



# Audit Report



OIG-17-021

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

December 1, 2016

Office of  
Inspector General

Department of the Treasury

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## Abbreviations

ARC	Administrative Resource Center
Award ID	award identification number
CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DATA Act	Digital Accountability and Transparency Act of 2014
DO	Departmental Office
FSSP	Federal Shared Service Provider
IG	Inspector General
OIG	Office of Inspector General
OMB	Office of Management and Budget
Playbook	DATA Act Implementation Playbook
PMO	Program Management Office
Recovery Board	Recovery Accountability and Transparency Board
SAO	Senior Accountable Official
Schema	DATA Act Information Model Schema
TIER	Treasury Information Executive Repository
Treasury	Department of the Treasury

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*The Department of the Treasury  
Office of Inspector General*

December 1, 2016

Kody Kinsley  
Assistant Secretary for Management  
Department of the Treasury

This report presents the results of our audit of Department of the Treasury (Treasury) efforts to report financial and payment information as required by the Digital Accountability and Transparency Act of 2014 (DATA Act) as of May 31, 2016.<sup>1</sup> We performed this audit, the first in a series, as part of our ongoing oversight over Treasury's DATA Act reporting efforts.<sup>2</sup> Our objective was to gain an understanding of the processes, systems, and controls that Treasury has implemented or plans to implement to report financial and payment information in accordance with the requirements of the DATA Act.

To accomplish our objective, we obtained an understanding of the current laws and guidance related to Treasury's reporting responsibilities under the DATA Act. We conducted interviews and participated in regular status meetings with Treasury personnel responsible for the Department's implementation of the DATA Act reporting requirements. We also reviewed Treasury's implementation plan and other relevant documents, such as its governance structure, projected cost estimates, and project status reports. We conducted our fieldwork from May 2015 through July 2016. Appendix 1 contains a detailed description of our objective, scope, and methodology.

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<sup>1</sup> Public Law 113-101 (May 9, 2014).

<sup>2</sup> 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 Project Management Office, and the Office of Management and Budget's Office of Federal Financial Management. In this report, unless otherwise indicated, "Treasury" refers to the Department's reporting team.

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## Results in Brief

As of May 31, 2016, Treasury is making progress toward compliance with the DATA Act by designing a comprehensive implementation plan that conforms to technical and informational guidance issued by Treasury's Program Management Office (PMO) and the Office of Management and Budget (OMB). If fully executed, we anticipate that Treasury will meet the DATA Act reporting requirement by the established May 2017 deadline. Specifically, Treasury's DATA Act implementation plan (1) identified its Senior Accountable Official (SAO),<sup>3</sup> (2) estimated resource requirements, (3) proposed an implementation timeline, and (4) identified foreseeable challenges that it may encounter while implementing the DATA Act, as well as potential resolutions.

In June 2015, Treasury's PMO outlined a suggested implementation approach in its *DATA Act Implementation Playbook* (Playbook).<sup>4</sup> The Playbook recommends eight key steps and a timeline that Federal agencies can use to develop a methodology for implementing the DATA Act. As documented in its implementation plan and other project planning documents, Treasury has (1) organized an agency DATA Act working group; (2) reviewed the list of data elements and participated in the data standardization process; (3) completed an inventory of agency data; and (4) designed a strategy for implementation of DATA Act requirements. Additionally, Treasury has made progress in addressing steps five and six, Execute Broker and Test Broker Implementation.<sup>5</sup> This includes ensuring it can (1) capture data from its reporting bureaus, (2) validate and reconcile that data, and

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<sup>3</sup> SAOs are high-level senior officials who are accountable for the quality and objectivity of Federal spending information under the DATA Act. These senior leaders ensure that the information conforms to OMB guidance on information quality and that adequate systems and processes are in place within the agencies to promote such conformity.

<sup>4</sup> On June 24, 2016, Treasury's PMO released the *DATA Act Implementation Playbook Version 2.0*.

<sup>5</sup> The Treasury PMO's DATA Act broker is an information system that collects, maps, and validates agency data in a format consistent with the DATA Act Information Model Schema and will transmit this data to USASpending.gov.

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(3) submit the data from its repository to the Government-wide broker for publication on USASpending.gov.<sup>6</sup>

While Treasury has worked to comply with the DATA Act, it has identified a number of risks and challenges associated with data quality, delays in the issuance of guidance, human resource limitations, systems integration, and funding constraints. Treasury has documented viable plans to overcome each of the challenges identified through continuous monitoring, two-way communication with the Department's PMO and reporting bureaus, and iterative system and methodology enhancements.

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. Accordingly, we cannot emphasize enough the need for Treasury's SAO and DATA Act working group to continue closely monitoring the Department's efforts to mitigate these risks and challenges. We will continue to monitor Treasury's implementation efforts in future audit work.

In a written response, which is included in its entirety as Appendix 4, Treasury concurred with our assessment that the Department is making progress towards implementing the DATA Act. Treasury will continue to closely monitor its implementation efforts. In its response, Treasury also expressed its confidence that the Department will meet the reporting requirements of the DATA Act by the statutory deadline and provided an update on how some of the challenges we identified have been addressed since the end of our fieldwork.

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<sup>6</sup> A data repository is a particular kind of setup within an overall Information Technology structure, such as a group of databases, where an enterprise or organization has chosen to keep various kinds of data.

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## Background

Signed into law on May 9, 2014, the DATA Act serves several purposes as follows:

- (1) expand the Federal Funding Accountability and Transparency Act of 2006 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;<sup>7</sup>
- (2) establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policymakers on USASpending.gov (or a successor system);
- (3) simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency;
- (4) improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and
- (5) apply approaches developed by the Recovery Accountability and Transparency Board (Recovery Board) to spending across the Federal government.<sup>8</sup>

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

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<sup>7</sup> Public Law 109-282 (Sept. 26, 2006).

<sup>8</sup> 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.



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the IGs of each Federal agency to perform three reviews of a statistically valid sampling of spending data submitted under the DATA Act. The IGs must submit to Congress (and make publicly available) a report assessing the completeness, timeliness, quality, and accuracy of the data sampled, as well as the implementation and use of data standards by the Federal agency. The Act requires the first IG reports be submitted in November 2016, with two others to follow in November 2018 and November 2020.<sup>9</sup>

### Guidance

On May 8, 2015, Federal agencies received guidance on implementing financial data standards required by the DATA Act, including their ongoing reporting responsibilities for USAspending.gov, in OMB M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*. This guidance required Federal agencies to establish a linkage between their financial, grants, and procurement management systems—a key component to tracking spending more effectively.

OMB M-15-12 specifies that implementation plans should (1) identify an SAO, (2) estimate resource requirements, (3) propose an implementation timeline, and (4) identify foreseeable challenges and resolutions. Further, Federal Shared Service

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<sup>9</sup> 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 are due to Congress in November 2016, Federal agencies are not required to report financial and payment information in accordance with the data standards established under the DATA Act until May 2017. To address this reporting date anomaly, the IGs plan to provide Congress with their first required reports in November 2017, a 1-year delay from the statutory due date, with subsequent reports following on a 2-year cycle. Although CIGIE determined the best course of action was to delay the IG reports, it encouraged IGs to undertake DATA Act “Readiness Reviews” at their respective agencies well in advance of the first November 2017 report. On December 22, 2015, CIGIE’s chair issued a letter explaining the strategy for dealing with the IG reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform. The letter is provided in Appendix 2.

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Providers (FSSP)<sup>10</sup> should include specific information about anticipated costs and timelines necessary to implement the memorandum.

Concurrent with OMB's guidance, Treasury's PMO issued a Playbook that recommends eight key steps to help agencies leverage existing capabilities and drive implementation of the DATA Act. The Playbook referenced a due date of September 14, 2015, for Federal agencies to submit DATA Act implementation plans to OMB. Figure 1 depicts the eight steps.

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<sup>10</sup> 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 Administrative Resource Center as FSSPs for financial management.

**Figure 1: Agency 8 Step Plan**

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

Source: *DATA Act Implementation Playbook* (version 1.0, June 2015).

On May 3, 2016, OMB, in collaboration with Treasury’s PMO, issued Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, to provide additional guidance to Federal agencies on reporting summary-level and award-level spending information for the Federal appropriations account to USAspending.gov. This included a requirement for Federal agencies to associate data in agency financial systems with a unique award identification number (Award ID)<sup>11</sup> to facilitate the linkage of summary-level and award-level data.

<sup>11</sup> 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 their award management systems. The Award ID will serve as the key to associate data across management systems and financial systems and will facilitate timely reporting of award level financial data.

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## Audit Results

### Treasury Is Making Significant Progress in Meeting Reporting Requirements Under the DATA Act

Treasury submitted an “Executive Overview” of its DATA Act implementation plan to OMB on September 14, 2015, and indicated that its detailed plan and timeline would follow. On October 21, 2015, Treasury, after receiving an extension from OMB, submitted a comprehensive DATA Act implementation plan that captured the Department’s strategic direction to implement the act.<sup>12</sup> Treasury’s implementation plan outlines the approach for the Department and its 29 reporting entities. For a listing of these entities, see Appendix 3. The implementation plan also highlights analysis being performed in coordination with the Bureau of the Fiscal Service’s Administrative Resource Center (ARC) to meet requirements as an FSSP.<sup>13</sup>

We obtained and reviewed Treasury’s implementation plan, dated October 21, 2015, to ensure it (1) identified an SAO; (2) estimated resource requirements; (3) proposed an implementation timeline; and (4) identified foreseeable challenges, as well as potential resolutions, in implementing the DATA Act, as required by OMB M-15-12. The Deputy Chief Financial Officer (CFO) serves as Treasury’s SAO, on behalf of the Assistant Secretary for Management, and is responsible for leading the efforts across all Department reporting entities. Treasury’s original cumulative cost estimate to implement the DATA Act totaled \$4.1 million over fiscal years 2016 and 2017.<sup>14</sup> In August 2016, Treasury revised the estimated total for both years to \$1.9 million. Treasury officials

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<sup>12</sup> Subsequent to our fieldwork, on August 12, 2016, Treasury submitted an updated DATA Act Implementation Plan as required by OMB.

<sup>13</sup> As part of our oversight of Treasury’s DATA Act implementation efforts, we initiated a separate audit on ARC’s efforts, as an FSSP, to facilitate timely compliance under the DATA Act on behalf of its customer agencies.

<sup>14</sup> The President’s budget requested, and Congress appropriated, \$19.8 million in fiscal year 2016 for Treasury’s Government-wide DATA Act implementation efforts. The money appropriated for Government-wide implementation will not be used for the Department’s implementation efforts, as the DATA Act is an unfunded mandate.

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told us that the primary reason for the decrease in the cost estimate was a change in technology needs based on discussions with officials from Treasury’s Office of the Chief Information Officer. Treasury’s implementation plan included a high-level timeline and an implementation roadmap, which outlined the major work streams, target dates for completion, and responsible parties.

Treasury’s plan also identified a number of risks and challenges associated with implementation, including data-quality concerns, delays with the issuance of final technical guidance from the PMO and OMB, human resource limitations, systems integration requirements, and funding constraints. For details, see the “Challenges” section in this report.

Treasury used the Playbook’s Agency 8-Step Plan as a guide while developing its overarching implementation plan. The 8-Step Plan lays out recommended steps and timelines that agencies can use as they begin to develop their methodology for implementing the DATA Act using an agile,<sup>15</sup> data-centric approach.<sup>16</sup>

The following presents Treasury’s DATA Act implementation efforts and its progress in meeting the requirements imposed by the act as of May 31, 2016.

### Step 1 – Organize Team

Agencies are required to identify an SAO responsible for implementation of the DATA Act. The designee should be an executive officer with enough seniority and expertise to manage a project across multiple offices and Federal spending communities. The Playbook suggests agencies create a DATA Act working group that includes subject matter experts from across the organization

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<sup>15</sup> Agile implementation is an effort to incorporate user feedback during a software release. Periodically, OMB and Treasury’s PMO released partial guidance and asked for feedback from the agencies to consider for incorporation in future guidance.

<sup>16</sup> Treasury’s PMO proposed a “data-centric” technical approach that focuses on managing existing data and seeks to avoid massive system changes across Federal agencies. (This contrasts with a “system-centric” solution that would collect, aggregate, and validate the format of data from agencies in a bulk file or central system.)

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with strong experience in designing and creating the infrastructure used for Federal spending.

*Status:* As documented in its implementation plan and other project planning documents, Treasury identified its Deputy CFO as the SAO. The SAO established a governance structure and enlisted Treasury's CFO Council and Deputies Council as primary decision-making and advisory bodies. The SAO also established a DATA Act Departmental Office (DO) working group to facilitate the coordination of impacted communities within Treasury. Comprising subject matter experts from the financial management, budget, grants, procurement, and loans communities, the DO working group serves as the primary, overarching coordinator for DATA Act implementation within the Office of the Deputy CFO. The DO working group liaises with Treasury's PMO and OMB on behalf of Treasury's reporting bureaus,<sup>17</sup> conducts biweekly status meetings, and provides technical assistance and implementation guidance in support of the Department's efforts.

In addition to the DO working group, Treasury required its reporting bureaus to establish individual working groups to facilitate regular communication and oversight of its Department-wide implementation efforts. For example, the Internal Revenue Service (IRS),<sup>18</sup> Office of the Comptroller of the Currency, Bureau of Engraving and Printing, and ARC have established such working groups. A qualified SAO leads each bureau-level working group and oversees the bureau's implementation efforts.

Treasury provided documentation to support the governance activities of its DATA Act working group through May 31, 2016. Based on documentation provided, we determined that the working group communicates regularly among the team and with its

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<sup>17</sup> Treasury's reporting bureaus include the Internal Revenue Service, Office of the Comptroller of the Currency, the Bureau of Engraving and Printing, and ARC. ARC represents Treasury's remaining 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.

<sup>18</sup> The Treasury Inspector General for Tax Administration (an entity independent of our office) is performing a separate readiness review of IRS's DATA Act implementation efforts.

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reporting bureaus to discuss the Department's implementation plan and approach.

### Step 2 – Review List of Elements and Participate in Data Standardization Process

The Playbook recommends that each agency review the data elements and participate in the data-element standardization process by spring 2015. The SAO and working group were to review the list of DATA Act elements, including the standardized definitions, to ensure they understood how elements were defined and how they relate to the agency's business operations, information technology (IT) systems, and organization.<sup>19</sup>

*Status:* From May 2015 through August 2015, Treasury and its reporting bureaus reviewed the data elements and participated in the process for standardizing data elements. Treasury initiated a data call among the bureaus, requiring a preliminary data inventory described below in Step 3.

Treasury asked reporting bureaus to review the data elements and identify the system they are housed in as well as the level of detail available for each. As part of this review process, the reporting bureaus prepared and submitted to the DO working group a list of questions to gain an understanding of the elements and definitions. The DO working group communicated with Treasury's PMO and OMB as necessary to obtain additional guidance. We reviewed documentation Treasury provided to support its reporting bureaus' participation in the review of data elements.

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

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### Step 3 – Perform Inventory of Agency Data and Associated Business Processes

According to the Playbook, after reviewing the DATA Act elements in Step 2, the SAO and working group will be ready to perform an inventory of their agency's data. The SAO and working group need to trace how DATA Act elements are used across agency business processes, systems, and applications. Agencies should identify the appropriate source systems where data resides and understand gaps between those systems to determine how the various elements, sources, and processes work together.

*Status:* Treasury and its reporting bureaus conducted data inventories continuously from May 2015 through September 2015. To address this step, Treasury created a data inventory spreadsheet and instructed its reporting bureaus to identify the DATA Act elements, the systems where these elements reside, the level of detail available (summary or transactional), and potential gaps. Once the reporting bureaus identified the DATA Act elements and the systems where these elements should reside, they worked to determine (1) whether the element is in the agency system, (2) where each applicable data element is captured, (3) the level of detail captured (summary or transactional), and (4) any notes or comments associated with capturing and reporting the data element. The bureaus also used the spreadsheets to present their plan to correct identified deficiencies and convey concerns related to their data inventories. They worked with the DO working group to consider policy updates, system process interactions, and activity coding that would resolve the gaps identified.

The DO working group also assessed its Treasury Information Executive Repository (TIER) to determine which elements it already captures.<sup>20</sup> Treasury's understanding of TIER informed the system changes necessary to successfully implement DATA Act requirements. We reviewed documentation related to Treasury's procedures for inventorying agency data and associated business

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<sup>20</sup> TIER is a reporting application that receives uploaded financial accounting and budgetary data from reporting entities in a standard data file format.



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processes. Treasury personnel informed us that they plan to continuously update the Department's financial and management systems to correct gaps throughout the implementation process as they are identified.

#### Step 4 – Design and Strategize

The Playbook recommends that agencies (1) capture Award IDs to link financial data to agency management systems and (2) develop a comprehensive DATA Act implementation plan, including solutions for addressing gaps in agency data. OMB M-15-12 requires agencies to create a field to link the data contained in financial and management systems so that complete multilevel data may be captured. Agencies were also required to submit implementation plans in September 2015, concurrent with their fiscal year 2017 budget requests. Implementation plans should describe how agencies can best leverage their current information systems, scheduled system upgrades, and FSSPs as required by OMB M-15-12.

*Status:* Treasury has linked non-financial and financial data using Award IDs as part of its submissions to TIER for IRS, Office of the Comptroller of the Currency, and Bureau of Engraving and Printing. Treasury personnel informed us that ARC was in the process of linking its financial and management systems to capture Award IDs and is on track to meet OMB's January 2017 reporting requirements at the close of our fieldwork.<sup>21</sup> Treasury showed us how they made the linkage as well as evidence that TIER now recognizes Award IDs as an identifier. We are following up on ARC's DATA Act implementation efforts in a separate audit.

Treasury also submitted a comprehensive DATA Act implementation plan that captured the Department's strategic

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<sup>21</sup> OMB Management and Procedures Memorandum No. 2016-03, issued on May 3, 2016, requires agencies to have Award ID linkage in their financial and management systems no later than January 1, 2017. We initiated a separate audit on ARC's efforts, as an FSSP, to facilitate timely compliance under the DATA Act on behalf of its customer agencies.

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direction to implement the Act concurrent with its fiscal year 2017 budget.

Steps 5 Through 8 – Execute Broker, Test Broker Implementation, Update Systems, and Submit Data

The remaining four steps in the Agency 8-Step Plan involve extracting data from source systems, mapping the agency's proprietary data to the DATA Act Information Model Schema (Schema),<sup>22</sup> validating the information, and then providing it to Treasury's PMO for publication on USASpending.gov. Treasury's PMO had planned to issue Schema version 1.0 in December 2015, but it was not issued until April 29, 2016.

*Status:* Treasury has made progress in executing and testing the broker. Treasury is in the process of (1) implementing system changes to capture data from its reporting bureaus, (2) using validation engines to verify mapping to the Schema, (3) developing a process to reconcile data from internal and external source systems, (4) developing a method to transfer data between the Department's Financial Data Warehouse and Treasury PMO's DATA Act Broker,<sup>23</sup> and (5) submitting this data to the alpha broker and testing the submission process.<sup>24</sup>

In February 2016, Treasury began using the PMO's testing environment, the "sandbox," which allows Federal agencies to voluntarily test their data files using the prototype broker. Sandbox testing is meant to help agencies refine their DATA Act

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<sup>22</sup> The Schema is the data exchange standard for DATA Act reporting as defined by Treasury's PMO and OMB. The Schema gives an overall view of the distinct data elements used to depict how Federal dollars are spent. It provides technical guidance for Federal agencies as to what data are to be reported to Treasury including the authoritative sources of the data elements and the submission format. The Schema also provides clarity on how the public can better understand the inherent complexity of the data.

<sup>23</sup> The Financial Data Warehouse is Treasury's DATA Act-specific data repository.

<sup>24</sup> The alpha release is a version of the production-ready broker that allows Treasury to test its product with a small group of actual users to, in part, (1) test the design approach, (2) test some technologies, and (3) allow users to gain some understanding of the service.

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implementation plans, gain an understanding of how the data submission process might work, and submit early feedback to Treasury's PMO. Treasury showed us the results of its participation in the sandbox and did not identify any substantial issues that will impact its compliance under the DATA Act.

Treasury's PMO released the alpha version of the broker in April 2016, the beta version in June 2016,<sup>25</sup> and a broker that contains all of the functionality agencies need to test the data validation and submission process in September 2016.

During our audit, the DO working group performed simulations of its current data capture and validation processes. The DO working group explained its planned approach for handling data capture, validation, and reconciliation as TIER's capabilities advance. At the end of our fieldwork, the group stated it will continue to refine its approach for the Treasury PMO's September 2016 release of the Government-wide broker, and future iterations, if necessary. Figure 2 depicts Treasury's DATA Act data flow from financial systems to USASpending.gov at the time of this engagement.

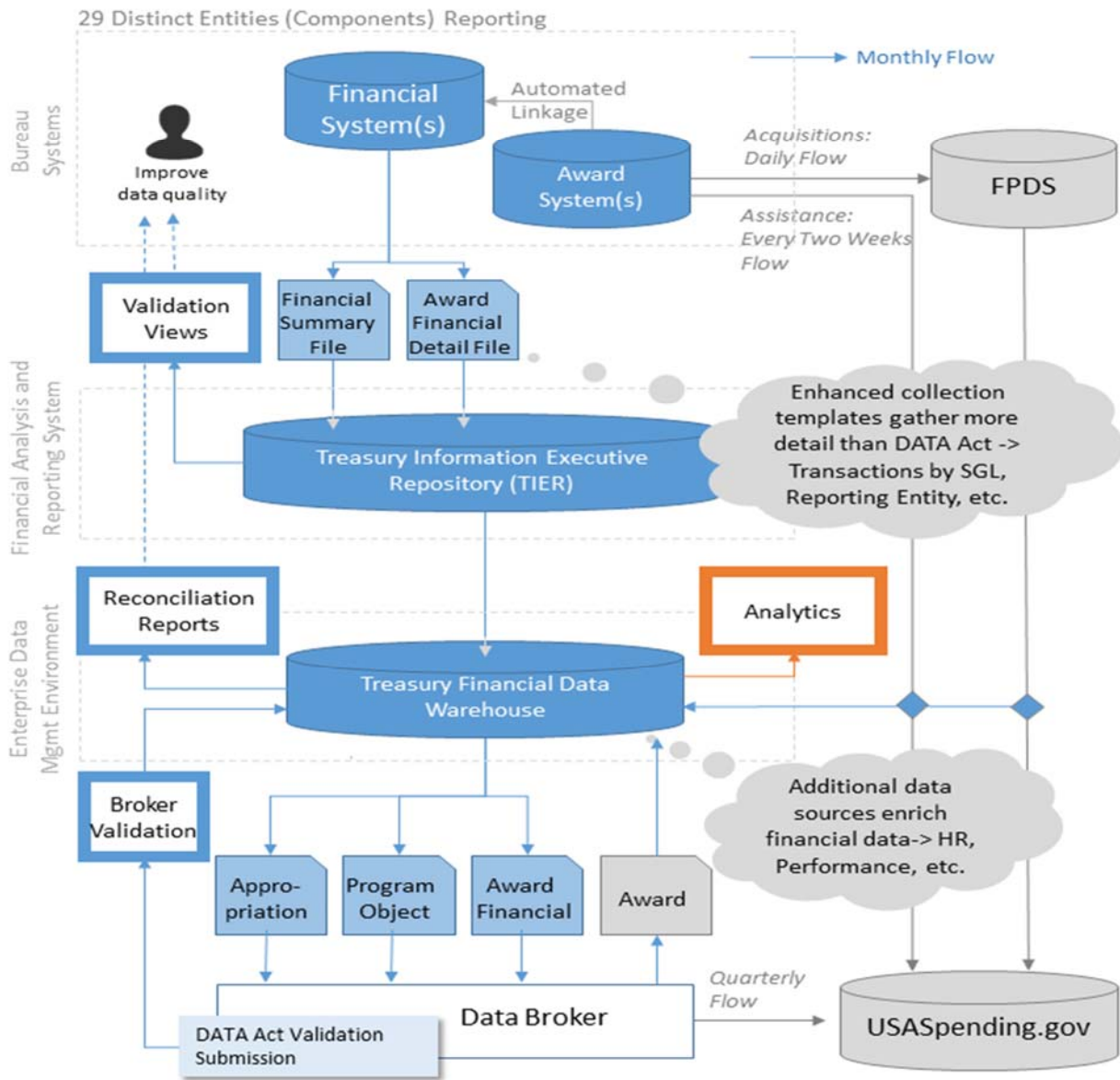
The DO working group plans to continue refining its execution of steps five through eight of the Agency 8-Step Plan to include the execution and testing of the September 2016 release of the broker.

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<sup>25</sup> The beta release allows a target audience to test working software. Changes are implemented based on user behavior and feedback.

Figure 2: Treasury DATA Act Flow

Diagram: DATA Act Data Flow, Department of Treasury



Source: DO DATA Act Working Group.

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## **Treasury Faces Challenges in Complying With the DATA Act**

Treasury identified a number of existing and foreseeable challenges the Department may face as it implements the DATA Act, including: data quality concerns, PMO and OMB delays in finalizing guidance, resource limitations, systems integration concerns, and funding constraints. Treasury documented, and is in the process of executing, viable corrective actions to overcome these identified challenges. If Treasury's Data Act implementation plan is executed as designed, we believe the identified challenges will not prevent the Department's timely implementation of the Data Act.

### Data-quality Concerns

Treasury faces challenges ensuring the quality and validity of data reported. Treasury's DATA Act implementation involves various layers of data validation and reconciliation. Treasury must coordinate each of its reporting bureau's efforts to implement these complex validations separately, within the designated timeframe. Treasury plans to mitigate risks to data quality through a validation approach currently used for TIER. Treasury personnel stated that iterative enhancements will improve validation and data quality over time. Treasury will also leverage the Financial Data Warehouse to provide monthly reconciliation reports to its reporting bureaus.

### Delays in Issuing Final Guidance

Treasury's SAO and working group faced challenges in creating a total solution for reporting without timely and finalized technical guidance from Treasury's PMO and OMB. Federal agencies have received draft and pre-decisional requirements that are subject to change. To minimize the issues caused by these delays, Treasury's reporting team communicates, as needed, with the PMO and OMB for clarification on issues as they arise. Treasury provided us with documentation to show it uses biweekly meetings with its reporting bureaus to (1) keep them apprised of their conversations with the Government-wide implementation team; (2) discuss outstanding policy questions, challenges, and statuses in implementing the DATA Act; and (3) discuss the reporting team's

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requests. Treasury also frequently tests real data from its reporting bureaus to identify and resolve issues using the agile approach and methodology.

#### Human Resource Limitations

Limited agency resources present another challenge for Treasury. Due to aggressive timelines, Treasury utilized contractors to quickly provide support. Treasury's use of contractors presents an inherent risk in managing a third-party vendor. Treasury must ensure its contractors have the technical aptitude to successfully advise and implement the DATA Act. To ensure sound project management, Treasury personnel stated that contracted work is reviewed on a recurring basis and requires contractor participation in biweekly status meetings.

#### Systems Integration Concerns

Treasury is responsible, in part, for ensuring the data quality and timeliness of reporting for its bureaus. However, Treasury's reporting bureaus control their own financial systems, which involve management systems with different accounting nomenclature. Treasury's disparate financial systems are responsible for reporting spending information aggregated by program and initiative areas (such as budget data requests for climate spending). Treasury is addressing the integration challenge by establishing executive authority for its DATA Act working group to develop reporting requirements and disseminate information through Department directives to its reporting bureaus.<sup>26</sup> Further, Treasury has communicated additional requirements to its reporting bureaus regarding each bureau's TIER submission file. Treasury required the additions to the file to help ensure that the Department-wide data are accurate and will allow Treasury to

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<sup>26</sup> On August 10, 2016, Treasury issued *Policy Memorandum and Additional Guidance for Treasury's Implementation of the DATA Act* signed by Treasury's Deputy CFO, Departmental Budget Director, Senior Procurement Executive, and Deputy Assistant Secretary for Information Systems. The memorandum documents policy decisions made by the Office of the Deputy CFO establishing the reporting requirements that shall be used by bureaus for DATA Act reporting.

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validate and reconcile its data prior to its official DATA Act submission.

### Funding Constraints

The DATA Act does not provide funding to assist Federal agencies in their compliance efforts. As a result, agencies across the Government were forced to realign budgetary resources to fund implementation efforts. Treasury originally estimated the cumulative cost of the Department's implementation efforts at \$4.1 million over fiscal years 2016 and 2017, but revised the total to \$1.9 million in August 2016. Treasury officials told us that the primary reason for the decrease in the cost estimate was a change in technology needs based on discussions with officials from Treasury's Office of the Chief Information Officer. The Department continues to investigate options to reduce implementation costs.

## **Conclusion**

Treasury is making progress toward compliance with the DATA Act by designing a comprehensive implementation plan that conforms to technical and informational guidance issued by Treasury's PMO and OMB. If fully executed, we anticipate that Treasury will meet the DATA Act reporting requirement by the established May 2017 deadline.

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. Accordingly, we cannot emphasize enough the need for Treasury's SAO and DATA Act working group to continue to closely monitor the Department's efforts to mitigate these recognized risks and challenges. As part of our efforts to provide oversight of Treasury's DATA Act implementation efforts, we plan to follow up on the Department's implementation progress in future audit work.

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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) 927-5369 or John Tomasetti, Audit Manager, at (202) 927-2665. Major contributors to this report are listed in Appendix 5. A distribution list for this report is provided as appendix 6.

/s/  
Gregory J. Sullivan  
Acting Director, Fiscal Service Audits



Our objective was to gain an understanding of the processes, systems, and controls that the Department of the Treasury (Treasury) has implemented or plans to implement to report financial and payment information in accordance with the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act). This audit, the first in a series, is part of our ongoing oversight of Treasury's DATA Act reporting efforts.

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

- reviewed the Federal Funding Accountability and Transparency Act of 2006, which outlines requirements for the Office of Management and Budget (OMB) to establish a single searchable website to provide the public with access to data on Federal spending
- reviewed the DATA Act, which outlines the requirements for Treasury to establish Government-wide financial data standards and increase the availability, accuracy, and usefulness of Federal spending information
- reviewed OMB memoranda to evaluate Treasury's role and responsibilities regarding principles of government transparency, including:
  - OMB M-10-06, Open Government Directive (Dec. 8, 2009)
  - Open Government Directive, Framework for the Quality of Federal Spending Information (February 8, 2010)
  - Open Government Directive, Federal Spending Transparency (April 6, 2010)
  - Revisions to OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget (Nov. 25, 2014)
  - OMB M-15-12, Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable (May 8, 2015)
  - OMB Management Procedures Memorandum No. 2016-03, Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information (May 3, 2016)

- reviewed Treasury Office of Inspector General reports to establish criteria and note any prior findings or recommendations, including the sufficiency of plans and actions taken by Treasury and its Bureau of the Fiscal Service to timely comply with the DATA Act:
  - *OIG-15-034, Treasury Is Making Progress in Implementing the DATA Act But Needs Stronger Project Management* (May 19, 2015)
  - *OIG-16-047, Treasury's Government-wide DATA Act Implementation Continues, But Project Management Concerns Remain* (June 22, 2016)
- reviewed the following Government Accountability Office (GAO) reports and testimony to establish criteria and note any prior findings or recommendations that affected our audit:
  - *GAO-15-241T, Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight* (Dec. 3, 2014)
  - *GAO-14-476, Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website* (June 30, 2014)
  - *GAO-13-758, Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increases* (Sept. 12, 2013)
  - *GAO-13-228, Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies* (Feb. 27, 2013)
- reviewed Treasury and OMB guidance related to the DATA Act implementation, including:
  - DATA Act Information Model Schema (version 1.0, April 29, 2016)
  - DATA Act Blueprints (March 18, 2015)
  - *DATA Act Implementation Playbook* version 1.0 (June 2015)
  - DATA Act Elements Guidance Feedback Tracker (version 0.1.2, Sept. 25, 2015)
  - 57 Federal Spending Transparency Data Standards (Aug. 31, 2015)

- reviewed congressional testimony presented by the Comptroller General of the United States; Controller, OMB; Fiscal Assistant Secretary, Treasury; and Deputy Assistant Inspector General, Treasury OIG
- obtained an understanding of Treasury's DATA Act staffing structure by reviewing the *DATA Act Implementation Playbook*, Treasury's DATA Act Governance organizational chart, a listing of Senior Accountability Officials (SAOs), and a listing of project team members and their respective roles
- reviewed agendas and minutes from meetings with the SAO and Program Management Office held April 23, 2015-May 5, 2016.
- interviewed personnel responsible for Treasury's DATA Act implementation efforts to gain an overall understanding of Treasury's efforts and challenges in reporting under the DATA Act
- reviewed the Treasury's DATA Act working group SharePoint website to assess the Department's coordination of reporting bureaus and the Program Management Office
- reviewed frequently asked questions on the Max.gov website
- assessed Treasury's efforts and formal implementation plans to report financial and payment information under the DATA Act by reviewing Treasury's Executive Overview Implementation Plan, submitted to OMB on September 14, 2015, and Implementation Plan, submitted to OMB on October 21, 2015

We performed our audit fieldwork from May 2015 through July 2016.

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



December 22, 2015

The Honorable Ron Johnson  
Chairman  
The Honorable Thomas Carper  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, D.C.

The Honorable Jason Chaffetz  
Chairman  
The Honorable Elijah Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, D.C.

Dear Mr. Chairmen and Ranking Members:

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

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

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

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

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intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

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

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

Sincerely,



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

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

The table below lists Department of the Treasury components that are required to submit financial, procurement, grants, and/or loans data under the Digital Accountability and Transparency Act of 2014.

**Treasury Reporting Components**

Alcohol Tax and Trade Bureau
Bureau of Engraving and Printing
Community Development Financial Institutions Fund
Office of DC Pensions
Departmental Franchise Fund/Shared Services Program
Departmental Offices
Exchange Stabilization Fund
Federal Financing Bank
Financial Crimes Enforcement Network
Financial Research Fund
Fiscal Service Administration
Fiscal Service Cash
Fiscal Service Debt
Fiscal Service Miscellaneous
Fiscal Service Umbrella
Government Sponsored Enterprises
Internal Revenue Service/Revenue
Internal Revenue Service
International Monetary Fund
Office of the Comptroller of the Currency
Office of Financial Stability
Office of Inspector General
Office of International Affairs
Small Business Lending
Office of Technical Assistance
Office of the Special Inspector General for the Troubled Asset Relief Program
Treasury Forfeiture Fund
Treasury Inspector General for Tax Administration
United States Mint

Source: Department of the Treasury.



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

November 28, 2016

Gregory J. Sullivan  
Acting Director, Fiscal Service Audits  
Office of the Inspector General  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Mr. Sullivan:

We appreciate the opportunity to review and comment on the Treasury Office of Inspector General (OIG) draft audit report regarding the Department of the Treasury's readiness to meet its responsibilities under the Digital Accountability and Transparency Act (DATA) of 2014 (Pub.L. 113-101). This audit is distinct from the OIG's DATA Act audit of Treasury's government-wide implementation effort, which encompassed reviewing the establishment and transmittal of appropriate guidance to implementing Federal agencies.

As an implementing agency, Treasury has been navigating the complexities of our current business processes and existing systems to best meet the intent of the DATA Act within our limited resources. Treasury feels confident that the Department will meet the reporting requirements of the DATA Act by the statutory deadlines as an implementing agency, and that sufficient guidance has now been received from both the Office of Management and Budget (OMB) and Treasury's government-wide implementation team to implement requirements.

Overall, Treasury concurs with the OIG's assessment that the Department is making progress toward compliance with the DATA Act, that implementation is a complex effort with aggressive deadlines, and that multiple reporting bureaus and management systems are involved. We will continue to closely monitor our efforts per the OIG's recommendation.

Treasury will continue to have risk mitigation strategies in place to manage the five challenges identified by the OIG in their draft report. Some challenges identified by the OIG have also been addressed after the OIG's engagement period ending July 2016. The challenges identified by the OIG follow below:

1. **Data-quality Concerns.** The OIG observed data-quality concerns and acknowledges that risk mitigation strategies are in place to overcome and iteratively enhance upon data-quality. We believe that our iterative approach and use of reconciliation reports will improve data quality across the Department and will position the Department to have successful submissions. Our solution leverages validations in the file ingest process through the Treasury Information Executive Repository (TIER) application, as well as reconciliation reports to address data quality from our Financial Data Warehouse.
2. **Delays in Issuing Final Guidance.** Treasury OIG observed, during the engagement period, delays in receiving finalized guidance from the PMO and OMB. The Department has been able to move forward with a solution based on pre-decisional guidance where needed and


Appendix 4  
Management Response

with proactive engagement with the government-wide implementation team in an agile and iterative approach.

3. Human Resource Limitations. Human resource limitations and the use of contractors were identified as an inherent risk. Treasury continues to monitor contractor performance on a regular basis, utilizes an integrated project team of federal staff, and has assigned a new federal resource as of November 2016 to the DATA Act implementation effort. The implementation effort will transition contractor support to federal staff, where possible and without impact to business operations, by the close of the engagement.
4. Systems Integration Concerns. Treasury OIG observed that our enterprise reporting environment is comprised of multiple financial and management systems under the control of our reporting entities. The Office of the Deputy Chief Financial Officer at the Department level has issued guidance and instituted steps toward greater financial data governance in FY 2016. The Department continues to provide technical assistance to bureaus regarding their file submissions to standardize and provide oversight of collected financial and non-financial data per DATA Act requirements.
5. Funding Constraints. The DATA Act does not provide funding to assist Federal agencies in compliance efforts. The Department continues to investigate options to reduce costs and share costs with the bureaus related to DATA Act implementation efforts. We will continue to explore funding opportunities to expand upon the DATA Act, create efficiencies, and unlock meaningful management information for all Treasury stakeholders.

Thank you in advance for the independent validation and verification of our efforts. We appreciate the OIG's acknowledgement of the complexity of the project, the aggressive timelines, and our risk mitigation strategies. Treasury will continue to work in partnership with OMB and other Federal agencies to best implement and issue departmental specific guidance. We believe that overcoming any near-term hurdles in pursuit of greater data quality and transparency is an investment in good governance.

  
Kody H. Kinsley  
Assistant Secretary for Management

  
Dorrice C. Roth  
Deputy Chief Financial Officer



Andrea Smith, Audit Manager  
John Tomasetti, Audit Manager  
Ashley Smith, Auditor in Charge  
Herb Addy, Auditor  
Khuyen Tran, Referencer

**The Department of the Treasury**

Assistant Secretary for Management

Deputy Chief Financial Officer

Office of Strategic Planning and Performance  
Improvement

Risk and Control Group, Office of Deputy Chief Financial  
Officer

**Bureau of the Fiscal Service**

Commissioner

Chief Internal Control Officer

**Office of Management and Budget**

OIG Budget Examiner

**U.S. Senate**

Chairman and Ranking Member  
Committee on Homeland Security and Government  
Affairs

Chairman and Ranking Member  
Committee on the Budget

**U.S. House of Representatives**

Chairman and Ranking Member  
Committee on Oversight and Government Reform

Chairman and Ranking Member  
Committee on the Budget

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## **Treasury OIG Website**

Access Treasury OIG reports and other information online:

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

### **Report Waste, Fraud, and Abuse**

**OIG Hotline for Treasury Programs and Operations** – Call toll free: 1-800-359-3898

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

Email: [Hotline@oig.treas.gov](mailto:Hotline@oig.treas.gov)

Submit a complaint using our online form:

<https://www.treasury.gov/about/organizational-structure/ig/Pages/OigOnlineHotlineForm.aspx>