearly all sample transactions tested had one or more data elements that were inaccurate

TIGTA's review of 206 sample transactions found that significant improvements are needed to ensure the completeness, accuracy, and overall quality of the financial and award attribute data submitted. Specifically, of the 206 procurement and grant sample transactions we reviewed, 201 (over 97 percent) transactions had one or more data elements that were inaccurate, including 43 transactions that were incomplete.

The 201 sample transactions with data quality[16] issues included inaccurate transactions, for which the data element information did not match the IRS records or the correct supporting documentation could not be identified or located, and incomplete transactions, for which the transactions did not contain information for all of the data elements required by the DATA Act. These incomplete transactions were missing award attribute information such as the contractor

[16] We identified the information as lacking overall quality because we believe the significant error rate we identified compromises the usefulness of the information to end users.

name, award date, and award total amount. The Office of Procurement informed us that this generally occurred because contracting officers did not report contract award action reports in the FPDS-NG within the required three-day time frame in accordance with the Federal Acquisition Regulation.[17]

The data quality issues we identified were generally attributable to inconsistencies in the interpretation of DATA Act element definitions by contracting officers and grant program staff, the lack of comprehensive quality review processes designed to ensure that contract and grant award attribute information is accurately entered into internal and external financial systems for DATA Act reporting, and incomplete agency records.

Data Inaccuracies

The Treasury DATA Act spending data submission population consists of 7,033 transactions. These transactions are divided into two subpopulations: the IRS and all other Treasury bureaus and offices. The IRS subpopulation consists of 3,956 transactions, and the subpopulation for all other Treasury bureaus and offices consists of 3,077 transactions. The evaluation results for the IRS sample transactions are summarized in Figure 1.

Figure 1: Evaluation of IRS Transactions[18]

Strata	Population	Transactions Examined	Inaccurate	Untimely	Incomplete	Noncompliant
IRS Procurements	3,792	202	197	0	39	197
IRS Grants	164	4	4	0	4	4
IRS Total	3,956	206	201	0	43	201

Source: TIGTA analysis.

Sample Evaluation Criteria

According to the OMB:

- Completeness is measured in two ways: 1) that all transactions that should have been recorded are recorded in the proper reporting period and 2) as the percentage of transactions containing all applicable data elements required by the DATA Act.

[17] Federal Acquisition Regulation Part 4.6, *Contract Reporting*.
[18] "Inaccurate" includes the 43 "incomplete" transactions.

- Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.
- Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.
- Quality is defined as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users.

Projections for IRS Transactions

Figure 2 summarizes the projected noncompliance rate and number of noncompliant transactions for the population of 3,956 IRS transactions. The effective sample size for these calculations was 206 transactions, consisting of 202 procurements and four grants.

Figure 2: Projections for IRS Transactions Using a 95 Percent Confidence Level

Evaluation Category	Percentage Noncompliant	95% Confidence Limit	Projected Number Noncompliant	Confidence Limit
Inaccurate	97.6%	95.6% – 99.6%	3,862	3,783 – 3,941
Untimely	0.0%	0.0% – 1.7%	0	0 – 68
Incomplete	22.7%	17.6% – 27.7%	896	695 – 1097
All	97.6%	95.6% – 99.6%	3,862	3,783 – 3,941

Source: TIGTA analysis.

Inaccuracy in the IRS spending data is estimated as 97.6 percent. We are 95 percent confident that the percentage of inaccurate transactions is between 95.6 percent and 99.6 percent and that the number of inaccurate transactions is between 3,783 and 3,941.

No untimely transactions were found in the IRS sample. We are 95 percent confident that the percentage of untimely transactions in the IRS spending data is below 1.7 percent and that the number of untimely transactions is 68 or fewer.

Incomplete transactions in the IRS population is estimated as 22.7 percent. We are 95 percent confident that the percentage of incomplete transactions in the IRS spending data is between 17.6 percent and 27.7 percent and that the number of incomplete transactions is between 695 and 1097.

We determined that the following DATA Act elements had the largest number of data quality issues (data element information did not match the IRS records or the correct supporting documentation could not be identified) in the sample transactions we tested for which the element was complete:

1. Period of Performance Start Date

   This data element is applicable to both procurement and grant transactions. Our review indicated 123 inaccuracies, all of which relate to procurements.

   Definition: The date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective.

2. Funding Office Name

   This data element is applicable to both procurement and grant transactions. Our review indicated 85 inaccuracies, all of which relate to procurements.

   Definition: Name of the organization that provided the preponderance of the funds obligated by this transaction.

3. Funding Office Code

   This data element is applicable to both procurement and grant transactions. Our review indicated 85 inaccuracies, all of which relate to procurements.

   Definition: Identifier of the organization that provided the preponderance of the funds obligated by this transaction.

4. Business Type

   This data element is applicable to both procurement and grant transactions. Our review indicated 54 inaccuracies, all of which relate to procurements. For procurements, we limited our evaluation of this element to a comparison of the information reported in the submission to the information in the System for Award Management.

   Definition: A collection of indicators of different types of recipients based on socioeconomic status and organization/business type.

5. Primary Place of Performance Congressional District

   This data element is applicable to both procurement and grant transactions. Our review indicated 48 inaccuracies, of which 44 relate to procurements and four relate to grants.

   Definition: U.S. Congressional district where the predominant performance of the award will be accomplished.

6. Primary Place of Performance Address

   This data element is applicable to both procurement and grant transactions. Our review indicated 33 inaccuracies, all of which relate to procurements.

   Definition: U.S. address identifying where the predominant performance of the award will be accomplished.

Controls were not effective in ensuring the quality of the IRS initial DATA Act spending data submission

Internal Controls – We found that the IRS submitted and certified DATA Act spending data by May 2017, as required, for publication on USAspending.gov.[19] However, our review of a random sample of 206 procurement and grant transactions for the IRS found that significant improvements are needed to address the quality of the spending data submitted. Specifically, of the 206 sample transactions we reviewed, 201 (over 97 percent) had one or more data elements that were incomplete or inaccurate. The majority of the data quality issues we identified were associated with IRS award (procurement and grant) attribute data. Without effective controls over award attribute data quality, the IRS will be unable to ensure that spending data it reports on USAspending.gov are consistent and reliable.

The IRS's DATA Act Submission Assurance Statement for the second quarter of FY 2017 was certified and submitted by the IRS's designated SAO. The IRS attested that its internal controls are operating effectively with regards to its spending data, agency source systems, and the DATA Act submission files (File A–Appropriation Account, File B–Object Class, File C–Award Financial, and File D2–Financial Assistance), with the exception of a number of discrepancies. The IRS did not certify to the accuracy, reliability, and validity of File D1, which includes attribute information for its procurement awards. The award attribute information provided in File D1 includes data elements such as the Award Identification Number, the Federal contract action obligation amount, and the period of performance dates. The Treasury SAO provided an assurance statement, certifying the completeness, timeliness, and accuracy of agency data, for all Treasury bureaus and offices (including the IRS) for File D1.

However, we determined that the IRS does not have effective controls to ensure that required DATA Act information is completely and accurately reported. Specifically, we found that the IRS quality assurance procedures to ensure the accuracy of procurement and grant attribute information reported in the FPDS-NG and Award Submission Portal were inadequate. For example, the IRS did not take effective steps to 1) ensure that procurement and grant personnel responsible for entering data into internal and external reporting systems clearly understood the definitions of the 57 DATA Act elements and the information required in the related data fields within those systems and (2) ensure that procurement and grant personnel understood the specific documentation that should be maintained to support their data entries in grant and contract files. Further, the IRS lacks an effective control to ensure that required DATA Act award attribute information is timely reported in the FPDS-NG by contracting officers in accordance with the Federal Acquisition Regulation requirements.[20]

[19] Pursuant to Federal Acquisition Regulation Part 4.604 and OMB guidance, Improving Federal Procurement Data Quality – Guidance for Annual Verification and Validation (Washington, D.C.; May 31, 2011), Agency Senior Procurement Executives are required to certify the completeness, timeliness, and accuracy of agency data in FPDS-NG.

[20] Federal Acquisition Regulation Part 4.6.

IRS Office of Procurement officials told us that during March 2018 it plans to add a new utility within the Procurement for Public Sector function to automatically update the FPDS-NG with contract action reports.[21] This should address the issue we identified in our review in which obligation amounts in the Integrated Financial System were not supported by required procurement award information in the Integrated Procurement System due to the submission of contract action reports into the FPDS-NG after the three-day required time frame. However, the Chief Procurement Officer noted that the attrition of acquisition staff, and the inability to fill vacant positions as a result of the hiring freeze, has had a significant impact on the Office of Procurement's ability to complete required functions. While the number of contract actions and related dollars in obligations has increased, contracting officer staffing has significantly declined.

Financial Reporting Controls – Our discussions with the IRS's financial statement auditors did not identify financial reporting control weaknesses that would materially affect the IRS's ability to timely and accurately report award and financial information. Specifically, in the GAO's audits of the IRS's financial statements for FYs 2015 and 2016, the GAO rendered an unmodified opinion on the IRS's financial statements.[22] The GAO found no reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements that it tested. However, the GAO did report a significant deficiency in internal controls over the IRS's financial reporting systems. The significant deficiency over financial reporting systems related to general controls relied upon by the administrative and custodial accounting systems, specifically the administrative accounting systems (the Integrated Financial System and the Integrated Procurement System). The GAO reported issues with database controls and one segregation of duties issue with the Integrated Financial System application. With the exception of the issues discussed in our audit report, the GAO did not identify any other material weaknesses or significant deficiencies in internal control over financial reporting. At the time of our report issuance, the GAO provided that its fieldwork for its FY 2017 financial statement audit of the IRS was ongoing and subject to change. However, the GAO indicated that it was not anticipating changes to its opinion on IRS internal controls.

Governmentwide financial data standards implementation

We determined that the IRS was substantially compliant in implementing the Governmentwide financial data standards, with two exceptions. We found that the financial data (File C) within the IRS submission did not include the Parent Award Identification Number for any of the 80 sample procurement transactions we tested that had a parent award. In addition, the IRS has not determined how it will collect and report grantee matching cash contributions under the Non-Federal Funding Amount data element.

[21] Procurement for Public Sector will replace the current Integrated Procurement System.
[22] GAO, GA0-17-140, *Financial Audit: IRS's FYs 2016 and 2015 Financial Statements* (Washington, D.C.; Nov. 9, 2016).

The IRS Chief Financial Officer reported in the Treasury Joint Audit Management Enterprise System audit tracking database that it has created a comprehensive data source inventory that clearly documents the 57 DATA Act data elements. However, we noted that the IRS has not determined how it will collect and report grantee matching cash contributions under the Non-Federal Funding Amount data element. The Chief Financial Officer told us that when the Chief Financial Officer and grant program offices reviewed the reporting requirements on non-Federal funding matches for IRS grant programs under the DATA Act, they noted that this is an optional reporting element under the DATA Act and, due to funding issue considerations and the complexities involved for any business process changes, they have decided not to invest in developing a methodology to address an optional element.

Recommendations

The Chief Financial Officer, in coordination with the Chief, Procurement, and the National Taxpayer Advocate, should:

Recommendation 1: Develop and implement policies and procedures that: 1) clarify the definition of DATA Act elements and associated data fields in the Procurement for Public Sector function (successor system to the IRS Integrated Procurement System), the Award Submission Portal, and the FPDS-NG, 2) specify documentation that should be maintained in support of these elements in grant and contract files, and 3) provide mandatory training to all contracting officers and grant program staff to ensure understanding.

Management's Response

IRS management agreed with our recommendation. The Chief Financial Officer, working with the Chief, Procurement, and the National Taxpayer Advocate, will develop and implement policies and procedures to ensure that DATA Act elements are correctly entered into the supporting system and appropriate documentation is maintained. Training on manually entered DATA Act elements will also be provided.

Recommendation 2: Enhance quality assurance procedures to improve the accuracy of the Data Act procurement and grant attribute information and provide additional assurance that contract and grant files contain current and appropriate documentation.

Management's Response

IRS management agreed with our recommendation. The Chief Financial Officer, working with the Chief, Procurement, and the National Taxpayer Advocate, will develop and document a quality assurance review process addressing procurement and grant attribute information to ensure that contract and grant files contain appropriate documentation.

Appendix I

Detailed Objectives, Scope, and Methodology

To comply with DATA Act[1] requirements, the Treasury OIG and TIGTA jointly selected a random statistically valid sample of 366 transactions from the Treasury's DATA Act submission of FY[2] 2017 second quarter financial and award data and assessed the (1) completeness, timeliness, quality, and accuracy of those sample transactions and 2) the use of the Governmentwide financial data standards. To accomplish our objective, we:

I. Obtained an understanding of the regulatory criteria related to the reporting of financial and award data under the DATA Act and the systems, processes, and internal controls the IRS put in place to facilitate this reporting.

   A. Gained and documented an understanding of the IRS systems, processes, and internal controls put in place to facilitate reporting financial and award data in accordance with the requirements of the DATA Act.

   B. Analyzed the results of the TIGTA readiness review and analyzed actions taken in response to the recommendations.

   C. Gained an understanding of applicable laws, legislation, directives, and any other regulatory criteria (guidance) related to the IRS's responsibilities to report financial and award information and the IRS financial award information environment.

   D. Consulted the TIGTA contract statistician and discuss the proposed sampling approach.

II. Assessed the IRS systems, processes, and internal controls in place over data management and reporting under the DATA Act.

   A. Performed an assessment of internal controls to determine the nature, timing, and extent of testing.

   B. Documented IRS-specific control objectives, risks, and related controls to mitigate those risks.

   C. Determined the extent to which IRS financial and award systems can be relied on as authoritative sources for the information reported in accordance with the DATA Act.

[1] Pub. L. No. 113-101, 128 Stat. 1146 (2014).
[2] Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.

1. Assessed whether the internal controls over the financial and award systems are properly designed, implemented, and operating effectively.
2. Evaluated the extent to which reliance can be placed on internal control and substantive testing performed by the GAO audits of the IRS's financial statements.
3. Determined the extent of internal control testing performed by agency management, per internal control and risk management strategies outlined in OMB Circular No. A-123.[3]
4. Determined whether the design, implementation, and operating effectiveness of the processes, systems, and controls the IRS has in place over the data management process reasonably ensures that data submitted are complete, accurate, and timely.
5. Determined whether the IRS SAO, or a designee, has provided quarterly assurance that the IRS's internal controls support the reliability and validity of the IRS's summary-level and award-level data reported for publication on USAspending.gov.
    a) Obtained, from the IRS SAO, the IRS's certification, validation, reconciliation reports, and any other relevant supporting documentation used in providing the quarterly assurance.
    b) Reviewed certification supporting documentation to determine whether it identifies any deficiencies in internal controls or other limitations that would prevent the SAO from certifying the data.

III. Reviewed a statistically valid sample of certified spending data submitted by the IRS.

A. Selected a random statistically valid sample of certified spending data from the reportable award-level transactions included in the IRS's certified data submission for File C.

B. Evaluated award-level linkages (Files C, D1, and D2) for each sample item selected from File C.

1. Evaluated whether the procurement awards in the sample selected from File C are included in File D1 by matching the Procurement Instrument Identifier Numbers.
2. Evaluated whether the financial assistance awards in the sample selected from File C match the Financial Assistance Identifier Numbers contained in File D2.

[3] OMB, OMB Circular No. A-123 (Revised), *Management's Responsibility for Internal Control* (Dec. 2004).

C. Evaluated the completeness, accuracy, timeliness, and quality of the award-level transactions sampled.

   1. Assessed the completeness and proper use of data standards of the award-level transaction sample data:

      a) Evaluated whether each transaction sampled contains all required data elements and whether this information is presented in accordance with required standard.

      b) Evaluated the IRS's process for reviewing and mapping the 57 data standards and associated definitions.

   2. Assessed the accuracy of the award-level transaction sample data.

      a) For each transaction from the sample that contains Federal award-level data, matched this information to the IRS's underlying records, including procurement requisitions or grant applications, contract and grant award documents, contract modifications, and other associated supporting documentation.

      b) For each transaction from the sample that contains Federal nonfinancial award data elements, matched this information to the IRS's underlying records and the System for Award Management (for the Business Type data element).

      c) For each transaction from the sample that contains Federal financial award data elements, including awardee data, matched this information to the IRS's underlying records.

      d) For each transaction from the sample that contains official entity information, specifically, the legal entity name and the physical address, matched this information to the information from the IRS's underlying records.

   3. Assessed the timeliness of the award-level transaction sample data.

D. Assessed the overall quality of the data submitted to the Treasury for publication on USAspending.gov.

Objectives and steps pertaining to Files A and B were eliminated because the Treasury OIG performed those steps. Specifically, the Treasury OIG assessed the overall completeness, timeliness, quality, and accuracy of summary financial data reported for all Treasury bureaus and offices in the second quarter of FY 2017 (Files A and B). Additionally, the Treasury OIG assessed the reconciliation process between the data in Files B and C for all Treasury bureaus and offices.

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit: the IRS's process for validating and submitting financial and award data and ensuring data quality. We evaluated these controls by interviewing officials in the Office of the Chief Financial Officer, the Office of Procurement, the Taxpayer Advocate Service, and the Wage and Investment Division and reviewing the IRS data validation and quality assurance procedures.

Sampling Methodology

In coordination with the Treasury OIG, we selected a random statistically valid sample of certified spending data submitted for publication on USAspending.gov, specifically from the reportable award-level transactions included in the Treasury's certified Fiscal Year 2017 second quarter financial and award data submission for File C. We met with TIGTA's contract statistician to discuss this audit and the associated sampling plan.

The following criteria were used to select the sample:

- **Population Size** – the number of detailed award transactions included in the Treasury's quarterly certified data submission were determined by adding the total number of detail award transactions in submission File C, identified as 7033.
- **Confidence Level** – the percentage of all possible samples that can be expected to include the true population parameter; set at 95 percent.
- **Expected Error Rate** – the estimated number of errors in the population to be sampled, set at 50 percent.
- **Sample Precision** – the expected difference between the true population parameter and a sample estimate of that parameter; set at ± 5 percent.
- **Sample Size** – the number of transactions to be selected for this review is 366 transactions. The sample size is based on a 95 percent confidence level, an initial-year expected error rate of 50 percent, and a desired sampling precision of ± 5 percent.
- **Review Methodology** – the TIGTA will review those transactions applicable to the IRS; the Treasury OIG will review transactions applicable to all other Treasury bureaus and offices.

Data Reliability

We performed validation tests to ensure the reliability of the certified FY 2017 Second Quarter Treasury Submission File C (IRS transactions) data we extracted. This testing included evaluating whether all transactions reported contained all expected fields (including Award Identification Number), had values within expected ranges, and had funding codes applicable to the IRS. We also evaluated award-level linkages between Files C and Files D1 and D2. Overall, we determined that the extracted data were reliable for the purposes of our substantive testing, which focused on an in-depth analysis of the accuracy of selected sample cases through review of source documentation.

Appendix II

Major Contributors to This Report

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Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Deputy Commissioner for Operations Support
Deputy Commissioner for Services and Enforcement
Director, Office of Audit Coordination

Appendix IV

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. This benefit will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Reliability of Information – Potential: 3,862 of the 3,956 IRS transactions included in the Treasury's FY 2017 second quarter financial and award data submission contain inaccurate or incomplete transaction information associated with one or more required transaction data elements (see page 7).

Methodology Used to Measure the Reported Benefit:

The Treasury DATA Act spending data submitted in May 2017 consisted of 7,033 transactions. These transactions included the IRS and the all other Treasury bureaus and offices. The IRS subpopulation consisted of 3,956 transactions, and the subpopulation for all other Treasury bureaus and offices consisted of 3,077 transactions. Based on the formula provided in the Data Act guidance,[1] we pulled a sample of 366 transactions and stratified the sample into two groups, one for the IRS and the other for all other Treasury bureaus and offices. The IRS sample consisted of 206 transactions. We found that 197 of the 206 transactions were inaccurate. Using a 95 percent confidence level, these transactions projected against the whole population of 3,956 transactions equated to 3,862 transactions that were inaccurate.

[1] Treasury OIG, OIG-CA-17-012, *Inspectors General Guide to Compliance Under the DATA Act* (Feb. 2017), developed by the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council DATA Act Working Group in consultation with the GAO.

Appendix V

DATA Act Elements

57 Data Elements
1. Appropriations Account
2. Budget Authority Appropriated
3. Object Class
4. Obligation
5. Other Budgetary Resources
6. Outlay
7. Program Activity
8. Treasury Account Symbol (excluding subaccount)
9. Unobligated Balance
10. Action Date
11. Action Type
12. Award Description
13. Award Identification Number
14. Award Modification/Amendment Number
15. Award Type
16. Business Type
17. Catalog of Federal Domestic Assistance Number
18. Catalog of Federal Domestic Assistance Title
19. North American Industrial Classification System Code
20. North American Industrial Classification System Description
21. Ordering Period End Date
22. Parent Award Identification Number
23. Period of Performance Current End Date
24. Period of Performance Potential End Date
25. Period of Performance Start Date
26. Primary Place of Performance Address
27. Primary Place of Performance Congressional District

57 Data Elements
28. Primary Place of Performance Country Code
29. Primary Place of Performance Country Name
30. Record Type
31. Amount of Award
32. Current Total Value of Award
33. Federal Action Obligation
34. Non-Federal Funding Amount
35. Potential Total Value of Award
36. Awardee/Recipient Legal Entity Name
37. Awardee Recipient Unique Identifier
38. Highly Compensated Office Name
39. Highly Compensated Officer Total Compensation
40. Legal Entity Address
41. Legal Entity Congressional District
42. Legal Entity Country Code
43. Legal Entity Country Name
44. Ultimate Parent Legal Entity Name
45. Ultimate Parent Unique Identifier
46. Awarding Agency Code
47. Awarding Agency Name
48. Awarding Office Code
49. Awarding Office Name
50. Awarding Sub Tier Agency Code
51. Awarding Sub Tier Agency Name
52. Funding Agency Code
53. Funding Agency Name
54. Funding Office Code
55. Funding Office Name
56. Funding Sub Tier Agency Code
57. Funding Sub Tier Agency Name

Source: Department of the Treasury DATA Act Data Standards.

Appendix VI

Management's Response to the Draft Report

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

CHIEF FINANCIAL OFFICER

November 3, 2017

MEMORANDUM FOR GREGORY D. KUTZ
ASSISTANT INSPECTOR GENERAL FOR AUDIT
(MANAGEMENT SERVICES AND EXEMPT ORGANIZATIONS)

FROM: for Ursula S. Gillis
Chief Financial Officer

SUBJECT: Discussion Draft Audit Report – Fiscal Year 2017 Digital Accountability and Transparency Act Reporting Compliance (Audit # 201710005)

Thank you for the opportunity to respond to the draft report from your review of the IRS's implementation of the Digital Accountability and Transparency Act (DATA Act) of 2014 (P.L. 113-101). We agree with the recommendations listed in the draft report and will implement the corrective actions detailed in the attachment.

The governmentwide implementation of this Act focused primarily on linking and reconciling information between financial and award systems (e.g., procurement and grants systems) to improve the integrity and transparency of the financial award data. We retain a high degree of integrity and confidence in IRS's publicly displayed financial information, with IRS having received 17 consecutive unmodified audit opinions.

In the initial year of implementation, and per OMB and Treasury guidance, the IRS focused primarily on linking data between its financial and award systems that historically were not integrated. The IRS focused its efforts on ensuring financial information was accurate and complete across all files required to be submitted under the DATA Act.

You reviewed 57 DATA Act elements and reported that the IRS was substantially compliant in implementing the governmentwide financial data standards with two exceptions, Parent Award ID and Non-Federal Matching Grants (optional field), that were not implemented fully in the IRS's financial system. The IRS takes its compliance requirements seriously and is committed to ensuring our DATA Act submissions comply fully. We determined during implementation that it was not cost effective to modify our legacy Integrated Procurement System interface for the Parent Award ID, as the system

was being retired at the end of FY 2017. We implemented the Procurement for Public Sector system in October 2017, and the Parent Award ID now is captured in the Integrated Financial System. We also are working on a methodology that will enable us to pull in non-federal matching grants information.

Although the IRS agrees with the overall findings and recommendations, we want to point out that the error rate methodology used overstates transaction inaccuracy by weighting all data elements equally. If even one data element out of the 57 included for every transaction had a discrepancy, then the entire transaction was considered inaccurate. Therefore, the methodology understates the overall quality of the data.

If you have any questions, please contact William H. Maglin II, Associate Chief Financial Officer for Financial Management, at 202-803-9730.

Attachment

cc: Legislative Affairs

Attachment

RECOMMENDATION 1
The Chief Financial Officer, in coordination with the Chief Procurement Officer and the National Taxpayer Advocate should develop and implement policies and procedures that: 1) clarify the definition of DATA Act elements and associated data fields in the IRS IPS and the FPDS-NG, 2) specify documentation which should be maintained in support of these elements in grant and contract files, and 3) provide mandatory training to all contracting officers and grant program staff to ensure understanding.

CORRECTIVE ACTION
The IRS agrees with this recommendation. The Chief Financial Officer, working with the Chief Procurement Officer and the National Taxpayer Advocate, will develop and implement policies and procedures to ensure that DATA Act elements are entered correctly into the related systems and supporting documentation is maintained by the appropriate office. Training on manually entered DATA Act elements will be provided to IRS's Procurement and Grants staff with completion records maintained by each office. All Procurement activities associated with the DATA Act will be made in coordination with Treasury.

IMPLEMENTATION DATE
September 30, 2018

RESPONSIBLE OFFICIAL
Chief Financial Officer

CORRECTIVE ACTION MONITORING PLAN
N/A

RECOMMENDATION 2
The Chief Financial Officer, in coordination with the Chief Procurement Officer and the National Taxpayer Advocate should enhance quality assurance procedures to improve the accuracy of the Data Act procurement and grant attribute information, and provide additional assurance that contract and grant files contain current and appropriate documentation.

CORRECTIVE ACTION
The IRS agrees with this recommendation. The Chief Financial Officer, working with the Chief Procurement Officer and the National Taxpayer Advocate, will develop and document in a standard operating procedure a quality assurance review process addressing DATA Act procurement and grant attribute information to ensure that contract and grants files contain appropriate documentation. All Procurement activities associated with the DATA Act will be made in coordination with Treasury.

IMPLEMENTATION DATE
September 30, 2018

RESPONSIBLE OFFICIAL
Chief Financial Officer

CORRECTIVE ACTION MONITORING PLAN
N/A