



**NCUA**  
National Credit Union Administration

OFFICE OF INSPECTOR  
GENERAL

**AUDIT OF THE NCUA'S COMPLIANCE  
UNDER THE DIGITAL ACCOUNTABILITY  
AND TRANSPARENCY ACT OF 2014**

**Report #OIG-19-08  
November 8, 2019**





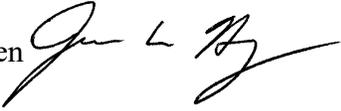
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## National Credit Union Administration

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### Office of Inspector General

**TO:** Distribution List

**FROM:** Inspector General James W. Hagen 

**SUBJ:** Audit of the NCUA's Compliance under the Digital Accountability And Transparency Act of 2014

**DATE:** November 8, 2019

The National Credit Union Administration (NCUA) Office of Inspector General conducted this audit in accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act). Specifically, we conducted this audit to assess the: (1) completeness, accuracy, timeliness, and quality of the financial and award data submitted for publication on USASpending.gov; and (2) the NCUA's implementation and use of the government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury).

Results of our audit determined that NCUA's submission to Treasury's DATA Act Broker was complete and submitted timely. We also determined that the NCUA fully implemented and used the government-wide financial data standards for spending information as defined by OMB and Treasury. We assessed internal controls over source systems and the summary-level DATA Act submission and determined internal controls effectively managed and reported financial data in accordance with the DATA Act. However, we determined that for the fiscal year 2019, first quarter, the NCUA submitted lower quality financial and award data for publication on USASpending.gov, primarily as a result of its award-level submission. Specifically, we identified errors related to data elements in the award-level data and determined that the NCUA did not timely submit this information in accordance with required DATA Act reporting schedules. As a result, we are making four recommendations in our report.

We appreciate the effort, assistance, and cooperation NCUA management and staff provided to us during this audit.

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## EXECUTIVE SUMMARY

The National Credit Union Administration (NCUA) Office of Inspector General (OIG) conducted this audit in accordance with the Digital Accountability and Transparency Act of 2014<sup>1</sup> (DATA Act). Specifically, we conducted this audit to assess the: (1) completeness,<sup>2</sup> accuracy,<sup>3</sup> timeliness,<sup>4</sup> and quality<sup>5</sup> of the financial and award data submitted for publication on USASpending.gov;<sup>6</sup> and (2) the NCUA's implementation and use of the government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury). To accomplish our objectives, we used the *CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act*<sup>7</sup> (Guide) provided by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) DATA Act Working Group.<sup>8</sup> Consistent with this guidance, we reviewed regulatory criteria related to the NCUA's responsibilities to report financial and award data under the DATA Act. Additionally, we reviewed the NCUA's data quality plan (DQP); assessed internal and information system controls; reviewed and reconciled the fiscal year 2019, first quarter financial and award data submitted by the NCUA for publication on USASpending.gov; reviewed a statistically valid sample; assessed the completeness, accuracy, timeliness, and quality of the data sampled; and assessed the NCUA's implementation and use of the 57 data elements/standards established by OMB and Treasury.

The DATA Act requires federal agencies to disclose expenditures of appropriated funds, such as contract, loan, and grant spending information. We determined that the only annual appropriation the NCUA receives from Congress is for the Community Development Revolving

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<sup>1</sup> Pub. L. No. 113-101.

<sup>2</sup> The Guide defines completeness in two ways: (1) for the agency submission, transactions and events that should have been recorded are recorded in the proper period, and (2) for each of the required data elements that should have been reported, the data element was reported in the appropriate Files A through D2.

<sup>3</sup> The Guide defines accuracy of data elements as the following: amounts and other data relating to recorded transactions have been recorded in accordance with Data Act Information Model Schema (DAIMS), Reporting Submission Specification (RSS), Interface Definition Document (IDD), and the online data dictionary, and agree with authoritative source records.

<sup>4</sup> The Guide defines timeliness in two ways: (1) for the agency submission, reporting of the agency DATA Act submission to the DATA Act Broker is in accordance with the schedule established by the Treasury DATA Act Project Management Office (PMO) and (2) for each of the required data elements that should have been reported, the data elements were reported in accordance with the reporting schedules defined by the financial, procurement and financial assistance requirements.

<sup>5</sup> The Guide defines the quality of the data elements as data that is complete, accurate, and reported on a timely basis.

<sup>6</sup> USASpending.gov is the publicly accessible, searchable website mandated by the Federal Funding Accountability and Transparency Act of 2006 (FFATA) to give the American public access to information on how their tax dollars are spent.

<sup>7</sup> This Guide presents a consistent methodology and reporting approach across the Inspectors General (IG) community to use in performing its mandated work. It does not restrict an auditor from pursuing issues or concerns related to the agency's implementation of the DATA Act.

<sup>8</sup> The Working Group's mission is to assist the IG community in understanding and meeting its DATA Act oversight requirements by: (1) serving as a working level liaison with the Treasury, (2) consulting with the Government Accountability Office (GAO), (3) developing a common approach and methodology, and (4) coordinating key communications with other stakeholders.



Loan Fund (CDRLF). In addition, the NCUA's Office of General Counsel (OGC) determined that because the NCUA's operating funds derive from assessments on its insured entities and not from appropriations, the DATA Act reporting requirements apply only to the CDRLF.

We evaluated the NCUA's DATA Act submission to Treasury's DATA Act Broker and determined that the submission was complete and submitted timely. To be considered a complete submission, we evaluated Files A, B, and C to determine that all transactions and events that should have been recorded were recorded in the proper period. We reconciled Files A and B, and through our test work, we determined that Files A and B were accurate. Additionally, we reconciled the linkages between Files A, B, and C to determine whether the linkages were valid and to identify any significant variances between these files. Our reconciliation did not identify any significant variances between Files A, B, and C.

We also determined that the NCUA has implemented and used the government-wide financial data standards for spending information established by OMB and Treasury. The NCUA fully implemented and is using those standards as defined by OMB and Treasury. Specifically, the NCUA has identified, linked by common identifiers, all the data elements in its financial and grants systems.

We selected a sample of 21 records and tested 903 data elements<sup>9</sup> for completeness, accuracy, and timeliness. The population error rate for the completeness of the data elements is 1.77%. A data element was considered complete if the required data element that should have been reported was reported. The population error rate for the accuracy of the data elements is 2.77%. A data element was considered accurate when amounts and other data relating to the recorded transactions were recorded in accordance with the DAIMS, RSS, IDD, the online data dictionary, and agree with authoritative source records. The population error rate for the timeliness of the data elements is 88.37%. The timeliness of the data elements was based on the reporting schedules defined by the financial assistance requirements, which included FFATA,<sup>10</sup> Financial Assistance Broker Submission (FABS), and DAIMS. We determined that for fiscal year 2019, first quarter, the NCUA submitted lower quality financial and award data for publication on USASpending.gov, primarily as a result of its award-level submission. Specifically, we identified errors related to data elements in the award-level transaction data and determined that the NCUA did not timely submit this information in accordance with required DATA Act reporting schedules. We determined that the NCUA untimely submitted its File D2, linked the action date element to an inappropriate authoritative source, and did not maintain adequate controls over its award-level System for Award Management (SAM<sup>11</sup>) extracted elements. However, we assessed internal controls over source systems and the summary-level DATA Act submission and determined internal controls effectively managed and reported financial data<sup>12</sup> in

<sup>9</sup> See Appendix D, NCUA's Results for the Data Element Analysis.

<sup>10</sup> Pub. L. No. 109-282, enacted on September 26, 2006.

<sup>11</sup> SAM is an official website of the U.S. Government operated by the General Services Administration (GSA) where entities can register to do business with the U.S. Government, update or renew entity registration, search for entity registration and exclusion records, and more.

<sup>12</sup> See Appendix E, Analysis of the Accuracy of Dollar-Value Related Data Elements.



accordance with the DATA Act. We are making four recommendations to address the issues identified in our report.

We appreciate the cooperation and courtesies NCUA management and staff provided to us during this audit.



## BACKGROUND

### Digital Accountability and Transparency Act of 2014

The DATA Act, enacted on May 9, 2014, expands on the FFATA by requiring agencies to disclose direct agency expenditures and link contract, loan, and grant spending information to programs, thereby enabling taxpayers and policy makers to more effectively track federal spending. The DATA Act also requires that OMB and Treasury establish government-wide data standards for financial data as well as ensure they accurately post and display such financial data on USASpending.gov.<sup>13</sup> The DATA Act also seeks to improve the quality of data submitted to USASpending.gov by holding agencies accountable for the completeness and accuracy of the data submitted.

On May 8, 2015, OMB issued Memorandum M-15-12 (OMB M-15-12), *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*. OMB M-15-12 provided guidance to federal agencies on FFATA reporting requirements as well as new requirements under the DATA Act. To publish federal spending data on USASpending.gov (or its successor site), agencies are required to provide data to Treasury, to the extent practicable, using a standard data exchange (DATA Act Schema). This DATA Act Schema includes a standard classification and a standard format, or "language," for exchanging data and provides a comprehensive view of the data definition standards and their relationships to one another. OMB and Treasury finalized the data definition standards<sup>14</sup> and Treasury used the data definition standards to develop the initial draft of the DATA Act Schema in May 2015. The DATA Act Schema provides an overall view of the hundreds of distinct data elements used to tell the story of how federal dollars are spent. It provides technical guidance for federal agencies about what data to report to Treasury, including the authoritative sources of the data elements and the submission format. The DATA Act Schema also provides clarity on how the public can better understand the inherent complexity of the data. Treasury collected public input and feedback from federal agencies on the DATA Act Schema and implemented a methodology to create the DAIMS Version 1.0. Since its creation, DAIMS has seen various updates and revisions. For the fiscal year 2019, first quarter submission, the NCUA utilized DAIMS Version 1.3.

Federal agencies are required to assign a unique Federal Award Identification Number (FAIN) to each financial assistance award. OMB M-15-12 included a new requirement for agencies to link information in their financial systems to their award management systems using an award identification (award ID). The award ID (FAIN for financial assistance and Procurement Instrument Identifiers - PIID<sup>15</sup> for procurement) serves as the key to associate data across award

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<sup>13</sup> Mandated under the FFATA, USASpending.gov (<https://www.usaspending.gov/#/>) is a searchable website where the public can access information on entities and organizations receiving federal funds. The website gives the American public access to information on how their tax dollars are spent.

<sup>14</sup> Under FFATA, federal agencies report 259 data elements to USASpending.gov. However, Treasury and OMB identified 57 data elements that agencies must report. The data elements include awardee and recipient information, award amount, award characteristics, funding and awarding entities, and account funding information. The 57 data elements including definitions can be found at <https://fedspendingtransparency.github.io/data-elements/>.

<sup>15</sup> The NCUA does not report its procurement transactions; therefore, PIIDs do not apply.



systems and financial systems. This linkage facilitates the timely reporting of award-level financial data, reduces reporting errors, and serves as the primary mechanism moving forward for associating expenditures with individual awards as required by FFATA and the DATA Act. OMB M-15-12 also required federal agencies to have award ID linkage for all modifications/amendments to awards made after January 1, 2017, to ensure data from the second quarter of 2017 could be reported to USASpending.gov by May 2017.

On November 4, 2016, OMB issued OMB Memorandum M-17-04 (OMB M-17-04), *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, which includes additional guidance on reporting requirements for agency Senior Accountable Officials (SAO<sup>16</sup>). This guidance expands on SAO requirements to attest to the validity and reliability of the complete DATA Act submission, including the linkages between financial and award data.

On June 6, 2018, OMB issued Memorandum M-18-06 (OMB M-18-16), *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk*. OMB M-18-16 includes a requirement for agencies to develop a DQP to achieve the objectives of the DATA Act. The purpose of the DQP is to identify a control structure tailored to address identified risks. Quarterly certifications of data submitted by agency SAOs should be based on the consideration of the DQP and the internal controls documented in their plan as well as other existing controls that may be in place, in the annual assurance statement process. The plan must be reviewed and assessed annually for three years or until the agency determines that sufficient controls are in place to achieve the reporting objective.

To help agency IGs fulfill aspects of the DATA Act requirements, the CIGIE FAEC DATA Act Working Group's DATA Act Guide provided a common methodological and reporting approach for the IG community to use in performing its mandated work. The Guide contained a baseline framework to include an overall methodology, objectives, and audit procedures. In addition, the IG community could design and perform procedures based on specific systems and controls in place at its agency.

### Inspectors General Reports

The DATA Act requires agency IGs to submit a series of oversight reports beginning in November 2016.<sup>17</sup> Specifically, the DATA Act requires IGs to review statistical samples of the data submitted by their respective agencies and report on the completeness, timeliness, quality, and accuracy of the data sampled, as well as the data standards used by the agency. 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 were not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required reports by November 8, 2017, 1 year after the

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<sup>16</sup> The NCUA's SAO is the Chief Financial Officer (CFO). SAOs are high-level senior officials who are accountable for the quality and objectivity of federal spending information. These senior leaders should ensure that the information conforms to OMB guidance on information quality and adequate systems and processes are in place within the agencies to promote such conformity.

<sup>17</sup> The DATA Act required IGs to submit oversight reports to Congress in November 2016, 2018, and 2020.



statutory due date, with two subsequent reports to be submitted following on a 2-year cycle, in November 2019 and November 2021.<sup>18</sup> On December 22, 2015, CIGIE's chair issued a letter<sup>19</sup> detailing the strategy for dealing with the IG reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform.

### DATA Act's Applicability to the NCUA - The Community Development Revolving Loan Fund

The NCUA is an independent federal agency that regulates, charters, and supervises federal credit unions. The NCUA's operating fund contains the attributes of a revolving fund,<sup>20</sup> which is a permanent appropriation. The NCUA is authorized to collect annual operating fees from sources outside of congressional appropriations, define the purpose for which these collections may be used, and use the collections without fiscal year limitation.

On November 20, 1979, Congress established the CDRLF<sup>21</sup> for credit unions to stimulate economic development in low-income communities. Specifically, the CDRLF's purpose is to promote economic activities, which could lead to increased income, ownership, and employment opportunities for low-income residents as well as other economic growth. Federally chartered and state-chartered credit unions with a low-income designation are eligible to participate in the CDRLF's loan and technical assistance grant program. The NCUA receives a limited annual appropriation<sup>22</sup> from Congress to administer the CDRLF,<sup>23</sup> and the NCUA's Office of Credit Union Resources and Expansion (CURE) manages the CDRLF. Since establishing the CDRLF, Congress has appropriated approximately \$13.4 million for revolving loans. In 2018, the NCUA disbursed approximately \$2 million in loans. As of the end of 2018, the CDRLF had a total of \$9.7 million in outstanding loans. Since 2001, Congress has appropriated more than \$20.8 million in CDRLF technical assistance grants. During the year ended 2018, the CDRLF received an appropriation for technical assistance grants in the amount of \$2 million for the federal fiscal year 2018. This is a multiyear appropriation that was available for obligation through September 30, 2019. Of this amount, \$2 million was expended for the year ended December 31, 2018. During the first quarter of fiscal year 2019, the scope period of our audit, the NCUA awarded \$2 million in technical assistance grants to low-income designated credit unions from fiscal year 2019 appropriations. The NCUA also awarded \$37,500 in urgent needs grants from prior year funds. The fiscal year 2019 appropriations did not designate funds to be used as revolving loans.

Pursuant to FFATA, federal agencies report awards \$25,000 or greater. OMB M-15-12 provided additional guidance requiring agencies to submit specific programmatic information about all financial assistance awards greater than the micro-purchase threshold (MPT). The Federal Acquisition Regulation (FAR) 2.101 sets the micro-purchase level at \$3,500. In June 2018,

<sup>18</sup> See Appendix G, Prior Audit Coverage, for additional details regarding the NCUA OIG's issued reports.

<sup>19</sup> See Appendix B, Anomaly Letter.

<sup>20</sup> A revolving fund amounts to "a permanent authorization for a program to be financed, in whole or in part, through the use of its collections to carry out future operations." GAO/PAD-77-25 at 47.

<sup>21</sup> Pub. L. No. 96-123.

<sup>22</sup> Assistance to credit unions is limited to the amount appropriated by Congress.

<sup>23</sup> The only appropriation the NCUA receives from Congress is for the CDRLF.



OMB M-18-18<sup>24</sup> increased the MPT from \$3,500 to \$10,000. This memorandum granted an exception in advance of revisions to the FAR allowing the use of the higher threshold of \$10,000.

In regard to reporting spending data, the NCUA's Office of the Chief Financial Officer (OCFO) requested that OGC provide an opinion on the NCUA's reporting requirements for the DATA Act. In January 2016, OGC advised that FFATA financial reporting requirements apply only to appropriated funds for the CDRLF. This opinion was consistent with its May 2013 opinion regarding FFATA. The OGC determined that because the NCUA's operating funds, including the National Credit Union Share Insurance Fund, derive from assessments on its insured entities and not from appropriations, the DATA Act reporting requirements only apply to the CDRLF.

### The NCUA's DATA Act Reporting Process

The NCUA uses two systems to manage CDRLF's grant and loan process – Delphi and CyberGrants. Delphi, the Enterprise Services Center's (ESC)<sup>25</sup> financial management system, manages the CDRLF's accounting transactions. CyberGrants, an external web-based system, manages the NCUA's grant applications. Credit unions apply for grants and loans through an online CyberGrants application. Credit unions must have an active account with the federal government's SAM in order to apply for grants. The NCUA contracted with CyberGrants to develop an automated process that verifies whether a credit union has an active registration in SAM when the credit union is applying for a grant. If the credit union does not have an active SAM account, it must create one in order to complete the grant application process. This feature, however, was not available for data entered into CyberGrants prior to the second quarter of fiscal year 2017 DATA Act submission.

After a preliminary review of the application, the grant administrator requests OCFO to create a purchase order (PO) for a tentative award. An OCFO Accountant creates the PO in Delphi and informs CURE of the assigned PO number. For DATA Act reporting, this PO number equates to the FAIN. After the CURE Director or designee approves the award in CyberGrants, the CURE Operations Division Director approves the PO in Delphi and then the grant administrator enters the PO number into the CyberGrants application to track and notify the awardee. Award disbursements are paid against the Delphi PO and any modification to the award amount also requires a modification to the PO.

After each grant round, OCFO performs various reconciliations. In addition to reconciling CyberGrants with Delphi, OCFO performs reconciliations for Accounts Payable, Income/Expense, Equity, Cash and Loans. DATA Act reporting reconciliations incorporate with the CDRLF quarterly reconciliations, Government-wide Treasury Account System (GTAS) reporting, and the Report on Budget Execution and Budgetary Resources (SF-133).<sup>26</sup> Various

<sup>24</sup> Memorandum for Chief Financial Officers and Heads of Small Executive Agencies, *Implementing Statutory Changes to the Micro-Purchase and Simplified Acquisition Thresholds for Financial Assistance*.

<sup>25</sup> ESC is a federal shared service provider, which operates as a division of the Department of Transportation (DOT).

<sup>26</sup> The SF-133 is a quarterly report that contains information on the sources of budget authority and the status of budgetary resources by individual fund or appropriation. The DATA Act submission excludes Loan Financing Accounts on this report.



Delphi and CyberGrants reports are used for reconciliation purposes. OCFO Accountants prepare the reconciliations and a supervisory or peer accountant will review and approve.

To identify and package the data for submission, the CDRLF uses DAIMS, which is comprised of the RSS, IDD, and the Practices and Procedures. The RSS contains information and instructions about the file format, content scope, and file organization agencies should use to extract information from their financial and award systems. The RSS features elements related to the following:

- File A – Appropriations Account Detail;
- File B – Object Class and Program Activity Detail; and
- File C – Award and Financial Detail.

The IDD provides information about what the DATA Act Broker<sup>27</sup> will pull from government-wide feeder systems for procurement and financial assistance, such as the Federal Procurement Data System – Next Generation (FPDS-NG),<sup>28</sup> SAM, FFATA Sub-award Reporting System (FSRS),<sup>29</sup> and the FABS.<sup>30</sup> The IDD features elements related to:

- File D1 – Award and Awardee Attributes (Procurement);
- File D2 – Award and Awardee Attributes (Financial Assistance);
- File E – Additional Awardee Attributes; and
- File F – Sub-award Attributes.

As previously mentioned, FFATA financial reporting requirements apply only to *appropriated* funds for the CDRLF; therefore, the NCUA is not required to report procurement transactions in File D1. In addition, for the first quarter of fiscal year 2019 DATA Act reporting, Files E and F did not apply,<sup>31</sup> because credit unions were not required to report executive compensation or

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<sup>27</sup> The DATA Act Broker is a tool that Treasury developed to allow agencies to submit the required data in a standardized format. The Broker will accept data submitted directly from agencies and it will also pull data from existing data sources when needed. The Broker will validate agency data, allow agencies to certify the data, and complete the data submission and uploads to the DATA Act operating infrastructure.

<sup>28</sup> Agencies may submit prime contract transaction data through its contract financial system to FPDS-NG to be published on USASpending.gov. FPDS-NG is operated by the GSA.

<sup>29</sup> Prime recipients are required to report awards to first-tier sub-recipients to FSRS for display on USASpending.gov. FSRS is operated and maintained by GSA.

<sup>30</sup> Financial assistance transactions on awards of more than \$25,000 are reported to FABS by the agencies via file upload. The files are often created from the agencies grant systems. Data is then uploaded to USASpending.gov.

<sup>31</sup> Grants subject to the FFATA sub-award and executive compensation reporting requirements include: (1) new grants \$25,000 and over and (2) reporting of sub-grants of federal grants where these sub-grants are \$25,000 and over.



sub-awards.<sup>32</sup> File E of the DATA Act Information Model Schema contains additional awardee attribute information the DATA Act Broker extracts from SAM. File F contains sub-award attribute information the broker extracts from the FSRS. Files E and F data remain the responsibility of the awardee in accordance with terms and conditions of federal agreements; and the quality of this data remains the responsibility of the recipient. Therefore, SAOs are not responsible for certifying the quality of File E and F data reported by awardees, but they are responsible for assuring controls are in place to verify that financial assistance awardees register in SAM at the time of the award. As such, for these files, we did not assess the completeness, timeliness, quality, and accuracy of the data extracted from SAM and FSRS via the DATA Act Broker system.

Quarterly, the NCUA's CDRLF OCFO Accountant submits Files A, B, and C through the DATA Act Broker using the RSS.<sup>33</sup> Data and data elements for these files are derived from the Delphi system. For each reporting, the OCFO Accountant reconciles the total obligations, total disbursements, and total deobligations for the reporting period and provides these reconciliations and supporting documentation to the SAO. The OCFO Accountant schedules a briefing with the SAO within 30 calendar days after each quarter end to provide assurance to the SAO that the alignment of Files A through F<sup>34</sup> and the data in each DATA Act file submitted for display on USASpending.gov are valid and reliable.<sup>35</sup> The SAO certifies the quarterly report after GTAS certification within 7 to 60 days after quarter end. The OCFO Accountant maintains approved reconciliation reports and supporting documentation.

Using the DATA Act submission format specified for the D2 file for financial assistance awards of the IDD, the OCFO Accountant submits new awards, deobligations, and reallocations within 15 days. The OCFO Accountant uses DATAWatch Monarch<sup>36</sup> to prepare the D2 file for submission. To complement Files A, B, and C, the DATA Act Broker generates Files D1, D2, E, and F for a specified date range at the NCUA's request. The DATA Act Broker validates Files A, B, and C at the field level and cross validates all files (A to F). The NCUA relies on these validations implemented by Treasury in the Treasury DATA Act Broker. The DATA Act Broker generates error or warning reports as appropriate. Errors represent major issues with data that will not allow the publication of data. Warnings will not prevent publication. After the NCUA addresses any reported errors, if applicable, the data can be certified and resubmitted. After the submission satisfies all Broker validations, the DATA Act reporting process is complete for the quarter and the data is displayed on USASpending.gov.

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<sup>32</sup> A sub-award generally refers to a monetary award made as a result of a federal award to a grant recipient or contractor to a sub-recipient or sub-contractor respectively.

<sup>33</sup> See Appendix C, DATA Act Information Flow Diagram.

<sup>34</sup> Assurance includes interconnectivity and linkages of award ID across all data files and explanations for any misalignment.

<sup>35</sup> Files A and B reconcile to the SF-133, File C reconciles to the financial statements, and file D2 reconciles to the award management system.

<sup>36</sup> DATAWatch Monarch is a data mining software that the NCUA uses to pull data elements from both CyberGrants and Delphi reports and then formats the data for the File D2 submission.



## RESULTS IN DETAIL

We determined that for fiscal year 2019, first quarter, the NCUA submitted lower quality financial and award data for publication on USASpending.gov, primarily as a result of its award-level submission. Specifically, we identified errors related to data elements in the award-level transaction data and determined that the NCUA did not timely submit this information in accordance with DATA Act reporting schedules. We determined that the NCUA untimely submitted its File D2, linked the action date element to an improper authoritative source, and did not maintain adequate controls over its award-level SAM extracted elements. However, we assessed internal controls over source systems and the summary-level DATA Act submission, and determined internal controls effectively managed and reported financial data in accordance with the DATA Act. We also determined that the NCUA implemented and used the government-wide financial data standards established by OMB and Treasury.

### Assessment of Internal Controls

**Internal Controls Over Source System and DATA Act Submission Were Effective**

We obtained an understanding of the design of internal and information system controls as it relates to the extraction of data from the source systems and the reporting of data to the DATA Act Broker. We obtained this understanding through inquiries, observations and walkthroughs, inspection of documents and records, review of other auditors' work, previous DATA Act audits and reviews, and transaction testing. Based on our assessment of internal controls, we determined that internal controls over information systems and processes related to the DATA Act are overall properly designed, implemented, and operating effectively. However, based on our transaction testing, we did note areas where the NCUA should improve internal controls over its award-level, File D2 submission. We discuss these specific areas later in this report.

### Internal Controls over Source System

For the first quarter of fiscal year 2019, the NCUA used Delphi as the source system to report financial and award data for publication on USASpending.gov. To gain an understanding of the design of internal controls over Delphi, we reviewed the Statement on Standards for Attestation Engagements (SSAE) 18 System and Organization Controls Report (SOC 1 report), complementary controls, and the procedures the NCUA performed over this system. We also reviewed the NCUA's documentation to support their financial systems review in connection with the Federal Managers' Financial Integrity Act (FMFIA) statement of assurance and considered the work we performed during our previous DATA Act audits and reviews. Based on our work performed, we did not identify any internal control weaknesses or deficiencies that would impact the NCUA's DATA Act reporting. Therefore, we assessed the risks associated with the Delphi system as low and did not perform alternate procedures over this system.

NCUA uses a federal shared service provider, DOT's ESC, for financial management services. While the NCUA uses ESC's Delphi system to prepare Files A, B, and C, ESC does not provide DATA Act submission services for the NCUA. The OMB requires ESC, as a management services provider, to either provide its user organizations with independent audit



reports on the design and effectiveness of its internal controls, or allow user auditors to perform tests of its controls. Delphi provides for a common system and transaction processing needs, which reduces significant risks in cost, quality, and performance. We reviewed the independent services auditor report, titled *Report on the Description of the ESC's System and the Suitability of the Design and Operating Effectiveness of Controls (SSAE 18 SOC 1– Type 2 Report)*. This report did not contain any findings that would affect the NCUA's ability to submit accurate, complete, and timely data for publication on USASpending.gov. In addition, we inquired of NCUA management regarding the federal shared service provider and they advised that they had no concerns regarding ESC.

### Internal Controls over DATA Act Submission

To assess internal controls over data management and processes used to report financial and award data to USASpending.gov, we performed a walkthrough to identify and evaluate internal controls over the submission process and reviewed the NCUA's supporting documentation to support its submission. We also reviewed the NCUA's DQP, Enterprise Risk Management profile, and its FMFIA statement. Internal controls included segregation of duties throughout the grant award and DATA Act reporting processes; various reconciliations performed between various data sources; and reviews performed by senior management. We determined that the NCUA did not identify any deficiencies in internal control or other limitations that would prevent the SAO from certifying that the data submitted for publication on USASpending.gov was complete, accurate, timely, of quality, and complied with the established government-wide financial and award data standards. We also confirmed that, prior to the final DATA Act submission, the NCUA tested the submission files with the Treasury DATA Act Broker and all three files passed the validation checks with no reported errors.

During our walkthrough, we noted that the process and procedures had changed minimally since our 2017 DATA Act report. However, internal controls had improved with regard to the integration of SAM with the NCUA's CyberGrants system. Because grant applicants cannot apply for a grant without registering first with SAM, the NCUA is ensuring that grant recipients are complying with the requirement to register in SAM. This requirement also assists the NCUA with reporting accurate award-level data on USASpending.gov.

We reviewed the DQP to gain an understanding of the NCUA's processes, internal controls, and what the NCUA determined to be significant concerns or issues. We noted that the NCUA's DQP, signed by management in May 2017, does not reflect the current agency organizational structure. Specifically, the NCUA reorganized in 2018 which resulted in a shift in responsibilities between NCUA offices. NCUA management has not revised the DQP since these changes occurred. However, after conducting the walkthrough, we noted that the current roles and responsibilities include proper segregation of duties for the process. Because quarterly certifications of data submitted by agency SAOs should be based on the consideration of the DQP and the internal controls documented in the plan, we suggest the NCUA revise its DQP to reflect the current organizational structure and processes; the addition of new internal controls over the process such as the integration of SAM with CyberGrants; risk assessments related to



the DATA Act; and the current policies and procedures used to mitigate these risks as suggested by the Data Quality Playbook.<sup>37</sup>

### Review of the NCUA's Certification and Submission Process

#### Certification and Submission Process Were Adequate

We obtained from the DATA Act Broker the NCUA's fiscal year 2019, first quarter data submission for Files A through F; final warning reports; and the final SAO assurance/certification statement over the quarterly NCUA submission for publication on USASpending.gov. We also obtained the NCUA's reconciliations

between the various file linkages in the submission; DATA Act Broker warning remediation attempts; the SF-133, Report on the Budget Execution and Budgetary Resources for the reporting period; and additional supporting documentation to support the completeness and timeliness of the NCUA's submission. We reviewed the final warning and validation reports as well as the NCUA's reconciliations and did not note any warnings or errors that impacted the data submission. We noted that the NCUA attempted to resolve a File A warning issue in its submission. However, the USASpending.gov service desk responded that because it was just a warning and did not prevent the NCUA from submitting its data, it was a low priority issue to correct. In addition, the final SAO assurance/certification statement did not identify any data quality issues.

### Assessment of the NCUA's DATA Act Submission

#### Summary-Level Data Was Timely and Complete

We assessed the NCUA's DATA Act submission to determine whether the summary-level data contained in Files A, B, and C contained complete and timely data. Based on our assessment of these files, we determined the NCUA's submission to Treasury's DATA Act Broker contained complete and timely data.

#### Timeliness of the Agency Submission

We evaluated the NCUA's DATA Act submission to the DATA Act Broker and determined the NCUA timely submitted its summary-level data. To be considered a timely submission, we evaluated Files A, B, and C and determined that all transactions were recorded in the proper period. In accordance with the reporting schedule established by the Treasury DATA Act PMO, we determined that the agency submission would be considered timely when the NCUA submitted its fiscal year 2019, first quarter data to the DATA Act Broker by March 20, 2019. The NCUA reported its submission on March 19, 2019.

#### Completeness of the NCUA's Submission

We evaluated the NCUA's DATA Act submission to the DATA Act Broker and determined the NCUA submitted complete summary-level data. We evaluated Files A, B, and C and determined that all transactions and events that should have been recorded were recorded in the proper period. First, we assessed the completeness of File A and determined that it was

<sup>37</sup> The Playbook, issued in November 2018, resulted from a collaboration between agencies, OMB, and Treasury.



complete. Next, we reconciled Files A to B. Through our test work, we determined that Files A and B contained complete summary-level data. Additionally, we reconciled the linkages between Files A, B, and C. These Files contained valid linkages and did not identify any significant variances between Files A, B, and C. We also noted that the NCUA's summary-level data did not include intragovernmental transactions.

#### *Completeness of Summary-Level Data for Files A & B*

We reviewed the NCUA's File A and determined it included all Treasury Account Symbols (TAS) from which funds are obligated. We determined the accuracy of File A summary-level data by matching the elements to the NCUA's GTAS SF-133. To assess the completeness of File B, we compared File B to the TASs listed in File A. File B included all the TASs contained in File A. In addition, we verified that the total obligations in File A equaled the total obligations in File B. We noted no variances and also did not identify any unusual or unexplained variances.

For File B, we verified that all object class codes matched the codes defined in Section 83 of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*. The only object class related to the NCUA's submission is 410, which relates to grants, subsidies, and contributions. We verified that all program activity names and codes from File B matched the names and codes defined in the Detailed Budget Estimates by Agency Appendix in the President's Budget (Program and Financing Schedule). All the program activity codes in File B agreed with the codes in the President's Budget.

#### *Completeness of File C and Suitability for Sampling*

We determined File C to be complete and suitable for selecting a statistically valid sample. File C only included obligation amounts for each financial assistance award granted during the reporting quarter (October 1, 2018 - December 31, 2018). The NCUA awarded \$2 million in financial assistance grants and \$37,500 in urgent needs awards in the first quarter of fiscal year 2019. We confirmed that these amounts agreed with Files A and B.

We assessed the sufficiency of the NCUA's method of determining File C was complete and contained all transactions and linkages that should be included. We also assessed the NCUA's methodology for resolving DATA Act Broker warnings between Files C and D2. We determined the NCUA's method was sufficient to determine that File C was complete and contained all transactions and linkages that should be included. The NCUA did not have DATA Act Broker warnings related to File C that needed to be addressed. The NCUA also did not have variances in File C to resolve and did not report any unusual or unexplained variances.

We assessed the linkage of File C to File B through TAS, object class, and program activity data elements and noted that all elements in File C also existed in File B. We then compared the award IDs or FAINs in each file to ensure that both files included all FAINs. We also reconciled the FAINs from File C to File D2 and noted no differences.



## Sampling Methodology

The DATA Act requires the IGs for each federal agency to review a statistically valid sample of the spending data submitted and to assess the completeness, timeliness, quality, and accuracy of the data sampled and the federal agency's implementation and use of the government-wide financial data standards established by OMB and Treasury. In accordance with the Guide, we selected a sample of certified spending data for testing. If determined to be suitable for sampling, the Guide recommends selecting the sample from the agency's File C. As previously mentioned, we assessed the completeness of File C and determined it to be suitable for sampling. The NCUA awarded 208 financial assistance grants in the first quarter of fiscal year 2019. Although the Guide recommends a sample size of 385 records, it also provides an alternate sample size formula for agencies with smaller populations. Once a sample size is determined and a sample selected, the Guide states that IGs should test detailed record-level linkages and data elements for Files C and D2 for completeness, timeliness, accuracy, and quality.

In addition, the Guide directed IGs to remove transactions below the MPT from the sample and replace them with an alternate selection. Prior to replacing these MPTs, IGs should determine whether these transactions were in fact below the threshold. Based on our review of this guidance and the small population of 208 records, we determined that our population included only 21 records above the MPT. Therefore, we verified the monetary amounts for all 208 records in our population against the supporting source documentation and confirmed the accuracy of the dollar-value related elements. We determined 187 records were MPTs. We then selected all 21 records verified to be above the MPT level for our record-level testing. Because our tested sample included all records in our population over the MPT, termed a "census,"<sup>38</sup> we did not project our results to the population.

## Detailed Award-Level Linkages and Data Elements for Files C and D2

### Award-Level Reporting Needs Improvement

We assessed the NCUA's award-level submission to determine whether the linkages and data elements for Files C and D2 provided quality data. Based on our assessment of these files, we determined the NCUA's data quality to be lower. Specifically, we determined that the NCUA untimely submitted its File D2, linked the action date element to an improper authoritative source, and did not maintain adequate controls over its award-level SAM extracted elements.

We confirmed that all financial assistance awards reported in File C linked to awards reported in File D2. We matched the FAINs and the Unique Record Identifiers in File C to File D2 and noted they linked without exception. In addition, the Transaction Obligated Amounts in File C matched the Federal Action Obligated amounts in File D2. We did not identify any variances between Files C and D2. The NCUA also did not identify any variances or report on any unusual or unexplained variances. We also noted that the NCUA did not report financial

<sup>38</sup> A census, where the IG tests each and every row in the population frame, is consistent with the definition of a statistical sample. Each sample unit has a probability of selection equal to 1, the sampling fraction is 1, and there is no sampling error. Reporting the results as a percentage is methodologically equivalent to projecting to the population.



assistance awards as aggregate records as the NCUA granted only one financial assistance award per applicant. As previously mentioned, we selected a sample of 21 records from File C and tested the related File D2 transactions, which consisted of 903 data elements, for completeness, accuracy, and timeliness. Testing involved matching data elements to their authoritative sources. We determined data quality using the population error rates results from our testing for completeness, accuracy, and timeliness. The following are the results of our testing:

### **Completeness of the Data Elements**

The population error rate for the completeness of the data elements is 1.77%.<sup>39</sup> A data element was considered complete if the required data element that should have been reported was reported.

### **Accuracy of the Data Elements**

The population error rate for the accuracy of the data elements is 2.77%.<sup>40</sup> A data element was considered accurate when amounts and other data relating to the recorded transactions were recorded in accordance with DAIMS, RSS, IDD, and the online data dictionary, and agreed with the authoritative source records.

### **Timeliness of the Data Elements**

The population error rate for the timeliness of the data elements is 88.37%.<sup>41</sup> The timeliness was based on the reporting schedules defined by the financial assistance requirements (FFATA, FABS, and DAIMS).

### **Quality of the Data Elements**

The quality of the data elements was determined using the population error rate for completeness, accuracy, and timeliness. The highest of the three error rates was used as the determining factor of quality.<sup>42</sup> Table 1 below provides the range of error in determining the quality of the data elements. Based on our test work and highest error rate of 88.37%, we determined that the quality of the NCUA's data is considered **Lower**.

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<sup>39</sup> Because we tested 100 percent of the population over the MPT, we did not calculate a projected error rate for the completeness of data elements.

<sup>40</sup> Because we tested 100 percent of the population over the MPT, we did not calculate a projected error rate for the accuracy of data elements.

<sup>41</sup> Because we tested 100 percent of the population over the MPT, we did not calculate a projected error rate for the timeliness of data elements.

<sup>42</sup>We used the results of the statistical sample performed in this section in order to provide a range of results for quality. If the highest error rate of completeness, accuracy and timeliness is between 0% and 20% then the quality would be considered Higher (Green). If the highest error rate is between 21% and 40% then the quality would be considered Moderate (Yellow). If the highest error rate is 41% or more, then the quality would be considered Lower (Red).



Table 1

Highest Error Rate	Quality Level
0% - 20%	Higher
21% - 40%	Moderate
41% and above	Lower

Source: CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act, 2/14/2019, Section 710.04.

### File D2 Errors Attributable to the NCUA

For File D2, the DATA Act Broker will either derive information from government-wide feeder systems for financial assistance or extract data associated with the submitting agency and agency-specified action dates. Based on our File D2 testing, we identified errors that we attributed to the NCUA. These errors related to the timeliness of the File D2 submission, linking the action date element to the appropriate authoritative source, and accuracy of the data elements that the NCUA extracted from SAM. Errors resulting from elements derived from third party systems were deemed not attributable to the NCUA.<sup>43</sup>

#### File D2 Not Timely Submitted

The NCUA did not timely submit File D2 in accordance with OMB Management Procedures Memorandum (MPM) No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, or DAIMS Version 1.3. MPM No. 2016-03 states:

Financial assistance data will be reported on at least the 5<sup>th</sup> and the 20<sup>th</sup> of each month. Agencies shall submit any available financial assistance award-level data (full or partial) by the 5<sup>th</sup> of each month, and must ensure prior month data is complete no later than the 20<sup>th</sup> of the month. Data will be updated for display on USASpending.gov twice a month.

DAIMS Version 1.3 also states:

To facilitate the timeliness of data on USASpending.gov, agencies shall make every effort to publish any available data by the 5<sup>th</sup> of each month and ensure that prior month data is published completely no later than the 20<sup>th</sup> of the current month. If these deadlines fall on a weekend or a

<sup>43</sup> There are instances where errors are caused by an entity other than the agency. For example, if the Treasury's DATA Act Broker extracts the wrong field from a source system, this is not an error that was attributable to the agency. The agency may have recorded the correct information in the source system, but due to an external third party extracting the incorrect field, the data was not reported accurately. See Appendix F, Analysis of Errors in Data Elements Not Attributable to the Agency.



holiday, information should be published no later than the next business day.

Specifically, the NCUA published its File D2 on November 28, 2018 when all data related to this file should have been posted by November 5, 2018, but no later than November 20, 2018. We learned that the NCUA was not aware of this reporting schedule and instead believed it timely reported grant awards within the 30-day time frame in accordance with FFATA. As a result, the NCUA's data was not timely available on USASpending.gov in accordance with MPM No. 2016-03 or DAIMS Version 1.3 reporting schedules.

### **Recommendation**

We recommend NCUA management:

1. Timely publish financial assistance award data in accordance with applicable DATA Act reporting schedules.

### **Management Response**

Management agreed with this recommendation. Management indicated they will update processes to ensure timely publishing of financial assistance award data in accordance with applicable DATA Act reporting schedules by June 30, 2020.

### **OIG Response**

We concur with management's planned action.

### **Action Date Linked to Improper Authoritative Source**

The NCUA's financial accounting system did not provide an accurate action date in File D2. Specifically, the Delphi financial system provided the date that the POs originated for this data element. We learned that Delphi derives the action date from its transaction date field. The transaction date field populates with the date the PO is created, which is prior to the PO and the grant award approval dates. The action date provided in the first File D2 submission was October 17, 2018 for all grant awards; however, the action date should have been October 29, 2018, the date the NCUA approved the awards. According to the NCUA's DQP, POs are created in Delphi for each approved grant award. However, the NCUA's process requires the PO to be created prior to the grant approval date. In addition, the Delphi and CyberGrants systems are not integrated systems and at the time of the PO set-up in Delphi, the NCUA does not have a precise approval date from CyberGrants. Because the action date was derived from Delphi's transaction date, the NCUA initially reported the incorrect action date, later manually corrected this date in File D2, and resubmitted a correction file to change the date to October 29, 2018. In addition, because the NCUA did not submit its correction file to change the File D2 action date until February 25, 2019, the NCUA did not accurately report this data element timely. The DATA Act data dictionary defines the action date as "[t]he date the action being reported



was issued/signed by the Government or a binding agreement was reached.” Based on this definition, the date should reflect the date the financial assistance award was approved in the grant award system and the NCUA notified the grant recipient.

### **Recommendation**

We recommend NCUA management:

2. Link the File D2 Action Date element to the appropriate authoritative source, which provides the date the action being reported was issued/signed by the NCUA or a binding agreement was reached.

### **Management Response**

Management agreed with this recommendation. Management indicated they will update the process for compiling File D2 by June 30, 2020 to ensure the submission contains the date of action from the authoritative source.

### **OIG Response**

We concur with management's planned action.

### **Inadequate Internal Controls over SAM Extracted Data Elements**

NCUA management did not ensure that the legal business name and the physical address data elements were identical to SAM at the time of the award, which resulted in errors in the following data elements: Legal Entity Name, Legal Entity Address Line 2, Legal Entity Zip 5, Legal Entity Zip Last 4, and Primary Place of Performance Zip Plus 4. According to MPM No. 2016-03:

By March 31, 2017, for all new or modified financial assistance awards, federal agencies must ensure that the official entity information, specifically the legal business name and the physical address, are identical to SAM at the time of the award and award's modification. Federal agencies shall ensure that proper internal controls are in place to assure alignment of SAM data with information in their internal management systems. Agencies are not permitted to change this information either in SAM or in their systems at any other point in the awarding process.

We noted the following instances where File D2 did not reflect the exact information in SAM:

- For one financial assistance award, the grant recipient changed its Legal Entity Name in SAM two days prior to the grant application. Due to a delay in the change within SAM, the grant application reflected the prior business name. We learned that the NCUA's grant system is designed to only pull information from SAM at the time of the application. However, the NCUA awarded the grant two months after this change. The



NCUA did not have internal controls in place to ensure the accuracy of this data element at the time of the grant award.

- For one financial assistance award, the NCUA reported the Legal Entity Address Line 2 data element as blank when SAM included this information. We learned that the NCUA's grant award system did not have an Address Line 2 field for either direct input or to import from the SAM address field. We noted that the Legal Entity Address Line 2 data element is an optional data element; however, when the data element is reported and left blank, it results in an error. The NCUA did not have internal controls in place to ensure the completeness, accuracy, or timeliness of this data element.
- For one Legal Entity Zip Plus 5 record (the first five digits of a zip code), the NCUA's zip code information did not agree with SAM. We learned that the NCUA received warning messages regarding zip codes when validating File D2.<sup>44</sup> To resolve these warnings, the NCUA changed the zip codes to an alternate United States Postal Service (USPS) zip code for the reported city and state. Unlike errors, warnings may not indicate incorrect values for data elements and do not prevent the NCUA from publishing File D2. While the NCUA should continue to research warnings, it should not change information obtained from SAM in its File D2 to differ from its authoritative source.
- For one Legal Entity Zip Last 4 record (the last four digits in a nine-digit zip code), the last four digits of the zip code did not agree with SAM. While SAM reflected this field as blank, the NCUA's grant award system provided a four digit number from its SAM imported field. This four digit number corresponded with the grant recipient's post office box number in SAM. For this element, we were unable to determine whether this issue resulted from an error with SAM, the NCUA manually entering this number for its submission, or the NCUA's grant award system's extraction of this information. However, the NCUA did not have internal controls in place to ensure that this data element was accurately reported.
- The two discrepancies within the Legal Entity Zip 5 and the Legal Entity Zip Last 4 data elements resulted in errors in the NCUA reporting the Primary Place of Performance Zip Plus 4 because the Primary Place of Performance data element derives information from these elements.

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<sup>44</sup> FABS performs validations at both the file-level and each row of the submission file. The validations check for things such as the required file format, required headers are present, and each data element contains the expected data type. The results of FABS validations are displayed in separate error and warning messages. Errors must be corrected before proceeding to the next step because these validations indicate incorrect values for fundamental data elements. Agencies are unable to submit data containing errors. In contrast, warnings will not prevent continuing because these messages may not indicate inaccuracies in the data. The warning messages were created to alert the agency to possible issues worth further review.



## Recommendation

Based on our review of the File D2 errors, we recommend NCUA management:

3. Implement internal controls to ensure that File D2 reflects the legal business name and the physical address identical to SAM at the time of the financial assistance award and this information is not changed in the NCUA system or SAM at any other point in the awarding process.

## Management Response

Management agreed with this recommendation. Management indicated they will ensure that the legal business name and physical address from SAM are used in File D2. They will update the processes by December 31, 2020 to compile File D2 maintaining information from feeder systems intact throughout the award process.

## OIG Response

We concur with management's planned action.

## Recommendation

4. Ensure the appropriate authoritative source links to the File D2 data elements.

## Management Response

Management agreed with this recommendation. Management indicated they will update processes by September 30, 2020 to examine the flow of data from authoritative sources to the File D2 data elements, assessing and documenting the appropriateness of the authoritative sources.

## OIG Response

We concur with management's planned action.

## Implementation and Use of the Data Standards

We evaluated the NCUA's implementation and use of the government-wide financial data standards for spending information as developed by OMB and Treasury. The NCUA has fully implemented and is using those standards as defined by OMB and Treasury. Specifically, the NCUA has identified, linked by common identifiers (e.g. FAIN), all of the data elements in its financial and grants systems.

The NCUA used DAIMS Version 1.3 for the fiscal year 2019, first quarter reporting period. We obtained the NCUA's data inventory/mapping for Files A, B, C, and D2 to ensure that the standardized data elements and OMB and Treasury definitions per the DAIMS are used across



agency business processes, systems, and applications. The NCUA's data mapping identified the source systems where the data resides. Based on our test work, we determined the NCUA consistently used the OMB and Treasury established data elements per its inventory/mapping for the agency's submission files.



## APPENDIX A

### OBJECTIVE, SCOPE, AND METHODOLOGY

The objectives of this audit were to assess: (1) the completeness, accuracy, timeliness, and quality of the fiscal year 2019, first quarter financial and award data submitted for publication on USASpending.gov; and (2) the NCUA's implementation and use of the government-wide financial data standards established by OMB and Treasury.

We conducted this audit at the NCUA's headquarters in Alexandria, Virginia from June 2019 to November 2019. To achieve our objectives, we used the *Inspectors General Guide to Compliance Under the DATA Act* provided by the CIGIE FAEC DATA Act Working Group. Following this guidance, we:

- obtained an understanding of any regulatory criteria related to the NCUA's responsibilities to report financial and award data under the DATA Act;
- reviewed the NCUA's DQP;
- assessed the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to Treasury's DATA Act Broker, in order to assess audit risk and design audit procedures;
- reviewed and reconciled the fiscal year 2019, first quarter summary-level data submitted by the NCUA for publication on USASpending.gov;
- reviewed a statistically valid sample from fiscal year 2019, first quarter financial and award data submitted by the NCUA for publication on USASpending.gov;
- assessed the completeness, accuracy, timeliness, and quality of the financial and award data sampled; and
- assessed the NCUA's implementation and use of the 57 data elements/standards established by OMB and Treasury.

We conducted this audit in accordance with performance audit standards contained in the Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States. 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. Furthermore, we provided NCUA management officials a discussion draft of this report and included their comments where appropriate.



APPENDIX B

**ANOMALY LETTER**

CIGIE's DATA Act Anomaly Letter<sup>45</sup> Submitted to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform.



December 22, 2015

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

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

Dear Mr. Chairmen and Ranking Members:

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

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

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

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<sup>45</sup> <https://www.ignet.gov/sites/default/files/files/CIGIE%20DATA%20Act%20Letter-Final.pdf>



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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,

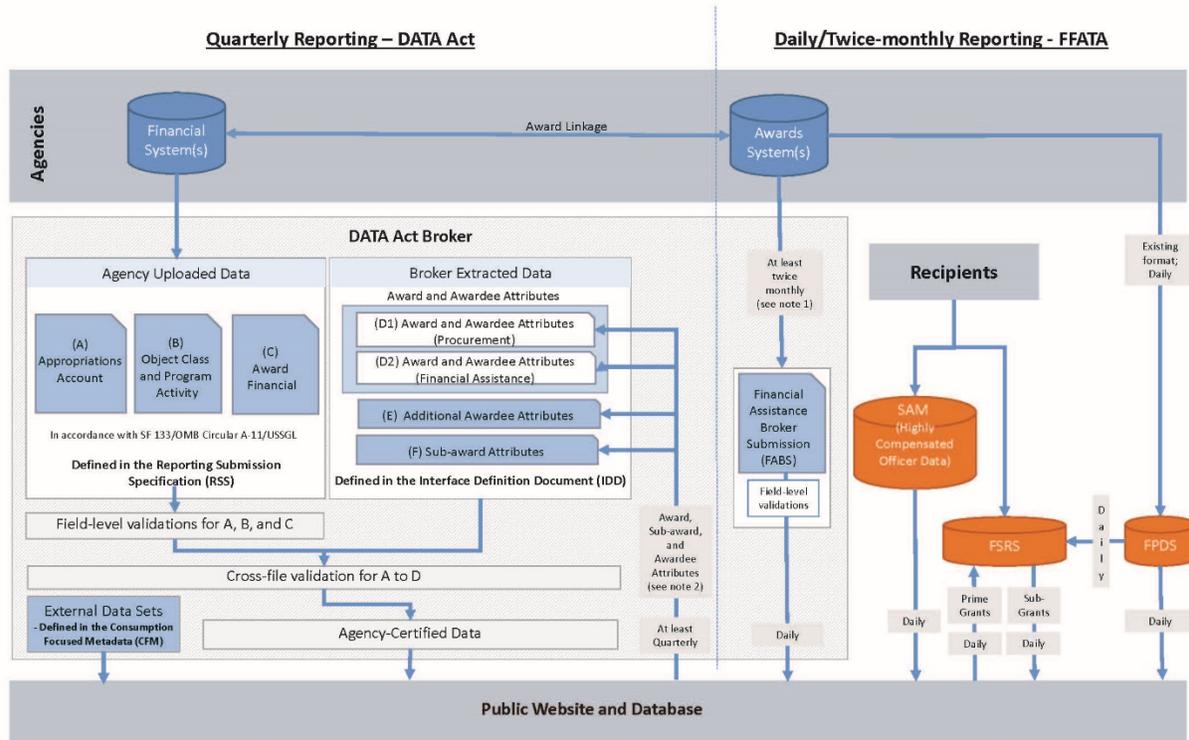
Michael E. Horowitz  
Chair, Council of the Inspectors General on Integrity and Efficiency  
Inspector General, U.S. Department of Justice

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



APPENDIX C

DATA ACT INFORMATION FLOW DIAGRAM<sup>46</sup>



Note 1: The Financial Assistance Broker Submission (FABS) replaces the Award Submission Portal (ASP).  
 Note 2: D1 and D2 pull in all award data associated with the submitting agency and agency-specified action dates. E pulls in highly-compensated officer information for DUNS numbers that appear in an agency's D1 and D2. F pulls in all sub-award data associated with the awards that appear in an agency's D1 and D2.

Schema Version: 1.3  
 June 29, 2018

<sup>46</sup> <https://www.fiscal.treasury.gov/files/data-transparency/daims-information-flow-diagram-v1.3.pdf>



APPENDIX D

**NCUA'S RESULTS FOR THE DATA ELEMENT ANALYSIS**

The table below summarizes the results of our data element testing. Results are sorted in descending order by accuracy error rate. The data element with the highest accuracy error rate is listed first. This table is based on the results of our testing of 21 grant awards submitted in the NCUA's fiscal year 2019, first quarter DATA Act submission. The NCUA's DQP did not identify risks consistent with the sample testing results.

NCUA's results listed in <u>descending</u> order by accuracy error rate percentage Accuracy (A), Completeness (C), Timeliness (T)				
Data Element No.	Data Element Name	Error Rate (%)		
		A	C	T
4	Ultimate Parent Legal Entity Name	43%	43%	100%
3	Ultimate Parent Unique Identifier	33%	43%	100%
30	Primary Place of Performance Address	0%	14%	100%
5	Legal Entity Address	0%	14%	100%
1	Awardee/Recipient Legal Entity Name	0%	5%	100%
2	Awardee/Recipient Unique Identifier	0%	0%	100%
6	Legal Entity Congressional District	0%	0%	100%
7	Legal Entity Country Code	0%	0%	100%
8	Legal Entity Country Name	0%	0%	100%
11 (A)	Federal Action Obligation	0%	0%	100%
13	Total Funding Amount	0%	0%	100%
16	Award Type	0%	0%	100%
19	Catalog of Federal Domestic Assistance (CFDA) Number	0%	0%	100%
20	CFDA Title	0%	0%	100%
21	Treasury Account Symbol (excluding Sub-Account)	0%	0%	100%
22	Award Description	0%	0%	100%
23	Award Modification/Amendment Number	0%	0%	100%
25	Action Date	0%	0%	100%
26	Period of Performance Start Date	0%	0%	100%
27	Period of Performance Current End Date	0%	0%	100%
31	Primary Place of Performance Congressional District	0%	0%	100%
32	Primary Place of Performance Country Code	0%	0%	100%
33	Primary Place of Performance Country Name	0%	0%	100%
34	Award ID Number (FAIN)	0%	0%	100%
35	Record Type	0%	0%	100%
36	Action Type	0%	0%	100%
37	Business Types	0%	0%	100%
38	Funding Agency Name	0%	0%	100%



NCUA's results listed in <u>descending</u> order by accuracy error rate percentage Accuracy (A), Completeness (C), Timeliness (T)				
Data Element No.	Data Element Name	Error Rate (%)		
		A	C	T
39	Funding Agency Code	0%	0%	100%
40	Funding Sub Tier Agency Name	0%	0%	100%
41	Funding Sub Tier Agency Code	0%	0%	100%
42	Funding Office Name	0%	0%	100%
43	Funding Office Code	0%	0%	100%
44	Awarding Agency Name	0%	0%	100%
45	Awarding Agency Code	0%	0%	100%
46	Awarding Sub Tier Agency Name	0%	0%	100%
47	Awarding Sub Tier Agency Code	0%	0%	100%
48	Awarding Office Name	0%	0%	100%
49	Awarding Office Code	0%	0%	100%
52	Budget Authority Appropriated	0%	0%	0%
54	Unobligated Balance	0%	0%	0%
55	Other Budgetary Resources	0%	0%	0%
50	Object Class	0%	0%	0%
51	Appropriations Account	0%	0%	0%
53	Obligation	0%	0%	0%
56	Program Activity	0%	0%	0%
57	Outlay	0%	0%	0%
21	Treasury Account Symbol (excluding Sub-Account)	0%	0%	0%
24	Parent Award ID Number	N/A	N/A	N/A
9	Highly Compensated Officer Name	N/A	N/A	N/A
10	Highly Compensated Officer Total Compensation	N/A	N/A	N/A
11(C)	Original Loan Subsidy Cost	N/A	N/A	N/A
12	Non-Federal Funding Amount	N/A	N/A	N/A
14 (A)	Current Total Value of Award	N/A	N/A	N/A
14 (B)	Face Value of Direct Loan or Loan Guarantee	N/A	N/A	N/A
15	Potential Value of Award	N/A	N/A	N/A
17	NAICS Code	N/A	N/A	N/A
18	NAICS Description	N/A	N/A	N/A
28	Period of Performance Potential End Date	N/A	N/A	N/A
29	Ordering Period End Date	N/A	N/A	N/A



**Appendix E**

**ANALYSIS OF THE ACCURACY OF DOLLAR-VALUE RELATED DATA ELEMENTS**

Our testing included tests of dollar-value related data elements applicable to the records. These elements included the transaction obligated amount, federal action obligation, original loan subsidy cost, non-federal funding amount, total funding amount, and the face value of direct loan or loan guarantee. The table below shows the results of the accuracy of the data elements related to dollar value. All data elements in the table below relate to FAINs.

Accuracy of Dollar-Value Related Data Elements						
Data Element No.	Data Element	Accurate	Not Accurate	N/A	Total Tested	Error Rate <sup>47</sup>
53 (B)	Transaction Obligated Amount	208	0	0	208	0%
11 (A)	Federal Action Obligation	21	0	0	21	0%
11 (C)	Original Loan Subsidy Cost	21	0	21	21	0%
12	Non-Federal Funding Amount	21	0	21	21	0%
13	Total Funding Amount	21	0	0	21	0%
14 (B)	Face Value of Direct Loan or Loan Guarantee	21	0	21	21	0%
<b>Total</b>		<b>313</b>	<b>0</b>	<b>63</b>	<b>313</b>	

Source: Auditor generated based on testing results

<sup>47</sup> We tested 100 percent of the dollar-value related data elements in our population, including the MPT transactions. The absolute value cannot be projected to the population.



APPENDIX F

**ANALYSIS OF ERRORS IN DATA ELEMENTS NOT ATTRIBUTABLE TO THE AGENCY**

<b>Errors in Data Elements Not Attributable to the NCUA</b>		
<b>FAIN Data Element No.</b>	<b>Data Element</b>	<b>Attributed to</b>
3	Ultimate Parent Unique Identifier	Derived by FABS using the Awardee or Recipient Unique Identifier and SAM
4	Ultimate Parent Legal Entity Name	Derived by FABS using the Awardee or Recipient Unique Identifier and SAM
5 (C)	Legal Entity City Code	Derived by FABS using the Legal Entity Zip 5 and a combination of 1) the USPS database and the National Fed Codes file
5(G)(i)	Legal Entity County Code	Derived by FABS using the USPS ZIP Code in Legal Entity ZIP 5 and Legal Entity Zip Last 4
30 (E)(i)	Primary Place of Performance County Code	Derived by FABS using 1) the Primary Place of Performance Code or 2) the Primary Place of Performance ZIP+4, plus the USPS database



## PRIOR AUDIT COVERAGE

On November 16, 2016, the NCUA OIG issued the report OIG-16-09<sup>48</sup> titled the “*Review of NCUA’s Digital Accountability and Transparency Act of 2014 Readiness.*” We conducted this review to gain an understanding of the NCUA’s readiness over the processes, systems, and controls that the NCUA had implemented or planned to implement to report financial and payment data in accordance with the requirements of the DATA Act. To comply with the DATA Act, agencies were required to report spending information in accordance with data standards established by the OMB and the Treasury by May 2017. We determined that the NCUA had taken the necessary steps to meet the DATA Act’s reporting deadline. Specifically, we determined the NCUA’s DATA Act implementation plan was consistent with OMB requirements. We also determined the NCUA’s implementation plan and actions taken to date were consistent with Treasury’s DATA Act guidance.

On November 7, 2017, the NCUA OIG issued the report OIG-17-09<sup>49</sup> titled *Audit of the NCUA’s Compliance under the Digital Accountability and Transparency Act of 2014*. We conducted this audit to assess the: (1) completeness, timeliness, quality, and accuracy of fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov; and (2) the NCUA’s implementation and use of the government-wide financial data standards established by OMB and Treasury. For agencies to comply with these standards, the DATA Act required agencies to report spending information in accordance with these standards on USASpending.gov by May 2017. Specifically, we determined that the NCUA’s SAO certified and provided assurance for the second quarter, fiscal year 2017 DATA Act submission on April 25, 2017. We determined that the NCUA implemented and used these government-wide financial data standards by the reporting deadline with no reported errors in the submission. Through our testing efforts, we also determined that the NCUA’s fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov was complete, timely, accurate, and quality data. The only issues noted in our testing related to minor inconsistencies in the award-level transaction data, which should not exist in future DATA Act submissions due to the linkage of the award system to SAM.

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<sup>48</sup> <https://www.ncua.gov/About/Pages/inspector-general/audit-reports/Documents/review-ncua-data-act-readiness-2016.pdf>

<sup>49</sup> <https://www.ncua.gov/files/audit-reports/inspector-general-data-act-report-2017.pdf>



SENT BY EMAIL

**TO:** Inspector General Jim Hagen

**FROM:** Executive Director Mark Treichel

A handwritten signature in blue ink that reads "Mark Treichel".

**SUBJ:** Management Response – OIG Report “*The NCUA’s Compliance under the Digital Accountability and Transparency Act of 2014*”

**DATE:** November 6, 2019

This memorandum responds to your request for comment on the report titled “*The NCUA’s Compliance under the Digital Accountability and Transparency Act of 2014*.” We agree with the recommendations and offer the following management responses. Thank you for the opportunity to comment.

**Recommendation:** We recommend NCUA management timely publish its financial assistance award data in accordance with applicable DATA Act reporting schedules.

Response: We will update our processes to ensure timely publishing of financial assistance award data in accordance with applicable DATA Act reporting schedules by June 30, 2020.

**Recommendation:** We recommend NCUA management link the File D2 Action Date element to the appropriate authoritative source, which provides the date the action being reported was issued/signed by the agency or a binding agreement was reached.

Response: We will update the process for compiling File D2 by June 30, 2020 to ensure the submission contains the date of action from the authoritative source.

**Recommendation:** We recommend NCUA management implement internal controls to ensure that File D2 reflects the legal business name and the physical address identical to SAM.gov at the time of the financial assistance award and this information is not changed in the agency system or SAM at any other point in the awarding process.

Response: We will ensure that the legal business name and physical address from SAM are used in File D2. We will update the processes by December 31, 2020 to compile File D2 maintaining information from feeder systems intact throughout the award process.

**Recommendation: We recommend NCUA management ensure the appropriate authoritative source links to the File D2 data elements.**

Response: We will update our processes by September 30, 2020 to examine the flow of data from authoritative sources to the File D2 data elements, assessing and documenting the appropriateness of the authoritative sources.



**ACRONYMS AND ABBREVIATIONS**

Acronym	Term
<b>CDRLF</b>	Community Development Revolving Loan Fund
<b>CFDA</b>	Catalog of Federal Domestic Assistance
<b>CFO</b>	Chief Financial Officer
<b>CIGIE</b>	Council of the Inspectors General on Integrity and Efficiency
<b>CURE</b>	Credit Union Resources and Expansion
<b>DAIMS</b>	DATA Act Information Model Schema
<b>DATA Act</b>	Digital Accountability and Transparency Act of 2014
<b>DOT</b>	Department of Transportation
<b>DQP</b>	Data Quality Plan
<b>ESC</b>	Enterprise Services Center
<b>FABS</b>	Financial Assistance Broker Submission
<b>FAEC</b>	Federal Audit Executive Council
<b>FAIN</b>	Federal Award Identification Number
<b>FAR</b>	Federal Acquisition Regulation
<b>FFATA</b>	Federal Funding Accountability and Transparency Act of 2006
<b>FMFIA</b>	Federal Managers' Financial Integrity Act
<b>FPDS-NG</b>	Federal Procurement Data System – Next Generation
<b>FSRS</b>	FFATA Sub-award Reporting System
<b>GAO</b>	Government Accountability Office
<b>GSA</b>	General Services Administration
<b>GTAS</b>	Government-wide Treasury Accounting Symbol
<b>Guide</b>	CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act
<b>IDD</b>	Interface Definition Document
<b>IG</b>	Inspectors General



Acronym	Term
<b>MPM</b>	Management Procedures Memorandum
<b>MPT</b>	Micro-Purchase Threshold
<b>NCUA</b>	National Credit Union Administration
<b>OCFO</b>	Office of the Chief Financial Officer
<b>OGC</b>	Office of General Counsel
<b>OIG</b>	Office of Inspector General
<b>OMB</b>	Office of Management and Budget
<b>PMO</b>	Project Management Office
<b>PO</b>	Purchase Order
<b>RSS</b>	Reporting Submission Specifications
<b>SAM</b>	System for Award Management
<b>SAO</b>	Senior Accountable Officer
<b>SOC</b>	Service Organization Controls
<b>SF-133</b>	Report on Budget Execution and Budgetary Resources
<b>SSAE</b>	Statement on Standards for Attestation Engagements
<b>TAS</b>	Treasury Account Symbol
<b>Treasury</b>	Department of Treasury
<b>USPS</b>	United States Postal Service