



Office of Inspector General

Audit of the DATA Act

AUDIT OF THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT

Report No. AR-20-04

October 2019

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

Table of Contents

Audit Report

Results in Brief	1
Background.....	2
Evaluation Results	3
Suggestion	4

Appendices

Appendix 1: Objectives, Scope, and Methodology	5
Appendix 2: Criteria Reviewed for Compliance Under the DATA Act	7
Appendix 3: Report Distribution	10

Abbreviations

ARC	Administrative Resource Center
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DATA Act	Digital Accountability and Transparency Act of 2014
DQP	Data Quality Plan
FPDS	Federal Procurement Data System
FAEC	Federal Audit Executive Council
FY	Fiscal Year
FLRA	Federal Labor Relations Authority (the agency)
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	the United States Department of the Treasury

Audit of the Digital Accountability and Transparency Act

Report No. AR-20-04

October 29, 2019

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 a performance audit of FLRA's reporting 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) 2019, first quarter financial and award data submitted for publication on USASpending.gov; and (2) FLRA's 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 Council of Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance Under the DATA Act.

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 complying with the DATA Act. Appendix 1 contains a detailed description of our objectives, scope, and methodology.

Results in Brief

Prior Year Report

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 first and second quarter of FY 2018. That audit found that spending data was properly reported as required for procurement records in the USA Spending.gov system. This FY 2019 audit closes a prior year recommendation. There are no new findings. We have made one suggestion for FLRA to follow going forward.

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)

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 is displayed on a website available to taxpayers and policy makers. The DATA Act required 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 (FY 2017) revealed deficiencies, it was determined that a second audit should be conducted (FY 2018) to determine if the deficiencies were resolved in future quarters. That second audit identified no deficiencies.

The FLRA has an interagency agreement with the Department of 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. The ARC largely handles 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 was amended to provide the ARC with additional funding for it to conduct the work on behalf of the FLRA.

The CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act. 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. The first audit of compliance with the DATA Act covered the FY 2017 second quarter DATA Act

submission. This was the first of the mandated IG audits of FLRA's reporting and implementation of the DATA Act. That audit, Report No. AR-18-04, found system errors in the submission. Due to significant findings in that first audit, we conducted a follow up audit for FY 2018 first and second quarters. That Report number is AR-18.07. We identified no deficiencies in that second audit.

Evaluation Results

We performed our audit using the CIGIE FAEC Inspectors General 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.

We determined what management's processes and controls were in place to ensure that all awards made during FY 2019, first quarter, have been reported. Secondly, we evaluated whether all transactions and awards, made and/or modified during that quarter were recorded in the proper period.

We found the FLRA first quarter FY 2019 procurement actions were properly linked to the Federal Procurement Data System (FPDS). That system takes information from the PRISM procurement 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 quarter procurement actions tested appeared in File D1.

We tested 100 percent of the first quarter FY 2019 procurement dollars. There were five procurement actions that were required to be reported, totaling \$150,959 of procurements. Please note that inter-agency procurement transactions are not subject to reporting under the Data Act. In addition, procurement actions below the micro-purchase transaction threshold are not required to be reported in File C under the Data Act. File C is where the procurement actions are found. We reviewed the transmission files and found that the procurement actions for the first quarter were being properly linked to the FPDS and the details could be found in the USASpending.gov system. We found that data tested that the agency was required to submit for publication on USASpending.gov was complete, timely, accurate, and of good quality. We found that the agency submission used the government wide financial data standards as established by OMB and Treasury, as applicable. We assessed these characteristics using the framework provided in the FAEC guide.

OMB Memorandum OMB M-18-16 "Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk" requires DATA Act reporting agencies to implement a Data Quality Plan (DQP) effective FY 2019 through FY 2021 at a minimum. The FLRA did not prepare a DQP until just recently. As

described in the Circular, The DQP should cover significant milestones and major decisions pertaining to:

- Organizational structure and key processes providing internal controls for spending reporting.
- Management's responsibility to supply quality data to meet the reporting objectives for the DATA Act in accordance with OMB Circular No. A-123.
- Testing plan and identification of high-risk reported data, including specific data the agency determines to be high-risk that are explicitly referenced by the DATA Act, confirmation that these data are linked through the inclusion of the award identifier in the agency's financial system, and reported with plain English award descriptions

FLRA personnel informed us that once the submission is sent in by the ARC, the FLRA personnel do not review the data submitted online at USASpending.gov. FLRA has relied on ARC to detect any errors. ARC has performed reviews of some of the quarterly submissions and data linkages online. The USA Spending.gov system does not necessarily detect and notify the FLRA or ARC of incomplete data linkages.

Suggestion

1. To help ensure effective compliance with the DATA Act, we suggest that the FLRA's Contracting personnel review the data transmitted quarterly to USASpending.gov system to be sure all required procurement actions are properly listed and linked to the proper files and all required data elements are present for each procurement action. They should not delegate this responsibility to ARC. This should be reviewed on USASpending.gov. The DQP should be used to facilitate this review.



Dembo Jones, P.C.
October 29, 2019
Rockville, Maryland

Appendix 1

Objectives, Scope, and Methodology

Our objectives were to review the spending data submitted by FLRA and assess the: (1) completeness, timeliness, quality, and accuracy of FY 2019, first 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

The scope included the agency's 2019 first quarter financial and award data submitted for publication on USASpending.gov. Work performed was in accordance with generally accepted government auditing Standards, relevant DATA Act guidance and policies issued by the Government Accountability Office (GAO), OMB, and CIGIE, including the Inspectors General Guide to Compliance under the DATA Act, dated February 14, 2019. The scope included examining DATA Act information reported in the agency's FY 2019 first quarter financial and award data files listed below, as applicable:

- File A: Appropriations Account,
- File B: Object Class and Program Activity,
- File C: Award Financial,
- File D1: Procurement awards
- File D2: Financial Assistance Awards
- File E: Additional Awardee Attributes
- File F: Sub-award Attributes

Files A, B and C are submitted by the agency's financial systems. Files A and B are summary-level financial data. File C is reportable award-level data. Files D and E contain detailed demographic information for award-level records reported in File C. Files D and E are submitted by external award reporting systems to Treasury's DATA Act Broker. The Senior Accountable Official for the agency is required to certify these data files for the agency's financial and award data to be published on USASpending.gov. The agency did not have any required reporting data for Files D2 and F.

To accomplish our objectives, we initiated our work in September 2019 and performed the following steps:

- 1) Updated our understanding of regulatory criteria related to FLRA's responsibilities to report financial and award data under the DATA Act. Appendix 2 contains a list of criteria reviewed to ensure compliance under the DATA Act;
- 2) Assess FLRA's systems, process, and internal controls in place over data management³ under the DATA Act;

²Agencies were 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.

- 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 the procurement actions from FY 2019, first quarter 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 in files A through E;
- 7) Assess FLRA implementation and use of the 57 data definition standards established by OMB and Treasury;
- 8) Reviewed the agency's certification and submission process; and
- 9) Analyzed results.

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-15-12 Incr. 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/memoranda/2017/m-17-04.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/financial/memos/management-procedures-memorandum-no-2016-03-additional-guidance-for-data-act-implementation.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 M-18-16 Appendix A to Circular A-123	https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-16.pdf
10	IG Guide to Compliance Under the Data Act	https://www.ignet.gov/sites/default/files/files/CIGIE%20FAEC%20FY2019%20Inspectors%20General%20Guide%20to%20Compliance%20under%20the%20DATA%20Act.pdf
11	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
12	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
13	OMB: Open Government Directive – Federal Spending Transparency	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/open_gov/OpenGovernmentDirective_04062010.pdf
14	The Data Exchange Standard	https://fedspendingtransparency.github.io/data-model/
15	Federal Spending Transparency Data Standards	https://max.gov/maxportal/assets/public/offm/DataStandardsFinal.htm
16	The DATA Act Schema Data Dictionary	https://fedspendingtransparency.github.io/dictionary-v1.1/
17	U.S. Digital Services Playbook	https://playbook.cio.gov/#plays_index_anchor
18	OMB Circular A-123	https://obamawhitehouse.archives.gov/omb/circulars_a123_rev/

19	GAO Financial Audit Manual, Volume 1, 2, 3	http://www.gao.gov/financial_audit_manual/overview
20	Government Auditing Standards (The Yellow Book)	http://www.gao.gov/yellowbook/overview
21	ELECTRONIC GOVERNMENT: Implementation of the Federal Funding Accountability and Transparency Act of 2006	http://www.gao.gov/assets/310/301849.pdf
22	DATA Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website	http://www.gao.gov/assets/670/664536.pdf
23	Standards for Internal Control in the Federal Government	http://www.gao.gov/products/GAO-14-704G
24	Federal Acquisition Regulation	https://www.acquisition.gov/?q=browsefar

Appendix 3

Report Distribution

Federal Labor Relations Authority

The Honorable Ernest DuBester, Member
The Honorable James Abbott, Member
Michael Jeffries, Executive Director
Xavier Storr, Director Administrative Services Division
Gregory Mister, Director Budget and Finance

Office of Management and Budget

OMB Budget Examiner dciliento@omb.eop.gov

U.S. Senate

- Chairman and Ranking Member, Committee on Homeland Security and Governmental Affairs
gabrielle_singer@hsgac.senate.gov david_weinberg@hsgac.senate.gov
- Chairman and Ranking Member, Committee on the Budget
elizabeth_mcdonnell@budget.senate.gov warren_gunnels@budget.senate.gov
- Chairman and Ranking Member, Committee on Finance kolan_davis@finance.senate.gov
joshua_sheinkman@finance.senate.gov

U.S. House of Representatives

- Chairman and Ranking Member, Committee on Oversight and Reform
dave.rapallo@mail.house.gov chris.hixon@mail.house.gov
- Chairman and Ranking Member, Committee on the Budget ellen.balis@mail.house.gov
dan.keniry@mail.house.gov
- Chairman and Ranking Member, Financial Services Committee
charla.ouertatani@mail.house.gov stephen.cote@mail.house.gov

U.S. Government Accountability Office

- Comptroller General of the United States DATAActImplementation@gao.gov

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

The complainant may remain confidential; allow their name to be used; or anonymous. If the complainant chooses to remain anonymous, FLRA OIG cannot obtain additional information on the allegation, and also cannot inform the complainant as to what action FLRA OIG has taken on the complaint. Confidential status allows further communication between FLRA OIG and the complainant after the original complaint is received. The identity of complainants is protected under the provisions of the Whistleblower Protection Act of 1989 and the Inspector General Act of 1978. To learn more about the FLRA OIG, visit our Website at <http://www.flra.gov/oig>



Office of Inspector General

Audit of the DATA Act