



Office of Inspector General

DATA Act Oversight

Follow-up Audit

**DIGITAL
ACCOUNTABILITY
AND TRANSPARENCY
ACT OVERSIGHT
FOLLOW-UP AUDIT**

Report No. AR-18-07

September 2018

Federal Labor Relations Authority
1400 K Street, N.W. Suite 250, Washington, D.C. 20424

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Abbreviations

ARC	Administrative Resource Center
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DATA Act	Digital Accountability and Transparency Act of 2014
FPDS	Federal Procurement Data System
FY	Fiscal Year
FLRA	Federal Labor Relations Authority
GAO	Government Accountability Office
IG	Inspectors General
OIG	Office of Inspector General
OMB	Office of Management and Budget
PRISM	The procurement system provided by ARC
Treasury	Department of Treasury

Digital Accountability and Transparency Act Oversight Follow-up Audit

Report No. AR-18-07

September 24, 2018

The Honorable Colleen Duffy Kiko, Chairman

Dembo Jones, P.C. was engaged by the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) to perform an audit of FLRA's reporting and implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act)¹.

The objectives of our audit were to assess the: (1) completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2018, first and second quarters financial and award data submitted for publication on USASpending.gov; and (2) FLRA's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Department of Treasury (Treasury). We performed our audit using the Federal Audit Executive Council DATA Act Working Group Inspectors General Guide to Compliance Under the DATA Act Report Number – Treasury OIG: OIG-CA-17-012, February 27, 2017.

To accomplish our objectives, we reviewed the DATA Act, Federal laws and guidance related to FLRA's responsibilities to report financial and payment information under the DATA Act, tested spending data submitted by FLRA. We interviewed FLRA personnel involved with implementing the DATA Act. Appendix 1 contains a detailed description of our objective, scope, and methodology.

Results in Brief

Prior Year Finding

Dembo Jones, P.C. was previously engaged by the FLRA OIG to perform an audit of FLRA's reporting and implementation of the DATA Act for the second quarter of FY 2017. That audit found:

¹ Public Law No. 113-101 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006, Public Law No. 109-282 (September 26, 2006)

Digital Accountability and Transparency Act Oversight Follow-up Audit (Report No. AR-18-07)

Due to a systems issue, (PRISM) the FLRA was not successful at fully linking procurement actions with the Federal Procurement Data System (FPDS). As a result, only one second quarter procurement action out of ten was properly transmitted within the USASpending.gov system. The data standards for this one procurement record were properly listed in USASpending.gov. Prior to the third quarter submission, the system issues were corrected and the FLRA successfully linked procurement actions with the FPDS.

Current Year Status

We found that the prior year finding did not re-occur in the current quarters tested. Spending data was properly reported as required for procurement records in the USASpending.gov system.

Background

In an effort to increase the availability, accuracy, and usefulness of online Federal spending information, Congress enacted the DATA Act. Among other things, the DATA Act requires Federal agencies, including the FLRA to report financial and payment data in accordance with data standards established by Treasury and the OMB. The data reported will be displayed on a website available to taxpayers and policy makers. The DATA Act requires Federal agencies to begin reporting Federal spending data using the data standards by May 2017.

The DATA Act directs agency Inspectors General (IG) to perform three reviews on agencies' implementation and use of data standards as well review statistical samples of the data submitted by the agency under the DATA Act and report on the completeness, timeliness, quality and accuracy of the data sampled and the use of the data standards by the agency. Since our first audit revealed deficiencies, it was determined that a second audit should be undertaken right away to determine if the deficiencies were resolved in future quarters.

The FLRA has an interagency agreement with the Treasury Bureau of Fiscal Service Administrative Resource Center (ARC) to provide full service accounting and financial reporting services. ARC maintains the financial accounts of FLRA and prepares its financial statements. According to FLRA management, ARC will largely handle implementation efforts of the DATA Act on the FLRA's behalf, with FLRA oversight and input. In addition, the National Finance Center is FLRA's Federal Shared Service Provider for personnel and payroll processing. All requisitions and procurement documents are entered into the ARC procurement PRISM system by FLRA's Contracting Specialist, Contracting Officer and staff.

The ARC has informed the FLRA that it will take the lead in complying with the DATA Act requirements on behalf of the FLRA. The inter-agency agreement with ARC for accounting services has been amended to provide the ARC with additional funding for it to conduct the work on behalf of the FLRA.

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the Digital Accountability and Transparency Act of 2014. That is, the first IG reports were due to Congress in November 2016; however, Federal agencies are not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required report in November 2017, a 1-year delay from the statutory due date, with two subsequent reports following on a 2-year cycle.

The CIGIE encouraged IGs to undertake DATA Act “Readiness Reviews”. On October 17, 2016, we issued the DATA Act Readiness Review of FLRA Report No. ER-17-03. We provided management with recommendations to help improve their compliance with the requirements of the DATA Act. This was the first of the mandated IG audits of FLRA’s reporting and implementation of the DATA Act.

Evaluation Results

We performed our audit using the IG Guide to Compliance Under the DATA Act and followed Generally Accepted Government Auditing Standards. The guide incorporates OMB guidance and provides a common reporting approach for the IG community.

Firstly, we determined what management’s processes and controls were in place to ensure that all awards made and/or modified since October 1, 2017 have been reported. Secondly, we evaluated whether all transactions and awards, made and/or modified after October 1, 2017, have been recorded in the proper period.

We found the FLRA first and second quarter FY 2018 procurement actions were properly linked to the FPDS. That system takes information from the PRISM system and enables the information to be transferred to what is called File D1 in the USASpending.gov system. Without linking the procurement actions to FPDS, the procurement action will not appear in File D1 and the required data standards will also not appear in File D1. All relevant first and second quarter procurement actions tested appeared in File D1.

We tested 73 percent of the first and second quarter FY 2018 procurement dollars. That represented 43 percent of the procurements that were required to be reported (i.e. \$60,485 and three procurements out of seven). Please note that inter-agency procurement transactions are not subject to reporting under the Data Act. We reviewed the transmission files and found that the procurement actions for the two quarters were being properly linked to the FPDS and the details could be found in the USASpending.gov system.

Recommendation

1. The prior year weaknesses were corrected. However, to help ensure effective implementation of the DATA Act, we recommend that the FLRA's Contracting personnel continue to review the data transmitted quarterly to USASpending.gov system timely to be sure all procurement actions are properly linked and all required data standards are present for each procurement action.

Management Response

Management agrees with our recommendation.

OIG Comment

We will follow-up on this recommendation in our next audit.



Dembo Jones, P.C.
September 24, 2018
Rockville, Maryland

Appendix 1

Objective, Scope, and Methodology

Our objective was to review a sample of the spending data submitted by FLRA and assess the: (1) completeness, timeliness, quality, and accuracy of FY 2018, first and second quarter financial and award data submitted for publication on USASpending.gov and (2) FLRA's implementation and use of the Government-wide financial data standards established by OMB and Treasury.²

To accomplish our objectives, the OIG initiated our work in August 2018 and performed the following steps:

- 1) Obtained an understanding of any regulatory criteria related to FLRA's responsibilities to report financial and award data under the DATA Act. Appendix 3 contains a list of criteria reviewed to compliance under the DATA Act;
- 2) Assess FLRA's systems, process, and internal controls in place over data management³ under the DATA Act;
- 3) Assess the general and application controls pertaining to the financial management systems (e.g. grants, loans, procurement) from which the data standards were derived and linked;
- 4) Assess FLRA's internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123⁴;
- 5) Review a sample from FY 2018, first and second quarters financial and award data submitted by the agency for publication on USASpending.gov;
- 6) Assess the completeness, timeliness, quality, and accuracy of the financial and award data sampled;
- 7) Assess FLRA implementation and use of the 57 data definition standards established by OMB and Treasury;
- 8) Obtained information from FLRA staff concerning processes and controls planned or established;
- 9) Obtained information from FLRA staff concerning their communication with the ARC DATA Act implementation team; and
- 10) Assessed FLRA's efforts and formal implementation plans to report financial and payment information under the DATA Act.

²Agencies are required to begin reporting under the DATA Act in FY 2017, second quarter.

³ Data management refers to the policies and procedures FLRA has in place to manage the flow of Federal and spending award data throughout its entire life cycle.

⁴ OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016)

Appendix 2

Criteria Reviewed for Compliance Under the DATA Act

Criteria		Link
1	Digital Accountability and Transparency Act of 2014	https://www.gpo.gov/fdsys/pkg/PLAW-113publ101/html/PLAW-113publ101.htm
2	Federal Funding Accountability and Transparency Act of 2006	https://www.gpo.gov/fdsys/pkg/PLAW-109publ282/pdf/PLAW-109publ282.pdf
3	The Federal Financial Management Improvement Act of 1996	https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
4	The Federal Managers' Financial Integrity Act of 1982	https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
5	OMB-M-15-12 Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable	https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2015/m-15-12.pdf
6	OMB – Management Procedures Memorandum No. 2016-03	https://obamawhitehouse.archives.gov/sites/default/files/omb/financial/memos/management-procedures-memorandum-no-2016-03-additional-guidance-for-data-act-implementation.pdf
7	OMB-M-17-04 Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring DATA Reliability	https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2017/m-17-04.pdf
8	OMB M-10-06, Open Government, Directive	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf

9	OMB's Guidance for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/omb/fedreg/reproducible2.pdf
10	OMB: Open Government Directive-Framework for the Quality of Federal Spending Information	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/financial_pdf/Open_Government_Directive_02082010.pdf
11	OMB: Open Government Directive – Federal Spending Transparency	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/open_gov/OpenGovernmentDirective_04062010.pdf
12	The Data Exchange Standard	https://fedspendingtransparency.github.io/data-model/
13	Federal Spending Transparency Data Standards	https://max.gov/maxportal/assets/public/offm/DataStandardsFinal.htm
14	The DATA Act Schema Data Dictionary	https://fedspendingtransparency.github.io/dictionary-v1.1/
15	U.S. Digital Services Playbook	https://playbook.cio.gov/#plays_index_anchor
16	OMB Circular A-123	https://obamawhitehouse.archives.gov/omb/circulars_a123_rev/
17	GAO Financial Audit Manual, Volume 1, 2, 3	http://www.gao.gov/financial_audit_manual/overview
18	Government Auditing Standards (The Yellow Book)	http://www.gao.gov/yellowbook/overview
19	ELECTRONIC GOVERNMENT: Implementation of the Federal Funding Accountability and Transparency Act of 2006	http://www.gao.gov/assets/310/301849.pdf

20	DATA Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website	http://www.gao.gov/assets/670/664536.pdf
21	Standards for Internal Control in the Federal Government	http://www.gao.gov/products/GAO-14-704G
22	Federal Acquisition Regulation	https://www.acquisition.gov/?q=browsefar

Appendix 3 Management Response

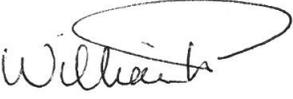


UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
1400 K STREET N.W. · WASHINGTON, D.C. 20424
www.FLRA.gov

September 20, 2018

MEMORANDUM

TO: Dana Rooney
Inspector General

FROM: William Tosick 
Executive Director

SUBJECT: Follow-up Response and Action Plan Regarding Compliance with the Data Act Oversight Audit Fiscal Year (FY) 2018 Report

Thank you for the opportunity to provide a follow-up memo addressing the Data Act Oversight Audit FY18 Report. The FLRA is pleased the prior year finding was successfully corrected and that our reporting for FY18 continues to be consistently sound. We are in agreement with the recommendation to continue the practice of reviewing the data transmitted quarterly.

We look forward to continuing to work with you on addressing and resolving any outstanding matters.

Appendix 4

Report Distribution

Federal Labor Relations Authority

The Honorable Ernest DuBester, Member
The Honorable James Abbott, Member
William Tosick, Executive Director
Gregory Mister, Director Budget and Finance

CONTACTING THE OFFICE OF INSPECTOR GENERAL

IF YOU BELIEVE AN ACTIVITY IS WASTEFUL,
FRAUDULENT, OR ABUSIVE OF FEDERAL FUNDS,
CONTACT THE:

HOTLINE (800)331-3572
[HTTP://WWW.FLRA.GOV/OIG-HOTLINE](http://www.flra.gov/oig-hotline)

EMAIL: OIGMAIL@FLRA.GOV
CALL: (202)218-7970 FAX: (202)343-1072
WRITE TO: 1400 K Street, N.W. Suite 250, Washington,
D.C. 20424

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