



U.S. COMMODITY FUTURES TRADING COMMISSION
Office of the Inspector General
Office of Audits



November 8, 2019

Report Number: 19-AU-03

Performance Audit: CFTC's Compliance with
the Digital Accountability and Transparency
Act (DATA Act) of 2014
(FY 2019 Quarter 1)



U.S. COMMODITY FUTURES TRADING COMMISSION

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FROM: Miguel A. Castillo, *CPA, CRMA*
Assistant Inspector General for Audits

DATE: November 8, 2019

SUBJECT: Performance Audit: CFTC's Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 (FY 2019 Quarter 1)

EXECUTIVE SUMMARY

Why We Did This Audit

The Digital Accountability and Transparency Act of 2014 (DATA Act)¹ enables taxpayers and policy-makers to track federal spending data (e.g., procurements/contracts, grants, and loans) more effectively through the establishment of government-wide data standards for financial data; through consistent, reliable, and searchable government-wide spending data available on USASpending.gov; through simplified reporting for entities receiving federal funds; and by holding federal agencies accountable for the completeness, timeliness, accuracy and accuracy of the data submitted to USASpending.gov. To that end, the DATA Act requires the Inspectors General (IGs) of each Federal agency to evaluate the quality of data submitted by testing a sample of agency spending data to assess the completeness, timeliness, and accuracy of the data submitted (among other procedures).

To meet the requirements of the DATA Act, we conducted a performance audit of the U.S. Commodity Futures Trading Commission's (CFTC) Fiscal Year (FY) 2019 first quarter (Q1) data to evaluate data quality. Our audit was performed in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*.

¹ P.L. 113-101 (May 9, 2014).

What We Found

We determined that the CFTC's Financial Management Branch (FMB) prepared and submitted FY2019 Q1 data to Treasury DATA Act Broker as required. This is true for CFTC generated files known as files A, B, C, and D1, which contained summary and detailed spending data. These files were also submitted and certified timely by CFTC's Senior Accountable Official (SAO).

In addition, with regard to internal control analysis, our evaluation of files A and B, and detail sample testing of files C and D1, identified no concerns with the data's overall quality. As such, we determined the CFTC's submission of FY 2019 Q1 data was of "HIGHER" quality as measured by the *Council of the Inspector Generals on Integrity and Efficiency (CIGIE) Federal Audit Executive Committee (FAEC) Inspectors General Guide to Compliance under the DATA Act²* evaluation guide (IG Guide). More specifically, sample results showed that error rates for completeness, timeliness, and accuracy are less than 3 percent with 95 percent confidence level.

We acknowledge FMB's use of a third party service provider, Department of Transportation (DoT) Enterprise Services Center (ESC) and its rigorous internal controls and reconciliations contributed to the high quality of CFTC's data submission. Thus, we make no recommendations at this time. Management concurred with the report contents and their comments in its entirety are presented in [Appendix C](#).

We will publish this report on the Office of the Inspector General's (OIG) web page and the report will be summarized in our March 2020 *Semiannual Report to Congress*. If you have any questions, please contact me at (202) 418-5084 or Branco Garcia, lead auditor, at (202) 418-5013.

Cc:

Ron Johnson
Chairman, Committee on Homeland Security and Governmental Affairs
United States Senate

Gary C. Peters
Ranking Member, Committee on Homeland Security and Governmental Affairs
United States Senate

Carolyn Maloney
Acting Chairman, Committee on Oversight and Reform
United States House of Representatives

² [CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act](#) (IG Guide).

Jim Jordon
Ranking Member, Committee on Oversight and Reform
United States House of Representatives

Mike Enzi
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APPENDIX A

FIELDWORK RESULTS

Procurement – Internal Controls

A control deficiency in internal control exists when the design or operation of a control does not allow management or employees to prevent or detect and correct errors on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies that adversely affects CFTC's ability to initiate, authorize, record, process, or report financial data reliably. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material error will not be prevented or detected.

We assessed CFTC's payment (spending) reporting risk "low" because FY 2017 and FY 2018 internal control tests performed by independent public accountants³ (IPA) contracted by OIG did not identify material control deficiencies for payments. A review of FY 2018 internal control work papers and test results also did not reveal control deficiencies for this matter.

Completeness, Timeliness, and Accuracy of Files A, B, C, and D1.

Our evaluation of files A, B, C, D1, and Others (D2, E, and F) noted the following:

- File A - Contained all required DATA Act elements, which were presented in accordance with data standards. We compared the data in File A to information reported to OMB and found that all data matched with no exceptions.
- File B - Contained all required DATA Act elements, which were presented in accordance with data standards.
 - As illustrated below, files A and B show that appropriation, program activity, and object class information were submitted without errors.

³ CFTC OIG, [2017 Financial Statement Audit Opinion](#) (Nov. 14, 2017); CFTC OIG, [2018 Financial Statement Audit Opinion](#) (Nov. 15, 2018).

Illustration 1. CFTC's Submission of File A and B to DATA Broker

The screenshot displays a summary of file submissions. At the top, 'File A: Appropriation' is listed with a file size of 2.44 KB and 18 lines. It shows 'Warnings: 0' and 'Critical Errors: 0'. The 'Original Submitted File' is identified as 'CFTC DEC-18_FY-19 Formatted File A 030119 - Removed 2014 2016 TAS.txt', which has been 'File successfully validated'. Below this, 'File B: Program Activity & Object Class' is shown with a file size of 31.61 KB and 171 lines, also with 'Warnings: 0' and 'Critical Errors: 0'. Its original submitted file is 'CFTC DEC-18_FY-19 Formatted File B 030119 - Removed 2014 2016 TAS.txt', also 'File successfully validated'. At the bottom, 'File C: Award Financial' is partially visible, with a file size of 15.49 KB and 0 lines. It shows 'No Critical Errors were found in the files. Click Next to generate your D1 and D2 files.' A 'Next' button is located in the bottom right corner of the interface.

- File C and D1⁴ - Contained all required elements, which were presented in accordance with the data standards. Our evaluation showed all transactions we reported in the correct period. Two transactions were reported in the corrected period but were not processed late due to the federal government shutdown between December 22, 2018, and January 25, 2019. We reconciled these transactions to [USAspending.gov](https://www.usaspending.gov) and agree that extenuating circumstances affected the completeness of the file. The value of these transactions was within tolerance. The due date for FY 2019 Q1 agency submissions was extended to March 20, 2019. Illustration 2 shows that CFTC submitted Q1 without errors by the due date.

⁴ This file is generated by Treasury's system for DATA Act Broker reporting.

Illustration 2. CFTC's FY 2019 Q1 Submission to DATA Broker

Reporting Period Submission ID	Agency	Created By	Last Modified	Status	Certification
Start: 2018-10-01 End: 2018-12-31 ID: 16637	Commodity Futures Trading Commission (CFTC)	Lauren Crain	2019-03-15	Certified	Keith A. Ingram 2019-03-15

Projected Error Rates for Completeness, Accuracy, and Timeliness of the Statistical Sample from Files C and D1

We tested a statistically valid sample of 186 transactions from files C and D1. For completeness, timeliness, and accuracy, we tested at a 95 percent confidence level, and our results showed error rates below 3 percent based on a population universe of 760 transactions. Illustration 3 shows that projected error rates at the confidence level of 95 percent would have a confidence interval between .01 percent and 2.958 percent.

Illustration 3. STATA Confidence Interval range at the 95 Percent

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(R)
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Statistics/Data Analysis
MP - Parallel Edition

15.1 Copyright 1985-2017 StataCorp LLC
      StataCorp
      4905 Lakeway Drive
      College Station, Texas 77845 USA
      800-STATA-PC      http://www.stata.com
      979-696-4600     stata@stata.com
      979-696-4601 (fax)

9-user 4-core Stata network perpetual license:
  Serial number: 501506214874
  Licensed to:  CFTC ODT
                Commodity Futures Trading Commission

Notes:
  1. Unicode is supported; see help unicode\_advice.
  2. More than 2 billion observations are allowed; see help obs\_advice.
  3. Maximum number of variables is set to 5000; see help set\_maxvar.

. cii proportions 186 1, exact

----- Binomial Exact -----
Variable | Obs  Proportion  Std. Err.  [95% Conf. Interval]
-----+-----
          | 186  .0053763     .0053619   .0001361   .0295895
  
```

Final Determination of the Quality of the Data

Given transactions for FY 2019 Q1 were considered low risk from an internal control perspective, the general completeness and timeliness of submitted files, and the high probability of low error rates, we conclude that CFTC,s FY 2019 Q1 submission is of "HIGHER" quality. In addition, we conclude, based on validating sampled transactions to source records that required files were appropriately linked to provide USAspending.gov the search-ability and transparency it currently calls for as a mandate.

APPENDIX B

Background, Objective, Scope, Methodology

Background

The DATA Act, in part, requires Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards.⁵ In May 2015, the Office of Management and Budget (OMB) and Treasury published 57 data definition standards (commonly referred to as data elements) and in January 2017, required Federal agencies to report financial and award data in accordance with these standards for DATA Act reporting.⁶ Subsequently, and in accordance with the DATA Act, Treasury began displaying Federal agencies' data on [USAspending.gov](https://www.usaspending.gov) for taxpayers and policy makers in May 2017.

The DATA Act also requires the IG of each Federal agency to audit a statistically valid sample of the spending data submitted by its Federal agency and to submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled; and assessing the implementation and use of the Government-wide financial data standards by the Federal agency.⁷

Federal agencies were not required to display spending data in compliance with the DATA Act until May 2017.⁸ The IGs provided Congress with the first required reports in November 2017, one year later than the due date in the statute, with subsequent reports due on a 2-year cycle, in November 2019 and November 2021.⁹

During the 2017 testing and reporting period, IGs employed varying methods for meeting the requirements set forth in the DATA Act. For example, the data the IGs used to select and review sample transactions varied based on data availability and the type of engagement performed by the respective IGs. Comparing and compiling the information from all IG reports was difficult for stakeholders. Of the IG reports reviewed by GAO; approximately 72 percent of IGs did not find agency data to be complete,

⁵ P.L. 113-101, § 3 (codified at 31 U.S.C. § 6101 (note)).

⁶ See, [Bureau of the Fiscal Service - Data Transparency Resources](#).

⁷ See fn. 5.

⁸ Office of Management and Budget, [M-17-04](#), *Additional Guidance for DATA Act Implementation* (Nov. 4, 2016); [IG Guide](#), page 1.

⁹ [IG Guide](#), page 2.

timely, accurate, or of quality. In addition, during 2017, IGs identified government-wide issues with Treasury's DATA Act Broker (Broker), which impacted the testing results of the IGs.¹⁰

IGs, GAO, OMB, Treasury, agencies and Congress found many lessons to be learned following the 2017 engagements. The Working Group compiled a listing of these lessons learned and came together to make revisions to its testing guide to address those concerns and to ensure future IG audits are comparable, useful, and meet the requirements of the DATA Act. In consultation with GAO, as required by the DATA Act, the Working Group developed the IG Guide to set a baseline framework for the required reviews performed by the IG community and to foster a common methodology for performing these mandates. This guide is followed by the IGs for this report, due November 15, 2019, and may again be updated for the subsequent report due November 2021.¹¹

Objective

The audit objective is to assess the completeness, timeliness, accuracy and quality of the data sampled and CFTC's implementation and use of the Government-wide financial data standards established by OMB and Treasury¹² (also known as assessing data quality).

Scope and Methodology

The scope of this audit is FY 2019 Q1 financial and award data submitted by CFTC for publication on USASpending.gov, and any applicable procedures, certifications, documentation, and controls to complete the process.

To accomplish the objectives, we followed the prescribed IG Guide and performed the following steps, among others:¹³

- obtained an understanding of any regulatory criteria related to CFTC's responsibilities to report financial and award data under the DATA Act
- interviewed officials from FMB and ESC to gain an understanding of (1) the policies, procedures, and guidelines FMB and ESC staff followed when preparing and submitting to Treasury the CFTC's FY 2019 Q1 DATA

¹⁰ Id.

¹¹ Id.

¹² According to [OMB Circular A-11](#), Preparation, Submission, and Execution of the Budget, unless otherwise specified by OMB, all executive branch agencies must electronically submit to OMB SF 133 (Report on Budget Execution and Budgetary Resources) information each quarter for each open Treasury appropriation fund symbol. Additionally, SF 133 reports provide a consistent presentation of information across programs within each agency.

¹³ We conducted our fieldwork at CFTC headquarters in Washington, D.C..

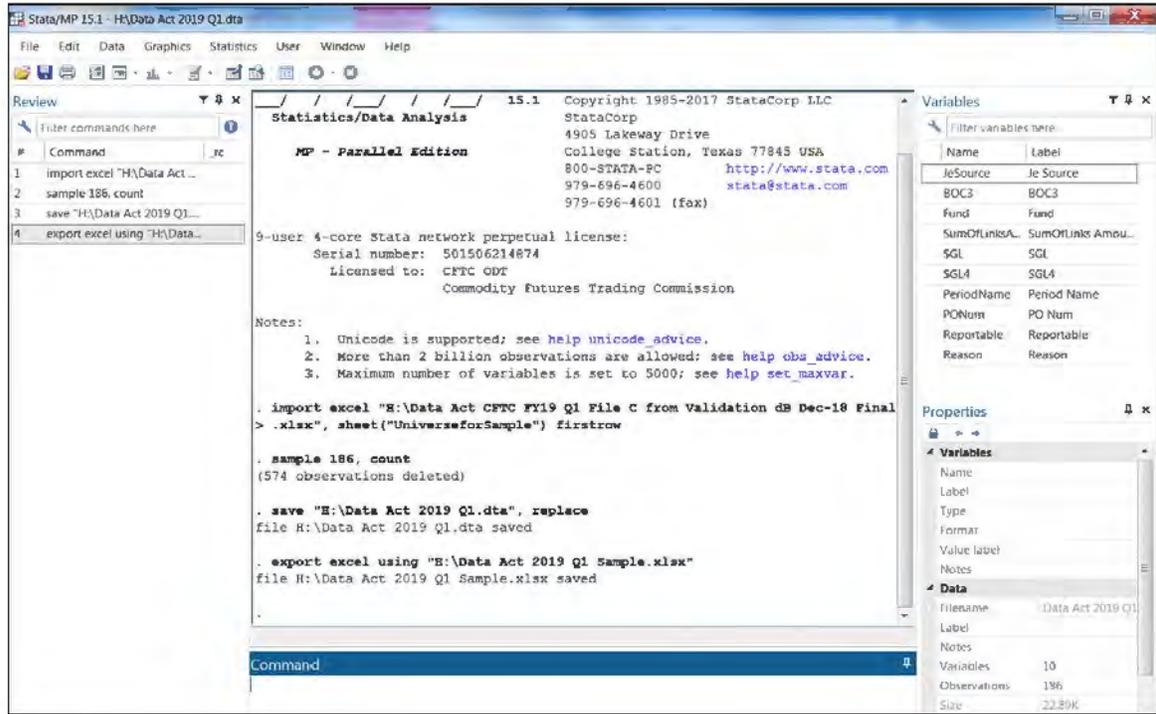
- Act files; and (2) the reconciliations FMB staff performed to validate submitted data;
- assessed the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to the Broker, in order to assess audit risk and design audit procedures;
 - reviewed and reconciled the FY 2019 Q1 summary-level data submitted by the agency for publication on USASpending.gov;
 - reviewed a statistically valid sample from FY 2019 Q1 financial and award data submitted by the agency for publication on USASpending.gov; and
 - assessed the completeness, timeliness, accuracy and the aggregate quality of the financial and award data sampled.

We used Statistical Data Analysis (STATA) application software to develop a sampling methodology consistent with the requirements of the IG Guide and to select a statistically valid sample of the CFTC's FY 2019 Q1 financial and award data submitted to the Broker. To determine the sample size, we used the following parameters documented in the IG Guide:

- Population: The total number of detail award transactions from the CFTC's certified FY 2019 Quarter 1 File C data submission (population universe of 760 transactions);
- Confidence Level: 95 percent;
- Expected Error Rate: 20 percent;

Our methodology resulted in a sample size of 186 transactions as illustration 4 shows below.

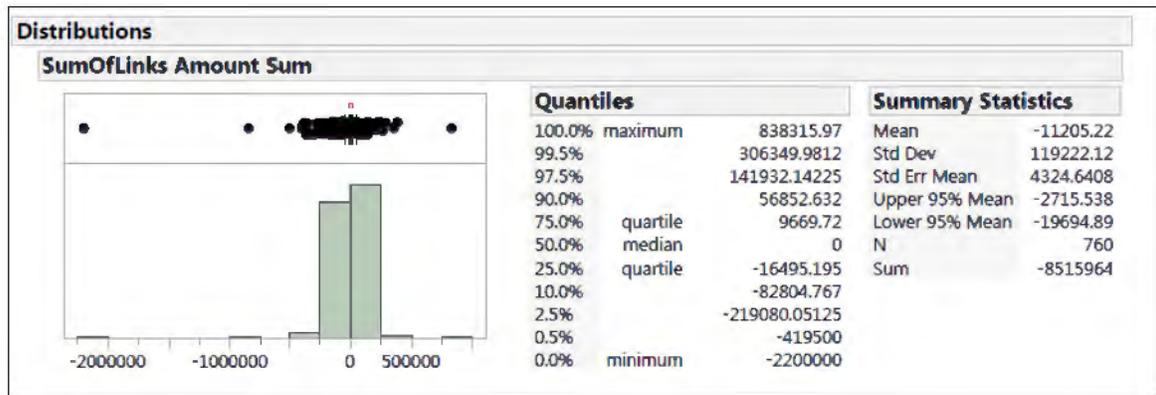
Illustration 4. STATA Sample Methodology Used



We assessed only files A, B, C, and D1, as described in this report. CFTC did not have any financial assistance transactions to report. Therefore, the broker did not generate File D2 for this reporting period, and we did not include Files D2, E, and F in our audit.

Illustration 5 Shows the small volume of CFTC FY 2019 Quarter 1 transactions reported in file C; 760 in all totaling (\$8,515,964).

Illustration 5. Population Universe Grouped by Quantiles via DATA Broker



In reference to internal controls, management is responsible for the design, implementation, and operating effectiveness of the agency's internal controls. We assessed applicable internal controls to determine the nature, timing, and extent of testing in accordance with GAO's *Standards for Internal Control in the Federal Government*. As part of our assessment, we reviewed FMB's fiscal year 2019 management assurance statements and risk assessments and determined that no significant deficiencies or material weaknesses were identified. Also, we relied on internal control and substantive testing performed by the Department of Transportation OIG, which included a review of ESC's quality controls and concluded that ESC suitably designed and implemented internal controls over hosting and operating Delphi and PRISM; source systems for data submitted to Treasury.

The Inspectors General guide included a detail testing spreadsheet tool to facilitate tests of details, which we used to analyze and conclude on the quality of data submissions. We conducted this audit in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*.

APPENDIX C

MANAGEMENTS COMMENTS



U.S. COMMODITY FUTURES TRADING COMMISSION

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TO: Miguel A. Castillo
Assistant Inspector General for Audits

FROM: Anthony C. Thompson
Executive Director 

DATE: October 30, 2019

SUBJECT: Management's Response to OIG Performance Audit of CFTC's Compliance with The Digital Accountability Act (Data Act) of 2014

Thank you for the opportunity to comment on the Office of the Inspector General's (OIG) draft report, CFTC's Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 (FY 2019 Quarter 1) (Report Number: 19-AU-03), regarding compliance with Data Act submission for the first quarter (Q1) of Fiscal Year 2019. Thank you for meeting with my Accounting Office to discuss issues and potential findings prior to your drafting of this report.

I am pleased to hear that your independent audit of the agency's FY 2019 Q1 Data Act submission resulted in a Data Quality rating of "Higher" based on measurements provided by the *Council of the Inspector Generals on Integrity and Efficiency (CIGIE) Federal Audit Executive Committee (FAEC)* Inspectors General Guide. I was also pleased to hear that our data was found to have a confidence level of 95%.

My Accounting, Budget, and Procurement offices have been fully engaged, along with our third party servicer (Enterprise Service Center from the Department of Transportation), in the development, review, and oversight of the Data Act compilation and submission process. I am encouraged that CFTC has provided spending information that policy makers and taxpayers can rely on.

Management Response:

Management Concur with the draft report.

Thank you again for the opportunity to comment on this Report in advance of its publication. Please do not hesitate to contact us if you need additional information or wish to discuss any of our comments in further detail.

APPENDIX D

DEFINITIONS AND DATA ACT BROKER FLOW & FILES

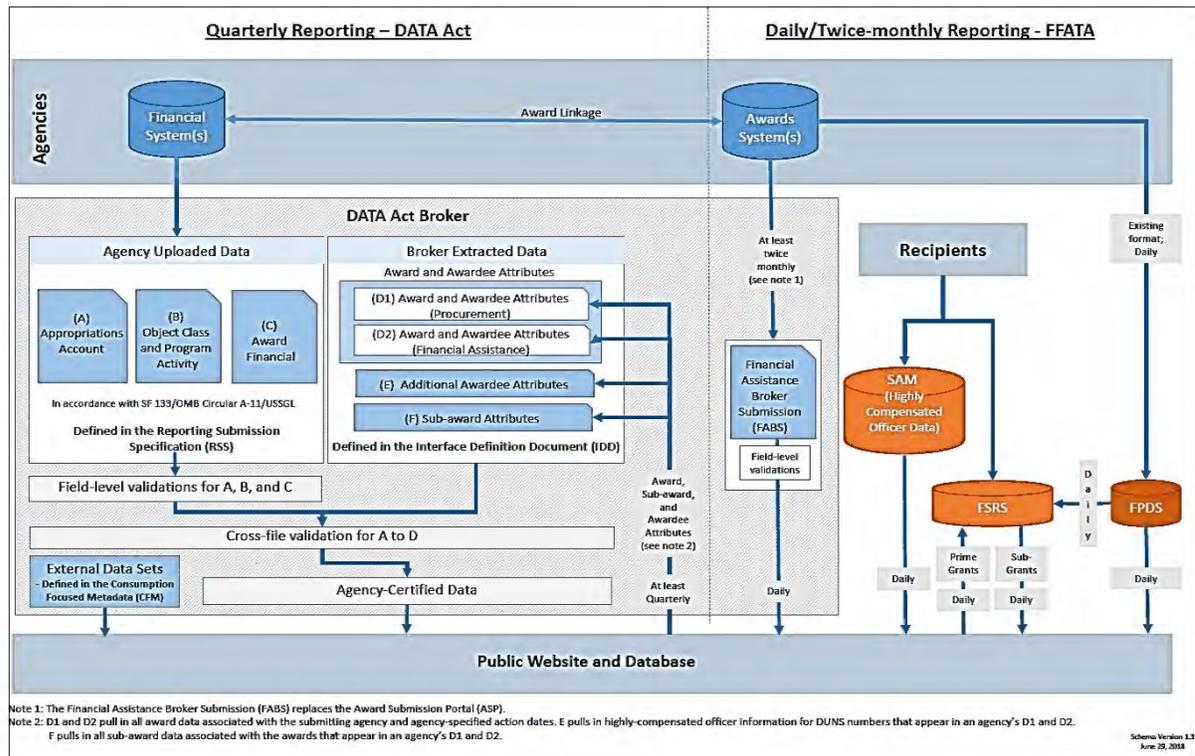
DEFINITIONS

1. *Completeness of Agency Submission* - Transactions and events that should have been recorded are recorded in the proper period.
2. *Timeliness of 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). The reporting submission dates can be found at <https://www.fiscal.treasury.gov/data-transparency/resources.html> under "Updates".
3. *Completeness of Data Elements* - For each of the required data elements that should have been reported, the data element was reported in the appropriate Files A through D2.
4. *Accuracy of Data Elements* - Amounts and other data relating to recorded transactions have been recorded in accordance with the DATA Act Information Model Schema (DAIMS), Reporting Submission Specification (RSS), Interface Definition Document (IDD), and the online data dictionary; and agree with the authoritative source records.
5. *Timeliness of Data Elements* - 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 (FFATA,¹⁴ FAR,¹⁵ Federal Procurement Data System – Next Generation (FPDS-NG), Financial Assistance Broker Submission (FABS) and DAIMS)).
6. *Quality of Data Elements* - Data that is complete, accurate, and reported on a timely basis.

¹⁴ Federal Funding Accountability and Transparency Act (FFATA), P.L. 109-282 (Sept. 26, 2006), requires that information on federal awards be made available to the public on USASpending.gov.

¹⁵ Federal Acquisition Regulation, Title 48, CFR.

DATA ACT INFORMATION FLOW DIAGRAM¹⁶



DATA ACT BROKER FILES SUBMITTED AND GENERATED

- ✓ File A – Appropriations Account; Data submitted by agency.
- ✓ File B – Object Class and Program Activity; Data submitted by agency.
- ✓ File C – Award Financial; Data submitted by agency.
- ✓ File D1 – Award and Awardee Attributes (Procurement Awards); Data extracted from the Federal Procurement Data System-Next Generation.
- ✓ File D2 – Award and Awardee Attributes (Financial Assistance Awards); Data extracted from the Award Submission Portal. NOT APPLICABLE TO CFTC.

¹⁶ Source: Department of the Treasury. <https://www.fiscal.treasury.gov/data-transparency/resources.html>

- ✓ File E – Additional Awardee Attributes; Data extracted from the DATA Act Broker System for Award Management. NOT APPLICABLE TO CFTC.
- ✓ File F – Sub-Award Attributes; Data extracted from the FFATA Sub-award Reporting System. NOT APPLICABLE TO CFTC.

APPENDIX E

ACRONYMS ABREVIATIONS

Broker	DATA Act Broker
CFTC	U.S. Commodity Futures Trading Commission
DATA Act	Digital Accountability and Transparency Act of 2014
DoT	Department of Transportation
ESC	Enterprise Services Center
FFATA	Federal Funding Accountability and Transparency Act of 2006
FMB	Financial Management Branch
FY	Fiscal Year
GAGAS	U.S. Generally Accepted Government Auditing Standards
GAO	U.S. Government Accountability Office
IG	Inspector General
IG Guide	CIGIE FAEC Inspectors General Guide to Compliance Under the DATA Act
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Q1	Quarter 1
SAO	Senior Accountable Official
Schema	DATA Act Information Model Schema
Treasury	Department of the Treasury

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- email to oig@cftc.gov (you do not need to identify yourself)

- Sending a letter to:
 - Commodity Futures Trading Commission
Office of the Inspector General
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

- Fax to the CFTC OIG at 202.418.5522

Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, evaluations, or reviews, please send an e-mail to CFTC OIG Audits Planning at bgarcia@cftc.gov.

Comments and requests can also be mailed to the attention of the Assistant Inspector General for Audits at the address listed above.