



Office of Inspector General

Follow-up on the Audit of the DATA Act

FOLLOW-UP ON THE AUDIT OF THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT

Report No. AR-20-06
September 2020

Federal Labor Relations Authority
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Abbreviations

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

Follow-up on the Audit of the Digital Accountability and Transparency Act

Report No. AR-20-06

September 25, 2020

The Honorable Colleen Duffy Kiko, Chairman

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

The objectives of our audit were to assess the: (1) completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2020, first quarter financial and award data submitted for publication on USASpending.gov; and (2) FLRA's use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Department of Treasury (Treasury). We performed our follow-up audit using the Council of Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance Under the DATA Act.

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

Results in Brief

Prior Year Report

Dembo Jones, P.C. was previously engaged by the FLRA OIG to perform an audit of FLRA's reporting and implementation of the DATA Act for the first quarter of FY 2019. That audit found that spending data was properly reported as required for procurement records in the USA Spending.gov system. This FY 2020 audit closed the prior year recommendation for FLRA personnel to review the USASpending.gov data submitted by FLRA, at least quarterly. There are no new findings in this FY 2020 report.

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

Background

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

The DATA Act directs agency Inspectors General (IG) to perform three reviews on agencies' implementation and use of data standards as well review statistical samples of the data submitted by the agency under the DATA Act and report on the completeness, timeliness, quality and accuracy of the data sampled and the use of the data standards by the agency. Since our first audit (FY 2017) revealed deficiencies, it was determined that a second audit should be conducted (FY 2018) to determine if the deficiencies were resolved in future quarters. That second audit identified no deficiencies.

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

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

A second mandated audit was conducted for FY 2019 and resulted in no new findings, but we noted the FLRA should continue to monitor its quarterly submissions. That was Report No. AR-20-04. We found in this FY 2020 follow-up audit that the FLRA has properly monitored its quarterly submissions.

Evaluation Results

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

We determined what management's processes and controls were in place to ensure that all awards made during FY 2020, first quarter, have been reported. Secondly, we evaluated whether our sample of transactions and awards, made and/or modified during that quarter were recorded in the proper period.

We found the FLRA first quarter FY 2020 procurement actions were properly linked to the FPDS. That system takes information from the PRISM procurement system and enables the information to be transferred to what is called File D1 in the USASpending.gov system. Without linking the procurement actions to FPDS, the procurement action will not appear in File D1 and the required data standards will also not appear in File D1. All relevant first quarter procurement actions tested appeared in File D1.

We tested 86 percent of the first quarter FY 2020 procurement dollars. There were four procurement actions that we selected to test, totaling \$127,758 of procurements. Please note that inter-agency procurement transactions are not subject to reporting under the Data Act. In addition, procurement actions below the micro-purchase transaction threshold are not required to be reported in File C under the Data Act. File C is where the procurement actions are found. We reviewed the transmission files and found that the procurement actions for the first quarter were being properly linked to the FPDS and the details could be found in the USASpending.gov system. We found that data tested that the agency was required to submit for publication on USASpending.gov was complete, timely, accurate, and of good quality. We found that the agency submission used the government wide financial data standards as established by OMG and Treasury, as applicable. We assessed these characteristics using the framework provided in the FAEC guide.

The FLRA maintains a Data Quality Plan for use in meeting its responsibility under the DATA Act. That document was prepared in FY 2019 and appears comprehensive and effective in meeting the internal control needs of the FLRA.

Suggestion

1. None based on this follow-up audit.



Dembo Jones, P.C.
September 25, 2020
North Bethesda, Maryland

Appendix 1

Objectives, Scope, and Methodology

Our objectives were to review the spending data submitted by FLRA and assess the: (1) completeness, timeliness, quality, and accuracy of FY 2020, first quarter financial and award data submitted for publication on USASpending.gov and (2) FLRA's implementation and use of the Government-wide financial data standards established by OMB and Treasury.²

The scope included the agency's 2020 first quarter financial and award data submitted for publication on USASpending.gov. Work performed was in accordance with generally accepted government auditing Standards, relevant DATA Act guidance and policies issued by the Government Accountability Office (GAO), OMB, and CIGIE, including the Inspectors General Guide to Compliance under the DATA Act, dated February 14, 2019. The scope included examining DATA Act information reported in the agency's FY 2020 first quarter financial and award data files listed below, as applicable:

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

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

To accomplish our objectives, we initiated our work in August 2020 and performed the following steps:

- 1) Updated our understanding of regulatory criteria related to FLRA's responsibilities to report financial and award data under the DATA Act. Appendix 2 contains a list of criteria reviewed to ensure compliance under the DATA Act;

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

- 2) Assess FLRA's systems, process, and internal controls in place over data management³ under the DATA Act;
- 3) Assess the general and application controls pertaining to the financial management systems (e.g. grants, loans, procurement) from which the data standards were derived and linked;
- 4) Assess FLRA's internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123⁴;
- 5) Review the procurement actions from FY 2020, first quarter financial and award data submitted by the agency for publication on USASpending.gov;
- 6) Assess the completeness, timeliness, quality, and accuracy of the financial and award data sampled in files A through E;
- 7) Assess FLRA implementation and use of the 57 data definition standards established by OMB and Treasury;
- 8) Reviewed the agency's certification and submission process; and
- 9) Analyzed results.

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

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

Appendix 2

Criteria Reviewed for Compliance Under the DATA Act

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

8	OMB M-10-06, Open Government, Directive	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf
9	OMB M-18-16 Appendix A to Circular A-123	https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-16.pdf
10	IG Guide to Compliance Under the Data Act	https://www.ignet.gov/sites/default/files/files/CIGIE%20FAEC%20FY2019%20Inspectors%20General%20Guide%20to%20Compliance%20under%20the%20DATA%20Act.pdf
11	OMB's Guidance for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/omb/fedreg/reproducible2.pdf
12	OMB: Open Government Directive- Framework for the Quality of Federal Spending Information	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/financial_pdf/Open_Government_Directive_02082010.pdf
13	OMB: Open Government Directive – Federal Spending Transparency	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/open_gov/OpenGovernmentDirective_04062010.pdf
14	The Data Exchange Standard	https://fedspendingtransparency.github.io/data-model/
15	Federal Spending Transparency Data Standards	https://max.gov/maxportal/assets/public/offm/DataStandardsFinal.htm
16	The DATA Act Schema Data Dictionary	https://fedspendingtransparency.github.io/dictionary-v1.1/
17	U.S. Digital Services Playbook	https://playbook.cio.gov/#plays_index_anchor
18	OMB Circular A-123	https://obamawhitehouse.archives.gov/omb/circulars_a123_rev/

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

Appendix 3

Report Distribution

Federal Labor Relations Authority

The Honorable Ernest DuBester, Member
The Honorable James Abbott, Member
Michael Jeffries, Executive Director
Gregory Mister, Director Budget and Finance