



**Federal Communications Commission  
Office of Inspector General**

**Implementation of the Digital Accountability and  
Transparency Act of 2014 (DATA Act) Performance  
Audit**

**17-AUD-08-04**

*November 7, 2017*

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Audit of the Federal Communications Commission's Implementation of the Digital  
Accountability and Transparency Act of 2014

David L Hunt  
Inspector General  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

Dear Mr. Hunt:

Kearney & Company, P.C. (Kearney), has performed an audit of the Federal Communications Commission's (FCC) Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act). This performance audit, performed under Contract No. D15PD00253, was designed to meet the objective identified in the report section titled "Objective" and further defined in Appendix A, "Purpose, Scope, and Methodology," of the report.

Kearney conducted this performance audit in accordance with *Government Auditing Standards*, 2011 Revision, issued by the Comptroller General of the United States. Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Kearney believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Kearney appreciates the cooperation provided by FCC personnel during the audit.

Sincerely,

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

Kearney & Company, P.C.  
Alexandria, Virginia  
November 7, 2017

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## EXECUTIVE SUMMARY

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The Federal Communications Commission (FCC) Office of Inspector General (OIG) engaged Kearney & Company, P.C. (referred to as “Kearney,” “we,” and “our” in this report) to conduct a performance audit over the FCC’s second quarter (Q2) fiscal year (FY) 2017 spending data submitted under the Digital Accountability and Transparency Act of 2014<sup>1</sup> (DATA Act). The DATA Act requires Federal agencies to report financial and spending information to the public through USAspending.gov in accordance with Government-wide financial data standards developed and issued by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury). The objectives of our performance audit were to review a statistically valid sample of the FCC’s Q2 FY 2017 spending data, to assess the accuracy, completeness, timeliness, and quality of the data sampled, and to assess the FCC’s implementation and use of the Government-wide data standards.

Kearney found that although the FCC submitted its Q2 FY 2017 data in advance of the Government-wide reporting deadline, the FCC’s submission was incomplete. Specifically, the FCC did not submit transaction-level component spending data for the Universal Service Fund (USF) or the Telecommunications Relay Service (TRS) fund.<sup>2</sup> Further, Kearney found the FCC submitted spending data that contained inaccuracies and did not meet quality requirements as outlined by OMB in its April 2010 memorandum, *Open Government Directive – Federal Spending Transparency*.<sup>3</sup> Kearney was either unable to verify the accuracy of data submitted because the FCC failed to provide supporting documentation<sup>4</sup> or we found inaccuracies in one or more data elements for 120 of the 132 samples (approximately 90 percent) we evaluated during this performance audit. For 82 of the 132 samples (62 percent) we selected, the FCC was unable to provide complete documentation. Of the remaining 50 samples, 38 (76 percent) had accuracy errors in one or more of the 57 data elements.<sup>5</sup> In total, we tested 1850 data elements across 50 samples and found 79 data inaccuracies (approximately 4 percent). Per OMB’s 2010 memorandum, accuracy is one of the metrics considered for determining the quality of an agency’s data; therefore, approximately 90 percent of the selected samples did not meet quality requirements. An incomplete submission and inaccurate data hinders the reliability of Federal data used to populate USAspending.gov.

As a result of our findings, we made six recommendations to the Senior Accountable Official assigned by the FCC’s Office of the Managing Director to improve the FCC’s implementation of

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<sup>1</sup> Pub. L. No. 113-101 (May 9, 2014).

<sup>2</sup> The FCC is comprised of three reporting components. The primary component consists of the FCC headquarters and field offices. The two additional components are USF and the North American Numbering Plan (NANP). The USF component reports the results of four support mechanisms: High Cost, Lifeline, Rural Health Care, and Schools and Libraries (the USF programs), and the Telecommunications Relay Service (TRS) Fund. The FCC’s Office of General Counsel (OGC) issued a legal opinion on May 23, 2017, which concluded, “USF and TRS disbursements are likely Federal awards for purposes of FFATA and should be reported, to the extent technically possible, to USAspending.gov.”

<sup>3</sup> OMB, Deputy Director for Management, Memorandum for Senior Accountable Officials Over the Quality of Federal Spending Information, *Open Government Directive – Federal Spending Transparency*, dated April 6, 2010 requires agencies to report on three key metrics: timeliness, completeness, and accuracy. These are the metrics that will be used to determine the quality of information.

<sup>4</sup> Kearney submitted requests for documentation to support our samples on July 7, 2017 and accepted documentation until the end of audit fieldwork on September 22, 2017.

<sup>5</sup> Not all 57 data elements applied to each sample.

the DATA Act. We provided these findings and recommendations, as well as a draft version of this report to Management for comment. FCC Management's written response is included in its entirety in Appendix D. We did not subject this response, including the referenced documentation provided after the end of audit fieldwork,<sup>6</sup> to audit procedures, and accordingly, we do not provide any conclusions.

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<sup>6</sup> The FCC provided documentation as additional sample support on October 25, 2017, which was approximately four weeks after the end of audit fieldwork and after Kearney submitted the draft report to FCC Management for comment on October 20, 2017.

## OBJECTIVE

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The objectives of this performance audit were to review a statistically valid sample of spending data the Federal Communications Commission (FCC) submitted under the Digital Accountability and Transparency Act of 2014<sup>7</sup> (DATA Act), to assess the accuracy, completeness, timeliness, and quality of the data sampled, and to assess the FCC's implementation and use of data standards.

## BACKGROUND

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In 2016, the Federal Government spent more than \$3 trillion in payments to vendors, contractors, and grantees, in the form of contracts, grants, loans, and other financial awards.<sup>8</sup> To increase the transparency of and accountability for that spending, Congress passed the Federal Funding Accountability and Transparency Act (FFATA) in 2006.<sup>9</sup> The act, as amended by the Government Funding Transparency Act of 2008,<sup>10</sup> requires the Office of Management and Budget (OMB) to ensure the existence and operation of a free, publicly accessible website containing data on Federal awards (such as contracts, loans, and grants). In order to comply with FFATA requirements, OMB launched the website USAspending.gov.

In May 2014, the DATA Act was signed into law. The DATA Act amends and augments FFATA in order to increase accountability, transparency, accessibility, quality, and standardization in Federal spending data. The DATA Act requires Federal agencies to report financial and payment information to the public through USAspending.gov in accordance with Government-wide financial data standards developed and issued by OMB and the Department of the Treasury (Treasury).

### Guidance Related to Federal Agency Accountability and Transparency

OMB has published several sources of implementation guidance relating to FFATA and the DATA Act in order to facilitate consistency and compliance across Federal agencies. In addition, Treasury published technical guidance to assist agencies in understanding the various files and data elements of the DATA Act submissions and the functionality of the DATA Act Broker (Broker).<sup>11</sup> Some notable sources of guidance available to agencies include:

- OMB-M-10-06, *Open Government Directive*, provides guidance for Executive departments and agencies to implement the principles of transparency and open Government. This includes publishing Government information online and taking steps toward improving the quality of published, Government information. The *Open*

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<sup>7</sup> Pub. L. No. 113-101 (May 9, 2014).

<sup>8</sup> Department of the Treasury, <<https://beta.USAspending.gov/#/>>, accessed on September 26, 2017. This amount includes total spending awarded to individuals, private contractors, and local governments, and excludes the cost of running the Government and direct services (that is, non-award spending, or money that was not given out through contracts, grants, direct payments, loans, or insurance).

<sup>9</sup> Pub. L. No. 109-282, § 1 to 4 (Sept. 26, 2006).

<sup>10</sup> Pub. L. No. 110-252 (June 30, 2008).

<sup>11</sup> The Broker is an automated system developed by Treasury to facilitate the submission of data for the DATA Act.

*Government Directive – Federal Spending Transparency and the Open Government Directive – Framework for the Quality of Federal Spending Information*, gives guidance to Federal agencies in implementing the requirements in OMB-M-10-06.

- OMB-M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, provides guidance to Federal agencies on the existing data reporting requirements pursuant to the FFATA, as well as new requirements that agencies must employ pursuant to the DATA Act. This guidance requires agencies to establish a linkage between their financial, grants, and procurement management systems, a key component to tracking spending more effectively. OMB M-15-12 specifies that agency implementation plans should: (1) identify a Senior Accountable Official (SAO), (2) estimate resource requirements, (3) propose an implementation timeline, and (4) identify foreseeable challenges and resolutions.
- OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending*, provides additional guidance to Federal agencies on reporting Federal appropriations account summary-level and Federal award-level data to USAspending.gov, in accordance with FFATA as amended by the DATA Act. This memo also discusses the requirement for Federal agencies to associate data in agency financial systems with a unique award identification number (Award ID) to facilitate the linkage of these two levels of data.
- OMB-M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, provides additional guidance to Federal agencies on reporting to USAspending.gov. This guidance provides specific technical assistance on certain matters, such as awards involving intra-governmental transfers and quarterly SAO assurances.
- Treasury issued the DATA Act Information Model Schema V.1.1 (DAIMS) to be the authoritative source for the terms, definitions, formats and structures of the data elements. DAIMS provides requirements for Federal agencies on reporting to the Broker.
- *Federal Spending Transparency Data Standards* - In accordance with the DATA Act, OMB and Treasury established the set of Government-wide data standards<sup>12</sup> for Federal funds made available to or expended by Federal agencies. Agencies are required to report financial data in accordance with these standards beginning in Q2 of FY 2017.

The DATA Act also requires each Federal agency’s Office of Inspector General (OIG) review a statistically valid sample of the spending data submitted by its agency; assess the completeness, timeliness, quality, and accuracy of the data sampled; and assess the agency’s implementation

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<sup>12</sup> The 57 standard data elements, including their definitions are in Appendix B of this report. They are also available at <https://fedspendingtransparency.github.io/data-elements/> (accessed on September 14, 2017).

and use of Government-wide financial data standards. The OIGs are required to submit to Congress and make publicly available a report of the results of the assessment.<sup>13</sup>

### DATA Act Submission

The DATA Act required Federal agencies to submit Q2 data through USAspending.gov on or before April 30, 2017. Agencies are required to use the Broker<sup>14</sup> to upload three files containing data from the agencies’ internal systems and records. In addition, agencies use the Broker to extract award and sub-award information from existing Government-wide reporting systems to generate four additional files. The SAO then certifies all of the agency’s data in the Broker.

### Files Generated Utilizing Agency Information Systems

**Table 1** details the three files Federal agencies generate from internal information systems and records.

**Table 1: Agency-Created Files**

DATA Act Submission File	File Description
File A – Appropriations Account Detail	File A provides information about how budgetary resources are made available and the status of budgetary resources at the end of the reporting period. Six of the 57 required data elements are included in File A, including the amount appropriated and obligated <sup>15</sup> during the fiscal year. The information in File A is reported for each Treasury Account Symbol (TAS). <sup>16</sup> File A data is reported at the summary level, rather than the individual transaction level.
File B – Object Class and Program Activity Detail	File B includes the same six data elements as File A; however, the information in File B is presented by program activity <sup>17</sup> and object class, which represent an additional two required data elements. <sup>18</sup> Similar to File A, File B data is not reported at the transaction level.
File C – Award Financial Data	File C includes transaction-level information for all awards, procurement, and financial assistance (such as grants and cooperative agreements) processed during the quarter. This includes modifications to existing awards. Payroll actions,

<sup>13</sup> This report is the required report described in the DATA Act. For details regarding the scope and methodology, including use of the *Inspectors General Guide to Compliance Under the DATA Act* (Treasury OIG, OIG-CA-17-012, February 2017), see Appendix A of this report.

<sup>14</sup> OMB MPM 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending*, requires agencies to submit data required by DATA Act directly to Treasury. Treasury issued the DATA Act Information Model Schema v1.1 directing agencies to complete the submission through the Broker.

<sup>15</sup> Obligations are definite commitments that create a legal liability of the Government for payment.

<sup>16</sup> A TAS represents individual appropriation, receipt, and other funds made available to Federal agencies. The TAS is used to segregate funds to ensure that funds are spend in accordance with law.

<sup>17</sup> A specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government.

<sup>18</sup> Object classifications identify the kinds of services, materials, and other resources for which U.S. Government payments are made. They cover all types of obligations, payments, current operating expenses, and capital outlays. The basic object classes are prescribed by OMB in OMB Circular A-11.

DATA Act Submission File	File Description
	classified transactions, and interagency awards are excluded from agency submissions. Four of the 57 required data elements are included in File C, including the TAS used to fund the award, the amount of the award or modification, and a unique identifier. All records in File C should be included in either File D1 or D2, which are described below.

Source: Generated by Kearney.

**Files Generated in the DATA Act Broker**

Table 2 details the four DATA Act submission files that are not populated using the Federal agencies’ internal systems. Instead, the Federal agencies generate the files using the Broker. Although the files are not populated using the agency’s internal systems, agencies’ SAOs must still provide assurance over the quality of the data.

**Table 2: DATA Act Broker Generated Files**

DATA Act Submission File	File Description
File D1– Award and Awardee Attributes (Procurement)	<p>File D1 includes transaction-level information for all procurement awards processed during Q2 of FY 2017. 41 of the required data elements are included in File D1, including a unique identifier, a description of the award, the place of performance, and the period of performance. Records can be traced from File D1 to File C using the unique identifier.</p> <p>When agencies generate File D1 in the Broker, the Broker pulls the information from the Federal Procurement Data System – Next Generation (FPDS – NG) for all awards with an action date<sup>19</sup> during Q2. The Federal Government uses FPDS – NG, operated by the General Services Administration (GSA), to collect and report on procurement spending across all Federal agencies.<sup>20</sup> Agencies are required to report all contracts with an estimated value over \$3,000, and modifications to those contracts into FPDS – NG.</p>

<sup>19</sup> Treasury defines the action date data element as the date the award was issued/signed by the Government or a binding agreement was reached. There is no action date field in FPDS – NG; however while executing audit procedures, Kearney noted that the action date in File D1 aligned with the “Date Signed” field in FPDS – NG.

<sup>20</sup> The Office of Federal Procurement Policy Act, as amended, 41 U.S.C. 401 et.seq., and Federal Acquisition Regulation Subpart 4.6, require that all Federal agencies collect and report procurement data to FPDS - NG for collecting and disseminating statistical procurement data to Congress, the Executive Branch and the private sector. At a minimum, agencies must report contract actions over the micro-purchase threshold.

DATA Act Submission File	File Description
File D2– Award and Awardee Attributes (Financial Assistance)	<p>File D2 includes transaction-level information for all financial awards processed during Q2 of FY 2017. 38 of the 57 required data elements are included in File D2, including a unique identifier, the legal name of the awardee, the place of performance, and the period of performance. Records can be traced from File D2 to File C using the unique identifier.</p> <p>When agencies generate File D2 in the Broker, the Broker pulls the information from the Award Submission Portal (ASP) for all awards reported during Q2. Treasury operates the ASP, which is part of USAspending.gov. Agencies report financial assistance awards to the ASP monthly.</p>
File E – Additional Awardee Attributes	<p>File E includes information on organizations that received procurement or financial assistance awards during Q2 of FY 2017. In total, File E includes five of the required data elements. Three of these data elements are used to identify the awardee and are included for all organizations with awards in Q2. The remaining two required data elements are only reported for organizations that receive over 80 percent or \$25,000,000 of their annual gross revenues in Federal funding.<sup>21</sup> These elements are the names of the five most highly compensated officers, and the total compensation for these individuals.</p> <p>When agencies generate File E in the Broker, the Broker pulls the information from the System for Award Management (SAM), operated by GSA. All organizations that do business with the Federal Government, or want to conduct business with the Federal Government, must have an active registration in SAM.</p>
File F – FFATA Sub-award Attributes	<p>File F includes information on certain organizations that received procurement or financial assistance sub-awards during Q2 of FY 2017. Other than data elements used to identify the prime contractor or prime grantee, which enable the file to be linked to the other files, none of the required data elements are included in File F.</p> <p>When agencies generate File F in the Broker, the Broker pulls information from the FFATA Sub-award Reporting System (FSRS). GSA operates FSRS. If a prime contractor issues a sub-award for more than \$30,000, or if a prime grantee issues a sub-award for more than \$25,000, the prime contractor/grantee must report the sub-award in FSRS. In addition to details about the sub-award, the prime contractor/grantee is also required to report information on the executive compensation of the organization to which the sub-award was issued.</p>

Source: Generated by Kearney.

<sup>21</sup> The Office of Federal Procurement Policy Act, as amended, 41 U.S.C. 401 et.seq., and Federal Acquisition Regulation Subpart 52.204-10.

### *Senior Accountable Officer Certification*

The responsibility for ensuring the accuracy of all files, agency-created and Broker-generated, lies with each agency's DATA Act SAO. Each agency is required to designate a SAO who is a senior official in the agency with the ability to coordinate across multiple communities and Federal Lines of Business.<sup>22</sup> Although OMB guidance does not name a position within the agency that should be the SAO, the guidance states that the SAO should be accountable for the quality and objectivity of internal controls over spending information. At the FCC, the Chief Financial Officer is the SAO. The SAO must provide reasonable assurance over the quality of the data submitted and document his or her assurance by certifying the DATA Act submission in the Broker. OMB guidance requires SAOs to verify that their data includes certain required linkages among all of the files prior to certification. For example, the awardees included in File E should have transactions in Files C and D1 or C and D2. OMB guidance further states that when certifying the DATA Act submission, SAOs are "providing reasonable assurance that their internal controls support the reliability and validity of the agency account-level and award-level data".<sup>23</sup>

### **The FCC Organization**

The FCC is composed of three reporting components. The primary component consists of the FCC headquarters and field offices. The two additional components are the Universal Service Fund (USF) and the North American Numbering Plan (NANP). The USF component reports the results of four support mechanisms: High Cost, Lifeline, Rural Health Care, and Schools and Libraries (the USF programs); and the Telecommunications Relay Service (TRS) Fund.<sup>24</sup> NANP is not subject to budgetary accounting. Also, Congress has not appropriated any funds for NANP in an appropriation bill; therefore, the DATA Act reporting requirements do not apply to NANP.

The FCC Annual appropriations account for approximately \$304 million of the funds reported in the FCC's FY 2017 Q2 Combined Statement of Budgetary Resources (SBR), which was approximately 6 percent of the FCC's total budgetary resources.<sup>25</sup> The USF programs account for approximately \$4,170 million of the FCC's FY 2017 Q2 SBR, which is approximately 83 percent of the FCC's total budgetary resources. The TRS Fund accounts for approximately \$567 million of the FCC's FY 2017 Q2 SBR, which is approximately 11 percent of the FCC's total budgetary resources.

The FCC has a permanent indefinite appropriation to fund its USF programs and the TRS Fund. The USF programs are administered by the Universal Service Administrative Company (USAC), a non-Federal entity designated by the FCC as the permanent administrator of the Federal

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<sup>22</sup> OMB-10-06, Section 2 a., *Open Government Directive*

<sup>23</sup> OMB-M-17-04, *Additional Guidance for DATA Act Implementation: Further requirements for Reporting and Assuring Data Reliability*.

<sup>24</sup> Telecommunications carriers and certain other providers of telecommunications are required to contribute to the USF and TRS Funds.

<sup>25</sup> FCC's FY 2016 Agency Financial Report, Combined Statement of Budgetary Resources include appropriations (discretionary and mandatory) and spending authority from offset collections (discretionary and mandatory).

universal service support mechanisms. The TRS Fund is administered through a contract awarded to Rolka Lube, LLC (Rolka).

### **The FCC's Process for Generating the DATA Act Submission**

On April 24, 2017, the FCC uploaded the required data to the Broker. The data needed to create Files A, B and C primarily resides in the FCC's core financial management system, Genesis. The FCC utilizes a business intelligence platform, SAP BusinessObjects, to run customized queries and reports developed by the FCC's Financial Systems Operations Group (FSOG) from Genesis for its DATA Act reporting. The FCC also obtained, consolidated, and reported the USF programs and the TRS Fund component data in Files A and B from USAC and Rolka, respectively.

#### ***File A – Appropriations Account Detail***

File A includes the same information reported on the Standard Form (SF) 133, *Report on Budget Execution and Budgetary Resources*, which Treasury creates based on data received from the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS). Agencies must submit their financial information to Treasury using GTAS on a monthly basis.<sup>26</sup> Because File A is the same as the SF 133, the FCC ensures the extracted File A data agrees to the applicable GTAS and SF 133 information, which was March 2017 for the Q2 FY 2017 DATA Act submission. Because the FCC consolidates the USF programs and the TRS Fund activity into its financial statements and reports to Treasury, FSOG appends the component information from GTAS and the SF 133 to complete File A. Including these components, the FCC had 10 separate TAS as of March 30, 2017.

#### ***File B – Object Class and Program Activity Detail***

As noted above, File B includes the same information as File A; however, the budgetary resource and status information in File B is presented by TAS, program activity, and object class. The FCC's financial reporting process for generating its GTAS Adjusted Trial Balance file includes the necessary level of detail for its components, which FSOG appends to the FCC data to complete File B.

#### ***File C – Award Financial Data***

The data needed to create File C also resides in Genesis. The financial award and procurement data reported in File C should agree to the procurement information in FPDS – NG. The FCC expected timing differences between File C and FPDS – NG, and developed a reconciliation process that it executed periodically throughout the quarter to ensure agreement prior to submitting its quarterly DATA Act submission.

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<sup>26</sup> In FY 2017, agencies were required to submit at the end of each month except October.

### *Files D1, E, and F*

Using the Broker, the FCC generated the Files D1, E, and F for submission on April 24, 2017. File D2 does not apply to the FCC because it does not provide Federal financial assistance (i.e., grants). Prior to its final submission, the FCC had generated File D1 on numerous occasions to perform quality control procedures. As noted above, awardees are responsible for updating SAM and FSRS, which are the source systems for Files E and F. However, it is the responsibility of the FCC to update the information in FPDS – NG, which is the source system for File D1.

### *Recording Data in FPDS – NG*

Genesis automatically transmits procurements to FPDS – NG, creating a new record in FPDS – NG. However, this process does not automatically populate all required fields in FPDS – NG. The Contracting Officer enters the remaining fields directly into FPDS – NG. Once all of the required fields in FPDS – NG are completed, the Contracting Officer clicks the Verify button. The action must pass automatic edit checks in FPDS – NG to be recorded, which is noted by a “Final” status.

### **Testing Limitations for Data Reported from Files E and F**

As outlined in OMB’s Management Procedures Memorandum 2016-03, the authoritative sources for the data reported in Files E and F are SAM and FSRS respectively with no additional action required of Federal agencies. It is the prime awardee’s responsibility to report sub-award and executive compensation information in SAM and FSRS. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the Broker.

### **Government-wide Data Reporting Issues**

During the course of the audit, Kearney became aware of the following Government-wide data reporting issues, which it excluded from its results and assessment of the FCC’s implementation of the DATA Act.

#### *Current Total Value of Award and Potential Total Value of Award Errors for Procurement Award Modifications*

Data from the (1) Current Total Value of Award and (2) Potential Total Value of Award elements are extracted from FPDS – NG via the legacy USAspending.gov and provided to the Broker.<sup>27,28</sup> Specifically, data for these elements are extracted from the following FPDS – NG fields respectively: (1) base and exercised options value and (2) base and all options value. These two fields are categorized in FPDS – NG under two columns for data entry labeled

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<sup>27</sup> OMB defines the current total value of award data element as the total amount obligated to date on a contract, including the base and exercised options. Potential total value of award is defined as the total amount that could be obligated on a contract, if the base and all options are exercised.

<sup>28</sup> The legacy USAspending.gov uses FPDS Version 1.4 to extract and map that data from FPDS – NG. This was a

“Current” and “Total”. The “Current” column contains amounts entered into the system by the agency. The “Total” column contains cumulative amounts computed by FPDS – NG based on the modification amounts entered into the system by the agency. Procurement award modifications, included in our sample, reported values for these elements from FPDS – NG’s “Current” column, which displays the modification amount, rather than the “Total” column, which displays the total award value. As a result, data for the Current Total Value of Award and Potential Total Value of Award elements were inconsistent with agency records. A no-cost modification would cause the “Total” column to display an erroneous zero balance. Procurement awards (base awards) that were not modified did not produce these same errors. Treasury’s Program Management Office (PMO) Government-wide DATA Act PMO officials confirmed that they are aware that the Broker currently extracts data for these elements from the “Current” column rather than the “Total” column. A Treasury official stated that the issue will be resolved once DAIMS version 1.1 is implemented in the Broker and related historical data from USAspending.gov are transferred to beta.USAspending.gov during fall 2017. However, as the FCC does not have responsibility for how data is extracted by the Broker, we did not evaluate the reasonableness of Treasury’s planned corrective action.

*Indefinite Delivery Vehicle (IDV) Type Errors*

For procurement awards included in our sample, data from the IDV Type element should be extracted from FPDS – NG and provided to the Broker. The FPDS – NG atom feed3 delivers the IDV Type and Contract Award Type in the same field. The Broker did not break down the data for IDV Type, which resulted in inconsistencies with agency records. Treasury’s DATA Act PMO officials confirmed that they are aware of this issue and have taken steps to avoid this issue in future reporting periods. However, as the FCC does not have responsibility for how data is extracted by the Broker, we did not evaluate the reasonableness of Treasury’s planned corrective action.

**AUDIT RESULTS**

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**Finding 1: The FCC Did Not Submit Component Spending Data**

The FCC submitted its Q2 FY 2017 DATA Act submission on April 24, 2017, five business days ahead of the required reporting date of April 30, 2017. Although the FCC submitted ahead of schedule, Kearney found the FCC did not submit USF programs and TRS Fund data for File C; therefore, the FCC’s Q2 FY 2017 DATA Act submission was incomplete.

As of March 2016, the FCC had not determined whether it should report the USF programs and TRS fund data to Treasury. In April 2016, the FCC contacted OMB to resolve questions surrounding the applicability of the DATA Act to its component entities, USF programs and TRS Fund. OMB directed the FCC to assess the legal and technical implications of reporting its components. On May 23, 2017, the FCC’s Office of General Counsel (OGC) concluded, “USF and TRS disbursements are likely Federal awards for purposes of FFATA and should be reported, to the extent technically possible, to USAspending.gov.” Upon issuance of OGC’s conclusion, the FCC began coordination efforts with USAC and Rolka, identified challenges, such as the necessary level of detail for recording and tracking procurements, which will need to be resolved in order to report the required financial and spending data, and reached out to OMB

for additional guidance. However, the deadline for the Q2 submission had already passed. Because of FCC Management’s late start, the FCC was unable to comply with the April 30, 2017 reporting milestone for submitting required data to Treasury for posting on USAspending.gov. Further, USAC and Rolka had not historically submitted award level data through FPDS – NG; and as a result, the FCC had not accounted for the significant level of effort required to report this information.

Because the FCC did not include award level data for the USF programs and the TRS Fund in its Q2 submission to Treasury, the FCC’s submission was incomplete. An incomplete submission will hinder the reliability of Federal data used to populate USAspending.gov.

**Recommendations:** We recommend that the SAO assigned by the Office of the Managing Director:

1. Coordinate with OMB and Treasury to determine next steps regarding DATA Act implementation challenges USAC and Rolka reported to the FCC. Based on OMB and Treasury’s guidance, develop a project plan, inclusive of an expected timeline, to plan and implement necessary changes to systems and business processes to capture, link, reconcile, and report on award level financial and spending information. USAC and Rolka, in coordination with the FCC, should reference Steps 1-8 in the *DATA Act Implementation Playbook (Version 2.0)* to develop and execute the project plan.
2. As technical and operational issues arise during the USAC and Rolka DATA Act implementation, USAC and Rolka, in coordination with the FCC, should coordinate with OMB and Treasury to work through any issues in real time. The FCC should document all significant issues encountered that required OMB and Treasury involvement.

**Finding 2: Spending Data Submitted in the FCC’s DATA Act Submission Did Not Meet Quality Requirements**

Kearney reviewed a statistically valid sample of spending data the FCC submitted under the DATA Act and found certain transactions were inaccurate and did not meet all quality requirements as outlined by OMB.<sup>29</sup> Specifically, of the 200 transactions included in the FCC’s File C submission,<sup>30</sup> we selected a sample of 132 transactions (66 percent) and reviewed supporting documentation to assess the accuracy, completeness, timeliness, and quality of the transaction-level data. We were either unable to verify the accuracy of the data submitted because the FCC failed to provide supporting documentation<sup>31</sup> or we found inaccuracies in one or more data element of the Government-wide data standards for 120 of the 132 selected samples (approximately 90 percent). Because we did not find any completeness or timeliness issues,

<sup>29</sup> OMB, Deputy Director for Management, Memorandum for Senior Accountable Officials Over the Quality of Federal Spending Information, *Open Government Directive – Federal Spending Transparency*, dated April 6, 2010 requires agencies to report on three key metrics: timeliness, completeness, and accuracy. These are the metrics that will be used to determine the quality of information.

<sup>30</sup> Kearney did not test component data because, as detailed in *Finding 1: The FCC Did Not Submit Component Spending Data*, the FCC did not submit USF or TRS transactions.

<sup>31</sup> Kearney submitted requests for documentation to support our samples on July 7, 2017 and accepted documentation until the end of audit fieldwork on September 22, 2017.

which were the metrics we considered in conjunction with accuracy to assess data quality, the FCC’s quality error rate is equal to the 90 percent inaccuracy error rate.

**Table 3: Summary Results of Testing**

Results	Accuracy	Completeness*	Timeliness	Quality
Number of Transactions without Errors	12	132	132	12
Number of Transactions with One or More Data Elements Containing Errors	120	0	0	120

\*As noted in Finding 1 (above), Kearney found the FCC’s overall DATA Act submission was incomplete because the FCC did not submit File C data for USF and TRS. In accordance with the performance audit objectives, Kearney selected a statistically valid sample of data from FCC’s File C to report on accuracy, completeness, timeliness, and quality; therefore, these results do not consider the USF and TRS completeness issue.

**Source:** Generated by Kearney based upon the results of testing.

***Instances of Unsupported Data Elements***

For 82 of the 132 samples (62 percent) we selected, the FCC was unable to provide complete documentation (i.e., base contracts, contract modifications, and/or statements of work) to support all of the applicable 57 data elements required by the DATA Act. As a result, we were unable to verify the accuracy of the data for these samples.

The FCC does not have a standardized checklist of documentation that FCC Contracting Officers are required to maintain in all active contract files. Additionally, the FCC transitioned from hard-copy to digital contract files between the latter part of FY 2015 and the beginning of FY 2016. According to FCC Management officials, the FCC failed to scan and retain digital copies of all signed, hard-copy contract files prior to shipping the files to an off-site warehouse. Further, the FCC lacks a comprehensive, central repository to store its official contract files.

The FCC’s inability to produce complete documentation to support its active contracts may hinder the FCC’s ability to resolve contract disputes, if they were to occur. Additionally, contract files that are incomplete, inaccessible, and/or not readily available may affect the FCC’s ability to identify excess funds for reallocation, as well as management’s strategic and budgetary decision-making.

***Instances of Inaccurate Data Elements***

The FCC was able to provide complete supporting documentation for 50 of the 132 samples. To test the accuracy of these transactions, Kearney obtained and inspected supporting documentation, such as base contracts, contract modifications, and statements of work, and verified the data included in Files C through E of the FCC’s submission against the supporting documents. Kearney found that certain transactions contained inaccurate data and did not meet all of the quality requirements as outlined by OMB. We found accuracy errors in one or more data elements in 38 of the 50 samples (76 percent). Specifically, we tested 1850 data elements in the 50 samples<sup>32</sup> and found 79 data inaccuracies (approximately 4 percent). Each sample may

<sup>32</sup> Not all 57 data elements applied to each sample.

contain multiple errors. We most commonly found data inaccuracies in the North American Industrial Classification System (NAICS) Code, NAICS Description, Period of Performance (PoP) Current End Date, PoP Start Date, and Primary Place of Performance data elements reported in File D1. **Table 4** presents the detailed inaccuracies by data element that Kearney identified in 38 of the 50 samples for which the FCC provided complete documentation.

**Table 4: Data Inaccuracies by Data Element**

Data Element	Number of Transactions with Errors
Action Date	5
Action Type	3
Award Description	1
Award Type	1
NAICS Code	12
NAICS Description	12
Parent Award Identification Number	3
PoP Current End Date	14
PoP Current Potential End Date	6
PoP Start Date	14
Primary Place of Performance Address	8
<b>Total Inaccurate Data Elements</b>	<b>79</b>

Source: Generated by Kearney based upon the results of testing.

According to FCC Management officials, the inaccuracies we identified in the Primary Place of Performance data element were the result of manual errors by Contracting Officers inputting data into FPDS – NG. Inaccuracies in the Period of Performance dates (i.e., Start Date, Current End Date, and Potential End Date) were the result of interface errors between the FCC’s accounting system and FPDS – NG. Additionally, inaccuracies in the NAICS Code and NAICS Description occurred because the data in FPDS – NG was not for the contract related to the sampled transaction but rather a referenced, parent contract. Although the FCC had the ability to modify its data in FPDS – NG, the FCC did not have effective quality control procedures to identify and correct data entry errors or inaccuracies resulting from system interfaces. The FCC is ultimately responsible for the accuracy of the data per the source documentation.

A lack of effective quality control procedures hinders the FCC’s ability to provide reliable data, achieve full transparency to the public, and comply with Federal accountability requirements. Additionally, per OMB,<sup>33</sup> accuracy is one of the metrics considered for determining the quality of an agency’s data.

**Recommendations:** We recommend that the SAO assigned by the Office of the Managing Director coordinate with applicable bureaus and offices to:

<sup>33</sup> OMB, Deputy Director for Management, Memorandum for Senior Accountable Officials Over the Quality of Federal Spending Information, *Open Government Directive – Federal Spending Transparency*, dated April 6, 2010 requires agencies to report on three key metrics: timeliness, completeness, and accuracy. These are the metrics that will be used to determine the quality of information.

3. Develop and implement a checklist of required documents (e.g., solicitation, contractor bids, award/base contract, contract modification(s), statement of work, etc.) that the FCC Contracting Officers must maintain in contract files. Contracting Officers should include the completed checklist in each contract file, and appropriate personnel should perform periodic quality control reviews to ensure the Contracting Officers consistently maintain the documentation.
4. Perform an analysis of the cost effectiveness and technical feasibility of locating all documents identified in the checklist referenced in Recommendation 3 for previously awarded, active contracts. If the analysis determines it is cost effective and technically feasible, locate the files and create and retain readily available digital copies.
5. Develop and implement procedures and establish a central repository to ensure that, going forward (i.e., all newly awarded contracts), the FCC retains digital, signed copies of all documents identified in the checklist referenced in Recommendation 3 for its official contract files. Consider the related functionality within the FCC's accounting system, Genesis. As applicable, include the digital files created in Recommendation 4.
6. Develop and implement procedures to validate the accuracy of the data reported to FPDS – NG in order to meet the full DATA Act reporting requirements. This should include data validation procedures to ensure the accuracy of the data input to FPDS – NG, as well as FCC systems (i.e., Genesis) that interface with FPDS – NG. Additionally, this should include corrective action or quality control procedures for inaccurate information reflected in FPDS – NG resulting from the interfaces with FCC systems.

Kearney found that the FCC developed controls and processes to implement OMB and Treasury's Government-wide data standards and submit spending data by the DATA Act reporting deadline. However, as evidenced by the issues noted with data accuracy and quality, the FCC could still make improvements. The recommendations in this report are intended to improve internal control and business processes to ensure the FCC consistently and effectively implements and uses the Government-wide data standards.

## **APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY**

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### **Purpose, Scope, and Methodology**

The Digital Accountability and Transparency Act of 2014<sup>34</sup> (DATA Act) requires each Federal agency Office of Inspector General (OIG) to review a statistically valid sample of the spending data submitted by its agency; assess the completeness, timeliness, quality, and accuracy of the data sampled; and assess the agency's implementation and use of Government-wide financial data standards. The OIGs are required to submit to Congress and make publicly available a report of the results of the assessment. The objective of this audit was to comply with these requirements. An external audit firm, Kearney & Company, P.C. (referred to as "Kearney," "we," and "our" in this report), acting on behalf of the Federal Communications Commission (FCC) OIG, performed the audit.

Kearney conducted fieldwork for this performance audit from April through September 2017 in the Washington, DC, metropolitan area. The audit was conducted in accordance with the Government Accountability Office's (GAO's) *Government Auditing Standards*, 2011 revision. These standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit evidence.

In February 2017, the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council, in consultation with GAO, published the *Inspectors General Guide to Compliance Under the DATA Act*,<sup>35</sup> which served to provide Inspectors General with a baseline framework for DATA Act compliance reviews.

According to the *Inspectors General Guide to Compliance Under the DATA Act*, in order to accomplish the objectives of the DATA Act compliance review, Inspector Generals should:

- Obtain an understanding of any regulatory criteria related to its agency's responsibilities to report financial and award data under the DATA Act;
- Assess its agency's systems, processes, and internal controls in place over data management under the DATA Act;
- Assess the general and application controls pertaining to the financial management systems (such as grants, loans, procurement) from which the data elements were derived and linked;
- Assess its agency's internal controls in place over the financial and award data reported to USAspending.gov per OMB Circular A-123;
- Review a statistically valid sample from fiscal year (FY) 2017, second quarter (Q2) financial and award data submitted by the agency for publication on USAspending.gov;

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<sup>34</sup> Pub. L. No. 113-101 (May 9, 2014).

<sup>35</sup> Department of Treasury OIG report no. OIG-CA-17-012 (February 27, 2017).

- Assess the completeness, timeliness, quality, and accuracy of the financial and award data sampled; and
- Assess its agency’s implementation and use of the 57 data definition standards established by OMB and Treasury.

In accordance with the *Inspectors General Guide to Compliance Under the DATA Act*, the scope of this audit was the FCC’s submission of Q2 FY 2017 data. The *Inspectors General Guide to Compliance Under the DATA Act* stated, “the [OIG] engagement team, to the extent possible, should adhere to the overall methodology, objectives, and review procedures outlined in this guide. The engagement team should not hesitate to modify this guide based on specific systems and controls in place at its agency, but must use professional judgment when designing alternative review procedures.” Generally, Kearney conducted this audit based upon this guidance. Professional judgement was used to customize certain recommended testing procedures based on the FCC’s environment, systems, and data.

To obtain background information, Kearney researched and reviewed Federal laws and regulations, as well as prior GAO audit reports. Kearney also reviewed the United States Code, Office of Management and Budget (OMB) Circulars and Memoranda, guidance published by the Department of the Treasury (Treasury), and information available on the FCC’s intranet.

Kearney met with FCC officials to gain an understanding of the processes used to implement and use the data standards. Specifically, we obtained an understanding of the processes used to create and perform quality controls on the DATA Act submission. This included understanding the systems used to process procurement and financial assistance awards. Kearney also obtained an understanding of processes to record procurement and financial assistance awards in FCC systems and other Federal systems.

The *Inspectors General Guide to Compliance Under the DATA Act* instructed audit teams to assess the agencies use and implementation of 57 standard data elements<sup>36</sup>. Six of these data elements are reported at the summary level in File A or File B, rather than the individual transaction level. As reported in the Audit Results section of this report, to test these data elements, Kearney tested procedures implemented by the FCC to confirm the validity and accuracy of these six account summary level data elements. Specifically, we confirmed that the data was appropriately linked between file A and B and the Standard Form (SF) 133, *Report on Budget Execution and Budgetary Resources*. For the remaining 51 data elements, Kearney selected a sample of individual transactions included in the FCC’s File C submission. See additional information in the Detailed Sampling Methodology section of this Appendix.

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<sup>36</sup> The 57 standard data elements, including their definitions are included in Appendix B of this report. They are also available at <https://fedspendingtransparency.github.io/data-elements/> (accessed on September 14, 2017).

## Prior Reports

In FY 2016, the FCC OIG<sup>37</sup> reported two findings regarding the FCC's readiness to implement the DATA Act and report the required financial and spending data to Treasury by the April 30, 2017 reporting deadline. Specifically, the inspection identified the FCC (1) had not effectively used its governance process to determine whether its components were required to implement the DATA Act and (2) had not fully developed and implemented a reconciliation process between Treasury's Federal Procurement Data System – Next Generation and its core financial management system, Genesis. Kearney designed and performed audit procedures to follow-up on the status of the prior findings and recommendations issued by the FCC OIG.

## Work Related to Internal Controls

Based upon the information obtained from the FCC during preliminary audit procedures, Kearney performed a risk assessment that identified audit risks related to the audit objectives. We found that the FCC had taken steps to successfully implement and use the data standards. For example, the FCC took steps to enhance its ability to compile, analyze and reconcile data from multiple sources. Agency files submitted for the DATA Act are often interrelated and repeat information provided during separate submissions to Treasury and OMB for other purposes. To ensure the accuracy, completeness, timeliness, and quality of the data submitted for the DATA Act, agencies were required to perform quality control procedures on the data prior to submission, including ensuring that there were appropriate linkages between the DATA Act files and the files from existing Government-wide reporting systems.<sup>38</sup> This included confirming that: (1) the information reported in File A matched the March 31, 2017 SF 133; (2) File A matched the totals included in File B;<sup>39</sup> (3) the transactions included in Files C were included in D1 or D2 (as applicable); and (4) the transactions included in D1 and D2 (as applicable) were included in File C. Kearney found that the FCC effectively performed these quality control checks. The FCC's reconciliations between File A and the SF 133 and between File A and File B produced no differences. Kearney re-performed these two quality control procedures and also found no difference. Additionally, through these reconciliations, we validated the required data elements, which are presented in these files.<sup>40</sup> Kearney also re-performed the reconciliation between Files C and D1, as well as performed a reconciliation of data linkages between Files C and D1 to Files E and F and found no differences.

Kearney identified additional internal controls, including general and application controls in source systems and controls to ensure that data is accurate, complete, and timely; however, we chose not to rely on or specifically test those controls to determine the FCC's implementation and use of the data standard. Based on the professional judgement of the audit team, an approach for testing additional internal controls would be inefficient for purposes of this audit. In addition, Kearney identified data elements that rely solely on accurate human data entry, such

<sup>37</sup> FCC OIG, *Inspection of FCC's Readiness for the Digital Accountability and Transparency Act of 2014* (16-INSP-11-01, March 28, 2017).

<sup>38</sup> OMB M-17-04, Section 3, *Quarterly SAO Assurance of DATA Act Data*.

<sup>39</sup> The FCC also reconciled Genesis to GTAS as Genesis was the basis of File B and GTAS was the basis of File A.

<sup>40</sup> Kearney tested six data elements through reconciliations. Specifically the following data elements: Budget Authority Appropriated, Other Budgetary Resources, Outlays, Program Activity, Unobligated Balance.

as a vendor’s place of performance, rather than source system internal controls. Accordingly, we designed additional substantive procedures to obtain sufficient and appropriate evidence to conclude upon the audit objectives.

### Use of Computer-Processed Data

As discussed in the Background section of this report, the files included in the FCC’s DATA Act submission were generated from multiple systems, including FCC owned systems and systems used across the Federal Government. As the objective of this audit was to audit the amounts included in this submission by tracing information to source documentation, other than the reconciliations, described in the Audit Results section of this report, additional steps were not considered necessary to assess the sufficiency of computer-processed data.

### Detailed Sampling Methodology

In accordance with the *Inspectors General Guide to Compliance Under the DATA Act*, Kearney selected a sample of certified spending data transactions for transaction-level testing from the FCC’s Q2 FY 2017 DATA Act File C submission<sup>41</sup>. In accordance with the *Inspectors General Guide to Compliance Under the DATA Act*, Kearney selected a random sample of 132<sup>42</sup> transactions included in File C using sampling software. **Table A.1** provides details on File C and the sample selected.

**Table A.1: File C Analysis and Sampling**

	Number of Transactions	Amount Obligated
Total Transactions in File C	200	(23,302,526)
Sampled Transactions (amount)	132	(14,216,107)
Sampled Transactions (percent)	66%	61%

**Source:** Prepared by Kearney based upon analysis of FCC’s Q2 FY 2017 File C.

<sup>41</sup> Section 430.01 of the *Inspectors General Guide to Compliance Under the DATA Act* states, “the engagement team should randomly select a statistically valid sample of certified spending data from the reportable award-level transactions included in the agency’s certified data submission for File C, or Files D1 and D2 if file C is unavailable.” Since File D1 and D2 are available, Kearney selected the sample from File C.

<sup>42</sup> Section 430.02 of the *Inspectors General Guide to Compliance Under the DATA Act* requires a sample size of 385 transactions; however, it also provides a correction formula for agencies with populations smaller than 385. Applying this correction formula –  $385/[1+(385/N)]$  – to the FCC’s 200 transaction File C population, Kearney selected 132 samples.

## APPENDIX B: REQUIRED DATA ELEMENTS FOR FEDERAL AGENCY REPORTING

Data Element	Data Description	Submission File
Appropriations Account	The basic unit of an appropriation generally reflecting each unnumbered paragraph in an appropriation act.	Files A and B <sup>c</sup>
Budget Authority Appropriated	A provision of law (not necessarily in an appropriations act) authorizing an account to incur obligations and to make outlays for a given purpose.	File A and B
Object Class	Categories in a classification system that presents obligations by the items or services purchased by the Federal Government.	Files B and C
Obligation	A legally binding agreement that will result in outlays, immediately or in the future.	Files A, B, and C
Other Budgetary Resources	New borrowing authority, contract authority, and spending authority from offsetting collections provided by Congress in an appropriations act or other legislation, or unobligated balances of budgetary resources made available in previous legislation, to incur obligations and to make outlays.	File A and B
Outlay	A specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government.	Files A and B <sup>a</sup>
Program Activity	A Federal mandate that all electronic and information technology developed, procured, maintained, or used by the Federal Government be accessible to people with disabilities.	Files B <sup>b</sup>
Treasury Account Symbol (excluding sub-account)	The account identification codes assigned by the Department of the Treasury to individual appropriation, receipt, or other fund accounts.	File C <sup>c</sup>
Unobligated Balance	The cumulative amount of budget authority that remains available for obligation under law in unexpired accounts at a point in time.	Files A and B
Action Date	The date the action being reported was issued / signed by the Government or a binding agreement was reached.	Files D1 and D2
Action Type	A technical communication document intended to give assistance to users of a particular system.	Files D1 and D2
Award Description	A brief description of the purpose of the award.	Files D1 and D2
Award Identification (ID) Number	The unique identifier of the specific award being reported, i.e. Federal Award Identification Number (FAIN) for financial assistance and Procurement Instrument Identifier (PIID) for procurement.	Files C, D1 and D2

Data Element	Data Description	Submission File
Award Modification/Amendment Number	The identifier of an action being reported that indicates the specific subsequent change to the initial award.	Files D1 and D2
Award Type	Description (and corresponding code) that provides information to distinguish type of contract, grant, or loan and provides the user with more granularity into the method of delivery of the outcomes.	File D1
Business Types	A collection of indicators of different types of recipients based on socio-economic status and organization/business areas.	File D2
Catalog of Federal Domestic Assistance (CFDA) Number	The number assigned to a Federal area of work in the Catalog of Federal Domestic Assistance.	File D2
Catalog of Federal Domestic Assistance (CFDA) Title	The title of the area of work under which the Federal award was funded in the Catalog of Federal Domestic Assistance.	File D2
North American Industrial Classification System (NAICS) Code	The identifier that represents the NAICS Code assigned to the solicitation and resulting award identifying the industry in which the contract requirements are normally performed.	File D1
North American Industrial Classification System (NAICS) Description	The title associated with the NAICS Code.	File D1
Ordering Period End Date	The date on which no additional orders referring to it (the award) may be placed.	File D1
Parent Award Identification (ID) Number	The identifier of the procurement award under which the specific award is issued, such as a Federal Supply Schedule.	File D1
Period of Performance Current End Date	The current date on which awardee effort completes or the award is otherwise ended.	Files D1 and D2
Period of Performance Potential End Date	The date on which, awardee effort is completed or the award is otherwise ended.	File D1
Period of Performance Start Date	The date on which awardee effort begins or the award is otherwise effective.	Files D1 and D2
Primary Place of Performance Address	The address where the predominant performance of the award will be accomplished. Components include: Address Lines 1 and 2, City, County, Agency Code, and ZIP+4 or Postal Code.	Files D1 and D2

Data Element	Data Description	Submission File
Primary Place of Performance Congressional District	U.S. congressional district where the predominant performance of the award will be accomplished; derived from the Primary Place of Performance Address.	Files D1 and D2
Primary Place of Performance Country Code	Country code where the predominant performance of the award will be accomplished.	Files D1 and D2
Primary Place of Performance Country Name	Name of the country represented by the country code where the predominant performance of the award will be accomplished.	Files D1 and D2
Record Type	Code indicating whether an action is an individual transaction or aggregated.	File D2
Amount of Award	The cumulative amount obligated by the Federal Government for an award, calculated by USAspending.gov or a successor site.	Files D1 and D2
Current Total Value of Award	For procurement, the total amount obligated to date on a contract, including the base and exercised options.	File D1
Federal Action Obligation	Amount of Federal Government’s obligation, de-obligation, or liability, in dollars, for an award transaction.	Files D1 and D2
Non-Federal Funding Amount	For financial assistance, the amount of the award funded by non-Federal source(s), in dollars.	File D2
Potential Total Value of Award	For procurement, the total amount that could be obligated on a contract, if the base and all options are exercised.	File D1
Awardee/Recipient Legal Entity Name	The name of the awardee or recipient that relates to the unique identifier.	Files D1 and D2
Awardee/Recipient Unique Identifier	The unique identification number for an awardee or recipient; most commonly the 9-digit number assigned by Dun & Bradstreet referred to as the DUNS® number.	Files D1, D2, E and F
Highly Compensated Officer Name	The first name, middle initial and last name of an individual identified as one of the five most highly compensated “Executives.”	File E
Highly Compensated Officer Total Compensation	The cash and noncash dollar value earned by one of the five most highly compensated “Executives” during the awardee's preceding fiscal year.	File E
Legal Entity Address	The awardee or recipient’s legal business address where the office represented by the Unique Entity Identifier (as registered in the System for Award Management) is located.	Files D1 and D2

Data Element	Data Description	Submission File
Legal Entity Congressional District	The congressional district in which the awardee or recipient is located. This is not a required data element for non-U.S. addresses.	Files D1 and D2
Legal Entity Country Code	Code for the country in which the awardee or recipient is located, using the ISO 3166-1 Alpha-3 GENC Profile, and not the codes listed for those territories and possessions of the United States already identified as “states.”	Files D1 and D2
Legal Entity Country Name	The name corresponding to the Country Code.	Files D1 and D2
Ultimate Parent Legal Entity Name	The name of the ultimate parent of the awardee or recipient. Currently, the name is from the global parent DUNS® number.	Files D1, D2 and E
Ultimate Parent Unique Identifier	The unique identification number for the ultimate parent of an awardee or recipient.	Files D1, D2 and E
Awarding Agency Code	A department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).	Files D1 and D2
Awarding Agency Name	The name associated with a department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).	Files D1 and D2
Awarding Office Code	Identifier of the level n organization that awarded, executed or is otherwise responsible for the transaction.	Files D1 and D2
Awarding Office Name	Name of the level n organization that awarded, executed or is otherwise responsible for the transaction.	Files D1 and D2
Awarding Sub Tier Agency Code	Identifier of the level 2 organization that awarded, executed or is otherwise responsible for the transaction.	Files D1 and D2
Awarding Sub Tier Agency Name	Name of the level 2 organization that awarded, executed or is otherwise responsible for the transaction.	Files D1 and D2
Funding Agency Code	The 3-digit CGAC agency code of the department or establishment of the Government that provided the preponderance of the funds for an award and/or individual transactions related to an award.	Files D1 and D2
Funding Agency Name	Name of the department or establishment of the Government that provided the preponderance of the funds for an award and/or individual transactions related to an award.	Files D1 and D2
Funding Office Code	Identifier of the level n organization that provided the preponderance of the funds obligated by this transaction.	Files D1 and D2

Data Element	Data Description	Submission File
Funding Office Name	Name of the level n organization that provided the preponderance of the funds obligated by this transaction.	Files D1 and D2
Funding Sub Tier Agency Code	Identifier of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Files D1 and D2
Funding Sub Tier Agency Name	Name of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Files D1 and D2

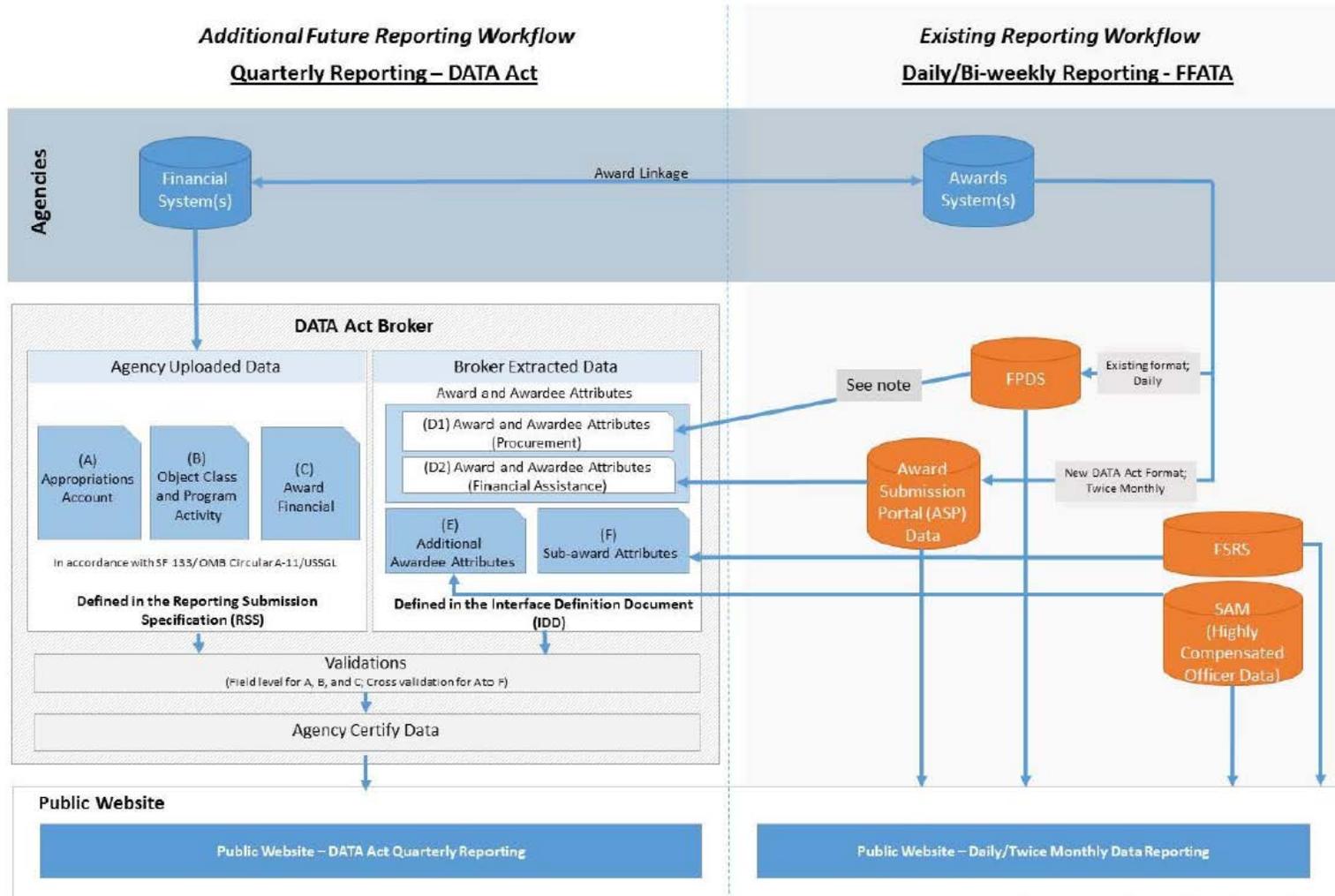
<sup>a</sup> Per the Digital Accountability and Transparency Act of 2014 (DATA Act) and Office of Management and Budget (OMB) reporting guidelines, data element is required to be submitted via Files A and B and may also be optionally submitted via File C. The Federal Communications Commission (FCC) elected to not report this optional data element in File C. Accordingly, Kearney & Company, P.C. (referred to as “Kearney,” “we,” and “our” in this report) tested this data element within the File A and B submissions.

<sup>b</sup> Per DATA Act and OMB reporting guidelines, data element is required to be submitted via File B and may also be optionally submitted via File C. The FCC elected to not report this optional data element in File C. Accordingly, Kearney tested this data element within the File B submission.

<sup>c</sup> The data elements TAS and Appropriations Account are the same. To avoid double counting, Kearney aligned the appropriation account field to Files A and B and the TAS to File C.

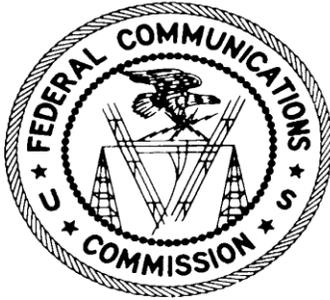
**Source:** <https://max.gov/maxportal/assets/public/offim/DataStandardsFinal.htm>

**APPENDIX C: DATA ACT INFORMATION FLOW DIAGRAM**



Source: Department of the Treasury. Amendments made to the DATA Act information model schema can be found at <https://fedspendingtransparency.github.io/data-model/>

## APPENDIX D: MANAGEMENT'S RESPONSE



UNITED STATES GOVERNMENT  
FEDERAL COMMUNICATIONS COMMISSION

*Office of Managing Director*

### MEMORANDUM

**DATE:** November 3, 2017

**TO:** David L. Hunt, Inspector General

**FROM:** Mark Stephens, Managing Director

**SUBJECT:** Management's Response to Office of Inspector General's Performance Audit of the Federal Communication Commission's Implementation of the Digital Accountability and Transparency Act of 2014

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Thank you for the opportunity to review and respond to the findings and recommendations contained in the report entitled, *Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) Performance Audit (17-AUD-08-04)*. This performance audit conducted by the Office of Inspector General's (OIG) independent auditors, Kearney & Company, analyzed the processes and controls of the Federal Communications Commission (FCC or Commission) for reporting FCC expenditure information in accordance with the requirements of the DATA Act. As part of the audit, the OIG's auditor tested the FCC's compliance with guidance from the Department of the Treasury (Treasury) and the Office of Management and Budget (OMB) on DATA Act implementation. The FCC is pleased that the OIG's auditors found that the FCC developed controls and processes to implement Treasury and OMB's government-wide data standards and submit the FCC's spending data by the DATA Act reporting deadline. The report however also identifies opportunities for the FCC to improve processes and governance for its DATA Act related processes. The Office of Managing Director (OMD) has reviewed the findings and recommendations made by the OIG and concurs with them.

With regard to Finding 1 concerning the submission of financial assistance and award level data for the FCC's component organizations, the Universal Service Fund (USF) and Telecommunications Relay Service (TRS) Fund, the FCC is working diligently to address the DATA Act issues related to the data maintained by its reporting components on behalf of the Commission. The components have worked to identify inconsistencies between their respective financial systems and the data elements required to be submitted to the respective government-wide systems, the Award Submission Portal (ASP) and the Federal Procurement Data System – Next Generation (FPDS-NG). The Commission is also working with OMB to determine the

proper application of the requirements, which can have far reaching impacts to the components' business processes and systems as well as their beneficiaries and recipients.

With regard to Finding 2 and the associated recommendations concerning applicable data quality and documentation requirements, the FCC would like to provide additional clarifications. The audit report notes that the FCC experienced difficulties in producing all of the requested documentation for the 132 contracts selected by the auditors for their sample. As described in the report, these difficulties occurred in large part due to a digitization effort of contracting files in recent years that did not capture all of the documents necessary to respond to this audit, prior to the hard copies of the documents being archived in an offsite facility. The FCC would like to point out that ultimately it was able to provide all of the requested documentation to the auditors. However, the FCC understands that field work for the auditors ended before the Commission was able to remedy this problem, and as such, the FCC accepts that outcome. The FCC works to always be responsive to requests from auditors and regrets that the circumstances surrounding the requested documents contributed to Finding 2 and the documentation recommendations. The Commission concurs that it can make improvements to strengthen its processes for ensuring that it maintains proper historical documentation for all of its contracting actions. In fact, the FCC is already addressing the findings related to the retention of supporting documentation. Specifically, prior to the issuance of the audit report, the Commission began an analysis on implementing additional features available in its core financial system that address the ability of the FCC to provide support for all contract data elements. This new functionality will provide a central repository to store supporting documentation for all contract actions. Ultimately, through this experience, the FCC will improve its overall documentations controls for contracts and looks forward to the next round of DATA Act audits as an opportunity to demonstrate its progress.

In addition, with respect to the data quality issues raised in Finding 2, the FCC has already taken steps to implement new procedures in response to the related recommendations and will work to keep improving its controls in these areas. At the outset, the FCC acknowledges that the figure of a 90 percent inaccuracy error rate for the 132 contracts in the audit sample is not acceptable, and the FCC will work to lower this inaccuracy error rate in a timely manner. The FCC understands that part of the 90 percent figure was driven by the documentation problems discussed above, but also, the FCC recognizes that an error for any individual data element for a contract is going to be counted as an error for the entire contract when calculating the inaccuracy rate. The Commission will take this into account in its processes and procedures going forward. As discussed in the report, each contract has several data elements that contracting officers are responsible for entering into FPDS-NG when documenting FCC contracting actions. Prior to the initial DATA Act submission, the Commission implemented an award level reconciliation process to ensure that the award data from its core financial system was fully accounted for in FPDS-NG. As a result, and as mentioned in the audit report, the Commission had zero discrepancies related to timeliness and completeness of its data. In terms of data accuracy, it is important to note that for the 50 samples that the audit team was able to test, those contracting actions included a total of 1,850 data elements. Of those 1,850 data elements, the audit team found 79 errors, for an error rate of approximately 4 percent. The auditors most commonly found data inaccuracies in the North American Industrial Classification System (NAICS) Code, NAICS Description, Period of Performance (PoP) Current End Date, PoP Start Date, and Primary Place of Performance data elements. To address these issues, first off, the Commission will work to ensure that in the

future, the auditors can have access to all of the necessary historical documents they need to meet DATA Act testing requirements. Furthermore, the FCC will work to ensure that all of the data elements that are tested are as accurate as possible. While 100 percent data accuracy is the ultimate goal, the FCC was glad to see that the overall error rate was low and that the data elements at issue would not have a significant impact on the public's ability to obtain detailed information about the FCC's contracting actions through both [www.fpds.gov](http://www.fpds.gov) and [www.usaspending.gov](http://www.usaspending.gov). The Commission will look to expand on the improvements to its processes and controls that it has already made by implementing the recommendations outlined in the audit report in an effort to address any remaining accuracy issues.

Thank you again for the opportunity to provide comments on this report. As discussed above, the FCC will fortify its DATA Act related controls and work towards continually improving its reporting processes and capabilities as we prepare for the next round of DATA Act audits.



Mark Stephens  
Managing Director

## APPENDIX E: ABBREVIATIONS AND ACRONYMS

Acronym	Definition
ASP	Award Submission Portal
Broker	DATA Act Broker
CFDA	Catalog of Federal Domestic Assistance
DAIMS	DATA Act Information Model Schema V.1.1
DATA Act	Digital Accountability and Transparency Act of 2014
FAIN	Federal Award Identification Number
FCC	Federal Communications Commission
FFATA	Federal Funding Accountability and Transparency Act
FSOG	Financial Systems Operations Group
FSRS	FFATA Sub-award Reporting System
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
ID	Identification
IDD	Interface Definition Document
IDV	Indefinite Delivery Vehicle
Kearney	Kearney & Company, P.C.
NAICS	North American Industrial Classification System
NANP	North American Numbering Plan
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier
PMO	Program Management Office
PoP	Period of Performance
Q2	Second Quarter
Rolka	Rolka Lube, LLC
SAM	System for Award Management
SAO	Senior Accountable Official
SBR	Statement of Budgetary Resources
SF	Standard Form
TAFS	Treasury Account Fund Symbol
TAS	Treasury Account Symbol
Treasury	Department of the Treasury
TRS	Telecommunications Relay Service
USAC	Universal Service Administrative Company
USF	Universal Service Fund