



Federal Communications Commission Office of Inspector General

Fiscal Year 2021 Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) Performance Audit

21-AUD-06-02

November 8, 2021

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David L Hunt
Inspector General
Federal Communications Commission
45 L Street NE
Washington, DC 20554

RE: Audit of the Federal Communications Commission's (FCC) Implementation of the Digital Accountability and Transparency Act of 2014 for First Quarter Fiscal Year 2021 Spending Data

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. 140D0421F0183, was designed to meet the objective identified in the **Objective** section of this report and further defined in **APPENDIX A**, "Purpose, Scope, and Methodology" of the report.

Kearney conducted this performance audit in accordance with *Government Auditing Standards*, 2018 Revision, issued by the Comptroller General of the United States. These standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

Sincerely,



Kearney & Company, P.C.
Alexandria, VA
November 8, 2021

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EXECUTIVE SUMMARY

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 of FCC’s first quarter (Q1) Fiscal Year (FY) 2021 spending data submitted under the Digital Accountability and Transparency Act of 2014 (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 FCC’s Q1 FY 2021 spending data, to assess the accuracy, completeness, timeliness, and quality of the data sampled, as well as to assess FCC’s implementation and use of the Government-wide data standards.

The FCC comprises three reporting components. The primary component consists of the FCC Headquarters (HQ) and field offices. The two additional components are the Universal Service Fund (USF) and the Telecommunications Relay Service (TRS). The USF component reports the results of four support mechanisms: High Cost, Lifeline, Rural Health Care, and Schools and Libraries (the USF programs). 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 Federal Funding Accountability and Transparency Act (FFATA) and should be reported, to the extent technically possible, to USAspending.gov.”

Kearney found that, although the FCC submitted its Q1 FY 2021 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 TRS fund. The FCC has not fully developed and executed a DATA Act project plan to capture, link, reconcile, and report on award-level financial and spending information with the TRS administrator, Rolka Loube. According to FCC’s Corrective Action Plan (CAP) (dated June 29, 2021), FCC expects to complete its project plan by December 2021.

Kearney found that the FCC did not implement a final Data Quality Plan (DQP) during the scope of our review. In addition, the FCC’s DQP, finalized in April 2021, was incomplete because it had not been substantially revised since FY 2019.

Kearney reviewed a statistically valid sample of spending data that FCC submitted in Q1 FY 2021 under the DATA Act. We found that FCC submitted its Q1 FY 2021 data timely and File C (Financial) was suitable for testing; however, there were discrepancies within certain submission files. Specifically, the submission contained Incomplete Record-Level Linkage from File C to File D2 (Award – Financial Assistance). The majority of discrepancies were File C transactions not reported in File D2. They resulted from FCC’s lack of oversight policies and procedures over its components transactions. Additionally, FCC’s component lacked the required detail for its financial assistance awards to submit the transactions in a timely manner. Lastly, FCC’s component did not follow its policies and procedures when reporting High-Cost Legacy and Lifeline transactions. These discrepancies extended across all data elements, resulting in a determination of low data quality.

FCC reported 28,435 detail award transactions (i.e., records or rows) in its File C submission. The statistical sample included 385 detail award transactions (381 Federal Award Identification Number [FAIN] and four Procurement Instrument Identifier [PIID]) selected from File C. Of the 385 samples, 384 transactions contained completeness, accuracy, and/or timeliness errors in one or more data elements and did not meet the quality requirements outlined by OMB. Of the 385 transactions, 314 transactions contained errors due to Incomplete Record-Level Linkage from File C (Financial) to File D2 (Award – Financial Assistance). There were a total of 15,236 data elements associated with 385 transactions tested. Of the 15,236 applicable data elements, 10,402 (69.26%) contained completeness issues, 10,443 (69.51%) contained accuracy issues, and 13,841 (91.12%) contained timeliness issues¹. Within this group, a share of errors was attributable to non-Agency maintained data. We determined 37 of the 10,402 (0.36%) incomplete data elements, 38 of the 10,443 (0.36%) inaccurate data elements, and 38 of the 13,841 (0.27%) untimely data elements were not specifically attributable to the FCC.

The FCC reported its USF financial assistance awards to FABS on a monthly schedule, rather than within two weeks of award as required by OMB M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*.

Additionally, the FCC’s submission contained inaccurate File D2 data elements. We reviewed 67 Federal Award Identification Number (FAIN) samples with File D2 information, 20 of which were High-Cost legacy samples. We determined that the “AwardModificationAmendmentNumber” data element was inaccurately reported for all 20 High-Cost Legacy awards.

Although FCC took many steps to implement and use data standards required by Federal guidance, improvements are still needed. As a result of this audit, we made nine recommendations to improve FCC’s implementation of the DATA Act. We provided these findings and recommendations, as well as a draft version of this report, to management for comment. We included FCC’s response in its entirety in **APPENDIX E**.

OBJECTIVE

The objectives of this performance audit were to assess the completeness, accuracy, timeliness, and quality of the FCC’s Q1 FY 2021 financial and award data submitted for publication on USAspending.gov in accordance with the DATA Act and to assess FCC’s implementation and use of the Government-wide financial data standards established by OMB and Treasury.

BACKGROUND

To improve the availability of information on Federal payments to vendors, contractors, and grantees in the form of contracts, grants, loans, and other financial awards, Congress passed the FFATA in 2006. The FFATA, as amended by the Government Funding Transparency Act of 2008, requires the OMB ensure the existence and operation of a free, publicly accessible website

¹ Error rates are calculated based on CIGIE guidance and are based on the average error rate for each sample by attribute (completeness, accuracy, and timeliness).

containing data on Federal awards (e.g., contracts, loans, and grants). In order to comply with FFATA requirements, OMB launched the website USAspending.gov.

The DATA Act was signed into law in May 2014 to expand the reporting requirements pursuant to FFATA. The purpose of the DATA Act is to disclose “direct Federal agency expenditures” and “track Federal spending.” The DATA Act requires Federal agencies to report financial and award data to the public through USAspending.gov in accordance with the established Government-wide financial data standards (developed and issued by OMB and Treasury).

The DATA Act also requires each Federal agency’s OIG to assess a statistically valid sample of the spending data submitted by its Federal agency. During each mandated audit, the auditor is required to assess the completeness, accuracy, timeliness, and overall quality of the selected data, as well as the agency’s implementation and use of Government-wide financial data standards. OIGs are required to submit a report of the results of the assessment to Congress and make it publicly available.

Guidance Related to Federal Agency Accountability and Transparency

OMB has published several sources of implementation guidance relating to FFATA and the DATA Act 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). Some notable sources of guidance available to agencies include:

- OMB Memorandum (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 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 OMBM-10-06;
- OMB Memorandum, *Open Government Directive – Federal Spending Transparency*, April 6, 2010, established a deadline for agencies to initiate sub-award reporting, initiated requirements for agencies to maintain metrics on the quality and completeness of Federal spending data provided, and announced the release of the USAspending.gov website;
- OMB M-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk* offers Federal agencies the flexibility to determine which control activities are necessary to achieve reasonable assurance over internal controls and processes that support overall data quality contained in agency reports. This includes a requirement that agencies implement a Data Quality Plan (DQP), which is effective FY 2019 through FY 2021, at a minimum;
- OMB Management Procedures M-2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* 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 and as amended by the DATA Act. This memorandum 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 USApending.gov. This guidance provides specific technical assistance on certain matters (e.g., awards involving intra-governmental transfers and quarterly Senior Accountable Official [SAO] assurances);
 - OMB M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease (COVID-19)* directs agencies to leverage and continue to employ existing financial transparency and accountability mechanisms wherever possible. In balancing speed with transparency, agencies are to consider the three core principles: Mission Achievement, Expediency, and Transparency and Accountability;
 - DATA Act Information Model Schema (DAIMS), Version (v).2.02, issued by Treasury on December 14, 2020, is 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, issued by OMB and Treasury, established the set of Government-wide data standards for Federal funds made available to or expended by Federal agencies. Agencies were required to report financial data in accordance with these standards, beginning in the second quarter of FY 2017.

To meet the needs of the Inspector General (IG) community, the Council of the Inspectors General on Integrity and Efficiency’s (CIGIE) Federal Audit Executive Council (FAEC) established the DATA Act Working Group. In consultation with the Government Accountability Office (GAO), as required by the DATA Act, the Working Group developed the *CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act* (Guide), which presents a common methodology and reporting approach for the IG community to use in performing its mandated work.

DATA Act Reporting Date Anomaly

CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act. That is, the first IG reports were due to Congress in November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required reports by November 8, 2017, one year after the statutory due date, with two subsequent reports to be submitted following on a two-year cycle. This is the third and final report required under the DATA Act. On December 22, 2015, CIGIE’s chair issued a letter detailing the strategy for dealing with the IG reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform. Please see the referenced letter at the following website:

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

DATA Act Submission

The DATA Act requires Federal agencies to submit data through USAspending.gov. Treasury developed an Information Technology (IT) system, the Broker, to facilitate the submission of data for the DATA Act. Agencies are required to use the Broker 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 Senior Accountable Official (SAO) then certifies the agency’s data in the Broker.

Files Generated Utilizing Agency Information Systems

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

Exhibit 1: Agency-Created Files

DATA Act Submission File	File Description
File A – Appropriations Account Detail	File A shows how budgetary resources are made available and the status of budgetary resources at the end of the reporting period. Six of the 59 required data elements are included in File A, including the amount appropriated and obligated during the FY. The information in File A is reported for each Treasury Account Symbol (TAS). 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 four of the same data elements as File A; however, the information in File B is presented by program activity, object class, and disaster emergency fund code, which represent an additional three required data elements. 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 (e.g., grants and cooperative agreements) processed during the quarter. This includes modifications to existing awards. Payroll actions, classified transactions, and interagency awards are excluded from agency submissions. Nine of the 59 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 based on OMB and Treasury guidance.

Files Generated in the Broker

Exhibit 2 details the four files that are part of the DATA Act submission files, but are not populated directly by the Federal agencies’ internal systems. Instead, the Broker generates these files from data submitted by Federal agencies. Although the agencies do not directly create the files, the agency SAOs must still provide assurance over the quality of the data.

Exhibit 2: Broker-Generated Files

DATA Act Submission File	File Description
File D1– Award and Awardee Attributes (Procurement)	File D1 includes transaction-level information for all procurement awards processed during FY 2021 Q1. File D1 includes 41 of the 59 required data elements, 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.

DATA Act Submission File	File Description
	<p>When agencies generate File D1 in the Broker, the Broker pulls the information from the Federal Procurement Data System – Next Generation (FPDS-NG). The General Services Administration (GSA) operates FPDS-NG and the Federal Government uses it to collect and report on procurement spending across all Federal agencies. Agencies are required to report all contracts, with an estimated value over \$10,000 and modifications to those contracts into FPDS-NG.</p>
<p>File D2– Award and Awardee Attributes (Financial Assistance)</p>	<p>File D2 includes transaction-level information for all financial awards processed during FY 2021 Q1. File D2 comprises 39 of the 59 required data elements, 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 Record Identifier (URI).</p> <p>When agencies generate File D2 in the Broker, the Broker pulls the information from the Financial Assistance Broker Submission (FABS) for all awards reported during Q1. Treasury operates FABS, which is part of USAspending.gov. On a monthly basis, agencies are required to report all financial assistance awards of \$25,000 or more to the FABS.</p>
<p>File E – Additional Awardee Attributes</p>	<p>File E includes information on organizations that received procurement or financial assistance awards during FY 2021. In total, File E includes six of the required 59 data elements.</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> <p><i>File E data is the legal responsibility of the recipient and agencies are not responsible for certifying the quality of data reported by the awardees; therefore, we did not perform any testing procedures over those data elements reported.</i></p>
<p>File F – FFATA Sub-award Attributes</p>	<p>File F includes information on certain organizations that received procurement or financial assistance sub-awards during FY 2021 Q1. 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) operated by GSA. 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> <p><i>File F data is the legal responsibility of the recipient and agencies are not responsible for certifying the quality of data reported by the awardees; therefore, we did not perform any testing procedures over those data elements reported.</i></p>

Source: Generated by Kearney based on OMB and Treasury Guidance.

SAO Certification

The responsibility for ensuring the accuracy of all files, agency-created and Broker-generated, lies with an 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. 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 FCC, the Deputy Chief Financial Officer (DCFO) serves as the SAO. Accordingly, the DCFO is responsible for the implementation of the DATA Act. The SAO must provide reasonable assurance over the quality of the data submitted and document this assurance by certifying the DATA Act submission in the Broker. OMB guidance directs SAOs to verify that their data includes certain required linkages between 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.”²

FCC Background and Mission

The FCC is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The FCC also regulates telecommunications and advanced communication services and video programming for people with disabilities. The Communications Act of 1934 (Act) created the FCC by centralizing authority granted by law to several agencies, as well as granting additional authority with respect to interstate and foreign commerce in wire and radio communication. The FCC was charged with executing and enforcing the provisions of the Act. The FCC’s jurisdiction covers the 50 states, the District of Columbia, and U.S. possessions. The purpose of the Act was to “[regulate] interstate and foreign commerce in communication by wire and radio so as to make available... to all the people of the United States without discrimination... a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges”. Additionally, the purpose was to support effective execution of policies related to national defense and the safety of life and property through the use of wire and radio communication.

The responsibilities granted to the FCC by this Act include, but are not limited to, collecting regulatory fees, assessing fines, and conducting auctions. The USF was created by the Act as the mechanism by which interstate long-distance carriers were assessed fees to subsidize telephone service to low-income households and high-cost areas (i.e., rural areas where infrastructure is more costly).

In 1996, Congress passed the Telecommunication Act of 1996 (1996 Act), a major legislation amending, repealing, or adding new legislation to the Communications Act of 1934. The Telecommunication Act of 1996 was enacted to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies. The Telecommunication Act of 1996 also added and changed some rules to account for the emerging internet. Also, the Telecommunication Act of 1996 expanded the traditional definition of affordable, nationwide telephone service to include, among other things, rural health care providers, and eligible schools and libraries, as well as expanded the programs supported by the USF.

² OMB Management Procedures Memorandum (MPM) 2016-03

Title IV of the Americans with Disabilities Act of 1990 Title IV established the TRS fund. TRS compensates TRS providers for reasonable costs of providing interstate telephone transmission services that enable a person with a hearing or speech disability to communicate with a person without hearing or speech disabilities. The costs of providing interstate TRS are recovered from subscribers of interstate telecommunications services.

FCC's Process for Generating the DATA Act Submission

On January 28, the FCC uploaded the required data to the Broker. The data needed to create Files A, B, and C resides both in FCC's and its USF administrator's systems. FCC's data resides in its financial management system, Genesis. The USF data resides in the Universal Services Administrative Company's (USAC) USF program subsystems; E-rate Productivity Center (EPC), High-Cost Lifeline (HCLI) system, Lifeline Claims System, and Rural Health Care's My Portal, as well as its financial management system, Great Plains. Additionally, using the Broker, FCC extracted and generated the Files D1 (PIIDs), D2 (FAINs), E, and F for submission and certified the required files in the Broker. As noted in the **DATA Act Submission** section, the source for Files D1, D2, E, and F are Government-wide reporting systems. *Exhibit 1* and *Exhibit 2* outline how each file is populated into each of these systems.

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). Treasury provides a SF-133 crosswalk table to show the relationship of the GTAS elements to specific lines on the SF-133. On a monthly basis, agencies must submit their financial information to Treasury using GTAS. Because File A contains the same information as the SF-133, the FCC ensured the extracted File A data agreed to the applicable GTAS and SF-133 information for the Q1 FY 2021 DATA Act submission.

File B – Object Class and Program Activity Detail

As noted above in *Exhibit 1*, 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 the Financial Systems Operations Group (FSOG) appends to the FCC data to complete File B.

File C – Award Financial Data

The FCC uses its internal financial system (Genesis) to submit File C (Award Financial), which includes reportable, record-level data. USAC uses its internal program subsystems to submit File C to the FCC, which includes reportable, record-level data. The FCC combines the USF File C data with its own into one File C. The financial award and procurement data reported in File C should agree to the procurement and award information in FPDS-NG and Awards. FCC expected timing differences between File C and FPDS-NG; therefore, FCC developed a reconciliation process that is executed every two to three days throughout the quarter to ensure

agreement prior to submitting its quarterly DATA Act submission. USAC performs reconciliations of its subsystem data to its financial system, Great Plains, to determine completeness of the submission.

Files D1, D2, E, and F – Broker-Generated Files

On January 28, 2021, FCC, using the Broker, generated the Files D1, D2, E, and F for submission, as required by Treasury for this DATA Act submission. File D1 is created via FPDS-NG daily updates and includes additional information from other Treasury databases (e.g., SAM). File D2 is created with data from the Broker, via the agency’s FABS and other Treasury databases (e.g., SAM), which includes detailed financial assistance award information for record-level transactions. The FCC must submit its financial assistance data (File D2) to FABS at least twice monthly and ensure the data is successfully validated. Federal awardees are responsible for updating SAM and FSRS, which are the source systems for Files E and F. The FCC is responsible for ensuring controls are in place to verify that awardees register in SAM at the time of the financial assistance award and comply with FCC requirements.

As part of the agency’s quarterly submission process, the Broker conducts cross-file validations and performs various edit checks over the data submission. One of the edit check rules, per the DAIMS for File D1, is warning C11, which states, “Each unique PIID [Procurement Instrument Identifier] (or combination of PIID/ParentAwardId) from file C should exist in file D1.” Similarly, one of the edit check rules per DAIMS for File D2 is warning C8 which states, “Unique [Financial Assistance Identifier Numbers] FAIN and/or [Unique Record Identified] URI from File C should exist in File D2...” Per DAIMS, a warning does not mandate an error; however, it requires further investigation to ensure all information is reported correctly.

Recording Data in FPDS-NG

When FCC completes a procurement action in Genesis, certain fields will be automatically transmitted 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 (CO) is responsible for entering the remaining fields directly into FPDS-NG. Once all the required fields in FPDS-NG are completed, the CO clicks the “Verify” button. The action must pass automatic edit checks in FPDS-NG to be recorded, which is noted by a “Final” status.

Period of Performance Start Date for Procurement Awards

DAIMS defines the Period of Performance Start Date as the date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective. For modifications of procurement awards, it is not clear whether “the award referred to” is the initial award or the modification and neither OMB nor Treasury’s DATA Act Program Management Office (PMO) has issued guidance with specific instructions on the matter. Thus, for procurement awards with modifications, if agencies recorded the initial award date or the date of the modification as the start date, in accordance with their internal policies and procedures/practices, it is not an error for DATA Act reporting purposes.

Testing Limitations for Data Reported from Files E and F

As noted above in *Exhibit 2*, File E of the DAIMS contains additional awardee attribute information the Broker extracts from the SAM. File F contains sub-award attribute information the Broker extracts from the FSRS. Files E and F data remain the responsibility of the awardee, in accordance with terms and conditions of Federal agreements, and the quality of these data remains the legal responsibility of the recipient. Therefore, agency SAOs are not responsible for certifying the quality of File E and F data reported by awardees, but they are responsible for assuring controls are in place to verify that financial assistance awardees register in SAM at the time of the award. As such, we did not assess the completeness, timeliness, quality, and accuracy of the data extracted from SAM and FSRS via the Treasury broker system. See *Exhibit 13* for additional details.

Assessment of FCC’s Data Quality Plan

On June 6, 2018, OMB issued M-18-16, which updates the OMB Circular A-123, *Management of Reporting and Data Integrity Risk* reporting requirements. The agency must develop a DQP to achieve the objectives of the DATA Act. Based on CIGIE requirements, the DQP must be reviewed and assessed annually for three years or until the agency determines that sufficient controls are in place to achieve the reporting objective. The agency DQP should consider reviewing quarterly certifications of data submitted by the SAO, as well as documenting internal controls. The significant milestones reported by the agency should include an organizational structure over internal controls, management’s responsibilities in accordance with OMB Circular A-123, the test plan, and identification of high-risk data.

The FCC did not implement a final DQP during the scope of our review, refer to the *Findings* section for our results.

ASSESSMENT OF THE DATA ACT SUBMISSION

Kearney reviewed a statistically valid sample of spending data that FCC submitted in FY 2021 Q1 under the DATA Act and found certain transactions were incomplete, inaccurate, or untimely, and did not meet all quality requirements outlined by OMB. Specifically, of the 28,435 transactions included in FCC’s File C submission, we selected a sample of 385 transactions (1.35%) and reviewed supporting documentation to assess the completeness, accuracy, timeliness, and quality of the transaction-level data. *Exhibit 3* presents the summary results of testing.

Exhibit 3: Summary Results of Testing

Results	Completeness	Accuracy	Timeliness
Number of Transactions without Errors	48	32	1
Number of Transactions with One or More Data Elements Containing Errors	337	353	384
Total Transactions Tested	385	385	385

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

Some of the completeness, accuracy, and timeliness issues in *Exhibit 3* are not attributable to the FCC, and are not included in the agency completeness, accuracy, and timeliness results that follow. Please refer to the *Overall Determination of Quality* section below.

Completeness of the Agency DATA Act Submission

We evaluated FCC's DATA Act submission to Treasury's DATA Act Broker and determined that the submission was not complete. We evaluated Files A, B, and C to determine if all transactions and events that should have been recorded were recorded in the proper period.

[Finding #1] - The agency File C submission was not complete because it did not include the TRS component spending data. The TRS Fund accounted for approximately \$1.70 billion of the FCC's FY 2021 Q1 annual appropriations and spending authority from offsetting collections, which was approximately 37 percent of the FCC's total new FY 2021 first quarter budgetary resources.

[Finding #4] - Additionally, FCC's FY 2021 Q1 submission was incomplete because it had 16,277 financial award transactions valued at \$425.6 million that were not submitted in the month in which the transactions occurred. Lastly, FCC's submission did not include the October 2020 Lifeline financial assistance awards. During our sample test work, we noted:

- USAC Management has identified, through its monthly reconciliation of its File C submission to its general ledger, financial assistance awards that were not reported in File C that should have been reported in the month the financial assistance award occurred. Specifically, USAC management identified that the October submission excluded 6,623 financial assistance awards, with a value of \$162.3 million, the November submission excluded 4,617 financial assistance awards, with a value of \$121.7 million, and the December submission excluded 5,037 financial assistance awards, with a value of \$141.6 million
- The Q1 submission also did not include the October 2020 Lifeline financial assistance awards. The October 2020 awards were, instead, included in the Q4 of FY 2020 because the USF September 2020 File C erroneously included estimated October 2020 Lifeline financial assistance awards. The October Lifeline awards are comprised of 1,518 financial assistance awards, with a value of \$68.1 million.

Based on the exclusion of the TRS fund and \$493.7 million of unreported spending data, we determined this would have an adverse impact on the overall quality of the DATA Act submission.

Timeliness of the Agency DATA Act Submission

We evaluated FCC's FY 2021 Q1 DATA Act submissions to Treasury's DATA Act Broker and determined that the submission was timely. We also noted that the SAO certified the data timely. To be considered timely, the DATA Act submission had to be submitted by the end of the following month and had to be certified by the SAO within 45 days of the end of the corresponding Quarter.

Completeness of Summary-Level Data for Files A and B

We performed summary-level data reconciliations and linkages for Files A and B and did not identify any variances. The test results verified: 1) summary-level data from File A matched the Agency's GTAS SF-133; 2) the totals and TAS identified in File A matched File B; and 3) all object class codes from File B match codes defined in Section 83 of OMB Circular A-11.

Results of Linkages from File C to Files B/D1/D2

We tested the linkages between File C to File B by matching TAS, object class, and program activity and the linkages between File C to File D1/D2 by matching the Award ID. During our test work, we identified:

- 1 record in File C that was not reported in File D1
- 23,450 records in File C that were not reported in File D2
- 1 record in File D1 that was not reported in File C
- 1 record in File D2 that was not reported in File C.

Based on our test results, the linkages from File C to Files D1/D2 did not work properly. There were several contributing factors, which included:

- USAC submitted inaccurate action dates for all its FY 2021 Q1 High-Cost legacy and Lifeline financial assistance awards. These awards had an action date a month prior to the financial assistance award date recorded in USACs systems, which hindered some of the linkage that should occur with data elements between Files C and D2. When recording the action dates for High-Cost legacy and Lifeline financial assistance awards, USAC did not follow their accounting policies that require recording of the obligation when an invoice is approved;
- USAC submitted untimely and incomplete award data in its FY 2021 Q1 submission. The standard forms USF financial assistance awardees are required to submit to USAC prior to award do not include all of the information needed to populate the required fields to pass the system validation checks performed by the broker. For this reason, USAC could not submit awards as they occurred and must wait until the missing information is received; and
- The FCC lacked oversight policies and procedures over the USF transactions to ensure File C data and FABS submissions were submitted timely, accurately, and completely.

We determined the variance between records reported in File C that were not reported in File D2 would have an adverse impact on the overall quality of the DATA Act submission.

Analysis of the Accuracy of Dollar Value-related Data Elements

We did not note any dollar value accuracy errors.

Analysis of Errors in Data Elements Not Attributable to the Agency

Exhibit 4 below presents the detailed completeness errors by data element.

Exhibit 4: Errors in Data Elements Not Attributable to the Agency

PIID/FAIN	Data Element (DE)		
FAIN	DE 3	Ultimate Parent Unique Identifier	FABS Extracting from SAM
FAIN	DE 4	Ultimate Parent Legal Entity Name	FABS Extracting from SAM
PIID/FAIN	DE 6	Legal Entity Congressional District	FPDS-NG and FABS Extracting from SAM

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

File C COVID-19 Outlay Testing and Results

We selected a non-statistical, random sample of 45 records out of 1,616 File C outlay records from December 2020 of the FY 2021 Q1 DATA Act submission. Our testing included assessing each of the data elements required to be tested per the CIGIE Guide: Parent Award ID number, PIID/FAIN, object class, appropriations account, obligation, program activity, outlay, and Disaster Emergency Fund Code (DEFC) File C outlays data elements for completeness, accuracy, and timeliness. Based on our testing, we found that the File C outlays for our sample of 45 records were 100 percent complete, 100% accurate, and 100% timely. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Data Element Analysis

Our audit results were not consistent with FCC’s Data Quality Plan (DQP) identified risks due to the omission of risks associated with the USF fund. The FCC did not implement a final DQP during the scope of our review. In addition, the FCC’s DQP was incomplete because it had not been substantially revised since FY 2019.

Completeness of the Data Elements

Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 64.7% and 73.9%. A data element was considered complete if the required data element that should have been reported was reported.

The financial assistance award information in File C (i.e., reportable, record-level data) did not match the FAIN information in File D2 (i.e., detailed information for record-level transactions reported in File C), as required by OMB and Treasury guidance. We tested the information submitted in the File C to determine if it matched the information extracted by the Data Broker in File D2. Of the 381 financial assistance awards selected from File C for detailed FAIN testing, 314 financial assistance awards were not included within the File D2 and are considered incomplete, inaccurate, and untimely. Specifically, we noted the following errors:

- USAC submitted inaccurate action dates for all its FY 2021 Q1 High-Cost legacy and Lifeline financial assistance awards. These awards had an action date a month prior to the financial assistance award date recorded in USAC’s systems, which hindered some of the linkage that should occur with data elements between Files C and D2. When recording the action dates for High-Cost legacy and Lifeline financial assistance awards, USAC did not follow their accounting policies that requires recording of the obligation when invoice is approved;
 - Of the 381 FAIN samples, 127 were File C High-Cost legacy and Lifeline FAIN samples. We determined that 107 (62 High-Cost legacy and 45 Lifeline) had no corresponding record-level data in File D2 due to incorrect action dates. The remaining 20 of the High-Cost legacy samples linked to File D2 because the October 2020 and November File C submissions were combined.
- USAC submitted untimely and incomplete award data in its FY 2021 Q1 submission. The SFs USF financial assistance awardees are required to submit to USAC prior to award did not include all of the information needed to populate the required fields to pass the system validation checks performed by the broker. For this reason, USAC could not submit awards as they occurred and had to wait until the missing information is received
 - Of the 381 FAIN samples, 231 were untimely and could not be linked to the data elements in File D2. Specifically, 180 samples (153 Schools and Libraries, 3 Rural Health Care, and 24 High-Cost legacy [the 24 High-Cost Legacy samples also had linkage issues due to incorrect action dates]) were for awards prior to the first quarter of FY 2021 and 51 samples (36 Schools and Libraries and 15 Rural Health Care) were for awards submitted a month after the actual action date.
- Additionally we noted completeness issues not attributable to the FCC which are included in *Exhibit 5*, refer to the *Overall Determination of Quality* section below.

Exhibit 5 presents the detailed completeness errors by data element.

Exhibit 5: Completeness Errors by Data Element

Data Element	Number of Transactions with Errors
Ultimate Parent Legal Entity Name	333
Ultimate Parent Unique Identifier	329
Legal Entity Congressional District	317
Awardee/Recipient Legal Entity Name	315
Awardee/Recipient Unique Identifier	315
Primary Place of Performance Congressional District	315
Legal Entity Address	314
Legal Entity Country Code	314
Legal Entity Country Name	314
Amount of Award	314
Federal Action Obligation	314
Award Type	314
Catalog of Federal Domestic Assistance (CFDA) Number	314
CFDA Title	314
Award Description	314

Data Element	Number of Transactions with Errors
Action Date	314
Primary Place of Performance Address	314
Primary Place of Performance Country Code	314
Primary Place of Performance Country Name	314
Award ID Number	314
Record Type	314
Action Type	314
Business Type	314
Funding Agency Name	314
Funding Agency Code	314
Funding Office Name	314
Funding Office Code	314
Funding Agency Name	314
Awarding Agency Code	314
Awarding Sub Tier Agency Name	314
Awarding Sub Tier Agency Code	314
Awarding Office Name	314
Awarding Office Code	314
Total Incomplete Data Elements	10,402

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

Accuracy of the Data Elements

Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 64.9% and 74.1%. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS Reporting Submission Specifications (RSS), Interface Definition Document (IDD), and the online data dictionary, as well as agree with the originating award documentation/contract file.

As noted in the *Completeness of the Data Elements* section above, of the 381 financial assistance awards selected from File C for detailed FAIN testing, 314 financial assistance awards were not included within the File D2 and are considered incomplete, inaccurate, and untimely.

Additionally, Kearney noted that the FCCs Q1 FY 2021 DATA Act submission contained inaccurate File D2 data elements. We reviewed 67 FAIN samples with File D2 information, 20 of which were High-Cost legacy samples. We determined that the “AwardModificationAmendmentNumber” data element was inaccurately reported for all 20 USF High-Cost Legacy awards.

Additionally, we noted accuracy issues not attributable to the FCC that are included in *Exhibit 6*, refer to the *Overall Determination of Quality* section below.

Exhibit 6 presents the detailed accuracy errors by data element.

Exhibit 6: Accuracy Errors by Data Element

Data Element	Number of Transactions with Errors
Action Date	334
Ultimate Parent Legal Entity Name	333
Ultimate Parent Unique Identifier	329
Legal Entity Congressional District	318

Data Element	Number of Transactions with Errors
Awardee/Recipient Legal Entity Name	315
Awardee/Recipient Unique Identifier	315
Primary Place of Performance Congressional District	315
Legal Entity Address	314
Legal Entity Country Code	314
Legal Entity Country Name	314
Amount of Award	314
Federal Action Obligation	314
Award Type	314
CFDA Number	314
CFDA Title	314
Award Description	314
Primary Place of Performance Address	314
Primary Place of Performance Country Code	314
Primary Place of Performance Country Name	314
Award ID Number	314
Record Type	314
Action Type	314
Business Type	314
Funding Agency Name	314
Funding Agency Code	314
Funding Office Name	314
Funding Office Code	314
Funding Agency Name	314
Awarding Agency Code	314
Awarding Sub Tier Agency Name	314
Awarding Sub Tier Agency Code	314
Awarding Office Name	314
Awarding Office Code	314
Award Modification/Amendment Number	20
Total Incomplete Data Elements	10,443

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

Timeliness of the Data Elements

Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 88.3% and 94.0%. The timeliness of data elements was based on the reporting schedules defined by the financial, procurement, and financial assistance requirements (e.g., FFATA, Federal Acquisition Regulation [FAR], FPDS-NG, FABS, and DAIMS).

As noted in the *Completeness of the Data Elements* section above, of the 381 financial assistance awards selected from File C for detailed FAIN testing, 314 financial assistance awards were not included within the File D2 and are considered incomplete, inaccurate, and untimely.

Furthermore, we noted the FCC’s Q1 FY 2021 DATA Act submission contained data elements that were not reported in accordance with FABS reporting requirements. Specifically, the FCC reported its USF financial assistance awards to FABS on a monthly schedule, rather than within two weeks of award, as required by OMB M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*. All 381 USF financial assistance awards sampled were reported untimely to FABS. The FCC lacked policies

and procedures to communicate new guidance and ensure updated guidance requirements were followed by USAC. Additionally, USAC did not submit its USF October 2020 financial assistance award data timely to FABS and included it with its November 2020 submission. The FCC lacked oversight policies and procedures for monitoring USF transactions submitted by USAC to FABS.

Additionally, we noted timeliness issues not attributable to the FCC, that are included in *Exhibit 7*. Please refer to the *Overall Determination of Quality* section below.

Exhibit 7 presents the detailed timeliness errors by data element.

Exhibit 7: Timeliness Errors by Data Element

Data Element	Number of Transactions with Errors
Legal Entity Congressional District	384
Ultimate Parent Legal Entity Name	381
Ultimate Parent Unique Identifier	381
Awardee/Recipient Legal Entity Name	381
Awardee/Recipient Unique Identifier	381
Primary Place of Performance Congressional District	381
Legal Entity Address	381
Legal Entity Country Code	381
Legal Entity Country Name	381
Amount of Award	381
Federal Action Obligation	381
Award Type	381
CFDA Number	381
CFDA Title	381
Award Description	381
Action Date	381
Primary Place of Performance Address	381
Primary Place of Performance Country Code	381
Primary Place of Performance Country Name	381
Award ID Number	381
Record Type	381
Action Type	381
Business Type	381
Funding Agency Name	381
Funding Agency Code	381
Funding Office Name	381
Funding Office Code	381
Awarding Agency Name	381
Awarding Agency Code	381
Awarding Sub Tier Agency Name	381
Awarding Sub Tier Agency Code	381
Awarding Office Name	381
Awarding Office Code	381
Award ID Number (FAIN)	180
Object Class	180
Appropriations Account	180
Obligation	180
Program Activity	180
Disaster Emergency Fund Code	180

Data Element	Number of Transactions with Errors
Funding Sub Tier Agency Name	67
Funding Sub Tier Agency Code	67
Award Modification/Amendment Number	51
Total Incomplete Data Elements	13,841

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

Overall Determination of Quality

The CIGIE Guide defines quality as “data that is complete, accurate, and timely, and includes statistical and non-statistical testing results.” The CIGIE Guide states that auditors should combine the results of the statistical sample with the results of the non-statistical sample using the methodology in *Exhibit 8*.

Exhibit 8: Quality Assessment Scorecard

	Criteria	Score ³	Maximum Possible Points With Outlays
Non-Statistical	Timeliness of Agency Submission	5.00	5.00
	Completeness of Summary-Level Data (Files A and B)	10.00	10.00
	Suitability of File C for Sample Selection	9.00	10.00
	Record-Level Linkages (Files C and D)	4.12	7.00
	COVID-19 Outlay Testing Judgmental Sample	8.00	8.00
Statistical	Completeness	4.61	15.00
	Accuracy	9.15	30.00
	Timeliness	1.33	15.00
Total		51.21	100.00

Source: Prepared by Kearney based on the CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act, 820.05, and the results of Kearney’s procedures.

Based on the results of our statistical and non-statistical testing for FCC’s DATA Act audit for FY 2021 Q1, FCC scored **51.21** points (out of 100 points), which is a quality rating of **Lower**. *Exhibit 9* provides the range of error in determining the quality of the data elements.

Exhibit 9: Data Quality Error Range

Range	Quality Level
0% to 69.999%	Lower
70% to 84.999%	Moderate
85% to 94.999%	Higher
95% to 100%	Excellent

Source: CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act.

FCC reported 28,435 detail award transactions (i.e., records) in its File C submission. We selected a statistically valid sample of 385 transactions (381 FAINs and 4 PIIDs) containing

³ The statistical score is based on the correctness rate (1 - error rate) multiplied by 15 for completeness and timeliness and by 30 for accuracy.

15,236 applicable data elements. We identified sampling error rates⁴ and determined that, out of the 15,236 applicable data elements, 10,402 (69.26 %) contained completeness issues, 10,443 (69.51 %) contained accuracy issues, and 13,841 (91.12 %) contained timeliness issues. Included in the issues are errors not specifically attributable to the FCC that resulted in data inaccuracies. Within this group, a share of errors was attributable to non-Agency maintained data. We determined 37 of the 10,402 (0.36%) incomplete data elements, 38 of the 10,443 (0.36%) inaccurate data elements, and 38 of the 13,841 (0.27%) untimely data elements were not specifically attributable to the FCC. Based on our test work and the highest error rate of 91.12%, we determined that the quality of FCC’s data is considered lower. For more information over the detailed error rates, please see **APPENDIX D**.

Implementation and Use of the Data Standards

We have evaluated FCC’s implementation and use of the Government-wide financial data standards for spending information, as developed by OMB and Treasury. FCC has not fully implemented the data standards, as defined by OMB and Treasury. Refer to the above sections over the accuracy, timeliness, and completeness for the issues noted and their causes.

Assessment of Internal Control and Compliance with Laws and Regulations

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed 1) the information reported in File A matched the SF-133; 2) File A matched the totals included in File B; 3) the transactions included in Files C were included in D1 or D2; and 4) the transactions included in D1 and D2 were included in File C. Kearney also re-performed the reconciliation between Files C and D1/D2, as well as performed a reconciliation of data linkages between Files C and D1 to Files E and F. The results are in the findings section of the report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

FINDINGS

Our performance audit resulted in five findings and nine corresponding recommendations, as presented below. For criteria related to the findings, please see *Appendix G*. Additionally, for recommendations noted, please see the *Audit Results Summary and Recommendations* section.

Finding #1 – The FCC Did Not Submit Component Spending Data

Condition: The FCC submitted its FY 2021 first quarter DATA Act submission on the required reporting date of January 28, 2021. Although the FCC submitted on time, the FCC did not submit the required File C award data for one of its components, TRS.

Cause: As of August 2021, the FCC has not fully developed and executed a DATA Act project plan to capture, link, reconcile, and report on award level financial and spending information

⁴ Error rates are calculated based on CIGIE guidance and are based on the average error rate for each sample by attribute (completeness, accuracy, and timeliness).

with the TRS administrator, Rolka Loube. According to FCC's corrective action plan (dated June 29, 2021), FCC expects to develop its project plan by December 2021.

Effect: Because the FCC did not include award level data for TRS in its FY 2021 first quarter DATA Act submission to the Department of Treasury (Treasury), the FCC's submission was incomplete. An incomplete submission will hinder the reliability of Federal data used to populate USAspending.gov.

Finding #2 – DQP was Incomplete and not Implemented Timely

Condition: The FCC did not implement a final DQP during the scope of our review, which was the first quarter in FY 2021. In addition, the FCC's DQP, finalized in April 2021, was incomplete because it had not been substantially revised since FY 2019. We noted it did not include the following key information and updates:

- The FCC's component administrators, USAC and Rolka Loube, were not included in the organizational structure;
- Component risks, processes, and procedures, including the reconciliations performed were not included in the DQP;
- The Senior Accountable Official (SAO) was incorrectly identified as the Chief Financial Officer (CFO), rather than his delegate, the Deputy CFO; and
- Revised guidance from OMB, which superseded previous guidance, required:
 - Agencies with Coronavirus Disease 2019 (COVID-19) relief funding to submit Digital Accountability and Transparency Act of 2014 (DATA Act) Files A, B, and C monthly;
 - Financial assistance awards be reported within two weeks of issuance;
 - The inclusion of 2 additional data elements, raising the total to 59 elements.

Cause: FCC did not have policies and procedures for updating the DQP.

Effect: Key risks may go undetected and reduce the overall quality of an agency's data with regard to the DATA Act as a result of not considering the DQP in the SAO certification.

Finding #3 – Untimely Reporting To FABS

Condition: The FCC's first quarter FY 2021 DATA Act submission contained data elements that were not reported in accordance with FABS reporting requirement. Specifically, the FCC reported its USF financial assistance awards to FABS on a monthly schedule, rather than within two weeks of award as required by OMB M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*.

All 381 USF financial assistance awards sampled were reported untimely to FABS.

Cause: The FCC lacked policies and procedures to communicate new guidance and ensure updated guidance requirements were followed by USAC. In addition, the FCC lacked oversight policies and procedures for monitoring USF transactions submitted by USAC to FABS.

Effect: Untimely data submissions hinder the FCC’s ability to provide reliable data, achieve full transparency to the public, and comply with Federal accountability requirements. Additionally, per OMB, timeliness is one of the metrics considered for determining the quality of an agency’s data. Therefore, reporting untimely data reduces the overall quality of an agency’s data with regard to the DATA Act.

Finding #4 – File C to File D2 Linkage Issues

Condition: The financial assistance award information in File C (i.e., reportable, record-level data) did not match the Federal Award Identification Number (FAIN) information in File D2 (i.e., detailed information for record-level transactions reported in File C) as required by OMB and Treasury guidance. We tested the information submitted in the File C to determine if it matched the information extracted by the Data Broker in File D2. Of the 381 financial assistance awards selected from File C for detailed FAIN testing, 314 financial assistance awards were not included within the File D2 and are considered incomplete, inaccurate, and untimely. Additionally, the data reported in FY 2021 first quarter submission was untimely and incomplete because it excluded 17,795 financial assistance awards with a value of \$493.7 million. Specifically, we noted the following errors:

- **Condition #1** – USAC submitted inaccurate action dates for all its FY 2021 first quarter High-Cost legacy and Lifeline financial assistance awards. These awards had an action date a month prior to the financial assistance award date recorded in USACs systems, which hindered some of the linkage that should occur with data elements between Files C and D2.
 - Of the 381 FAIN samples, 127 were File C High-Cost legacy and Lifeline FAIN samples. We determined that 107 (62 High-Cost legacy and 45 Lifeline) had no corresponding record-level data in File D2 due to incorrect action dates. The remaining 20 High-Cost legacy samples linked to File D2 because the October and November 2020 File C submissions were combined.
- **Condition #2** – USAC submitted untimely and incomplete award data in its FY 2021 first quarter submission.
 - Of the 381 FAIN samples, 231 were untimely and could not be linked to the data elements in File D2. Specifically, 180 samples (153 Schools and Libraries, 3 Rural Health Care, and 24⁵ High-Cost legacy) were for awards prior to the first quarter and 51 samples (36 Schools and Libraries and 15 Rural Health Care) were for awards submitted a month after the actual action date.
 - FCC’s first quarter submission was also incomplete and untimely because it had 16,277 financial assistance awards that were not reported in either File C or FABS that should have been reported in the month the financial assistance award occurred. Specifically, USAC management identified 6,623 financial assistance awards with a value of \$162.3 million excluded from the October 2020 submission, 4,617 financial assistance awards with a value of \$121.7 million were excluded from the November 2020 submission, and 5,037 financial assistance awards with a value of \$141.6 million were excluded the December 2020 submission.

⁵ The 24 High-Cost legacy FAINS were also included in Condition #1.

- **Condition #3** – USAC did not submit its USF October 2020 financial assistance award data timely to FABS and included it with its November 2020 submission.
- **Condition #4** – FCC’s FY 2021 first quarter submission was incomplete because it did not include the October 2020 Lifeline financial assistance awards. The October 2020 awards were instead included in the fourth quarter of FY 2020 because the USF September 2020 File C erroneously included estimated October 2020 Lifeline financial assistance awards. The October Lifeline awards are comprised of 1,518 financial assistance awards with a value of \$68.1 million.

Cause: When recording the action dates for High-Cost legacy and Lifeline financial assistance awards, USAC did not follow their accounting policies that requires recording of the obligation when the invoice is approved. [Condition #1]. The standard forms USF financial assistance awardees are required to submit to USAC prior to award do not include all of the information needed to populate the required fields to pass the system validation checks performed by the broker. For this reason, USAC cannot submit awards as they occur and must wait until the missing information is received [Condition #2]. The FCC lacked oversight policies and procedures over the USF transactions to ensure File C data and FABS submissions were submitted timely, accurately, and completely [Condition #1,2,3, and 4].

Effect: FCC submitted data that did not fully comply with the DATA Act reporting requirements for completeness, timeliness, and accuracy. Inaccurate data hinders the FCC’s ability to provide reliable data, achieve full transparency to the public, and comply with Federal accountability requirements. Submitting File C and FABS data untimely increases the risk that incomplete and inaccurate data will be uploaded to USAspending.gov, decreasing the reliability and quality of the data.

Finding #5 – The FCC Reported High-Cost Legacy Modification Numbers Incorrectly

Condition: The FCC first quarter FY 2021 DATA Act submission contained inaccurate File D2 data elements. Kearney reviewed 67 FAIN samples with File D2 information, 20 of which were High-Cost legacy samples. We determined that the “AwardModificationAmendmentNumber” data element was inaccurately reported for all 20 USF High-Cost Legacy awards.

Cause: USAC management stated they did not have the resources to determine the correct modification amendment number for High-Cost Legacy awards, as the program began over two decades ago. According to USAC management officials, when USF financial assistance awards were first reported to FABS in January 2020, the system generated number assigned for the modification amendment number data element was zero, rather than the actual modification amendment number.

Effect: Inaccurate award modification amendment numbers hindered the FCC’s ability to report reliable data, achieve full transparency to the public, and comply with Federal accountability requirements. Additionally, per OMB, accuracy is one of the metrics considered for determining the quality of an agency’s data. Therefore, reporting inaccurate data reduced the overall quality of an agency’s data with regard to the DATA Act.

Audit Results Summary and Recommendations

Kearney concludes that the FY 2021 Q1 DATA Act submission did not provide high-quality information according to the CIGIE Guide Data Quality Error Range guidelines. While the FCC took steps to implement and use the Government-wide data standards, problems with completeness, accuracy, and timeliness hindered the agency’s ability to provide reliable and high-quality data, achieve full transparency to the public, and comply with Federal accountability requirements. The **nine** recommendations noted below, if implemented, will improve internal control and business processes to ensure that the FCC consistently and effectively uses the Government-wide data standards to provide reliable spending data in USAspending.gov.

We recommend that the FCC SAO and other appropriate FCC Management officials:

- 1) Continue to coordinate with the TRS Fund administrator to develop a DATA Act project plan. The TRS Fund project plan should include an expected timeline and steps to implement necessary changes to systems and business processes to capture, link, reconcile, and report on award-level financial and spending information. The TRS Fund Administrator, in coordination with the FCC, should develop and execute a project plan that conforms with Steps 1 through 8 of *the DATA Act Implementation Playbook (Version 2.0)*. *[Repeat from DATA-19-01 Recommendations 2]* **Finding #1**
- 2) Ensure that as technical and operational issues arise during the TRS Fund Administrator DATA Act implementation, the TRS Fund Administrator, in conjunction with the FCC, 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. *[Updated from DATA 19-01 Recommendation 3]* **Finding #1**
- 3) Develop and implement FCC’s DQP policies and procedures for updating the DQP in accordance with the applicable guidance. Policies and procedures should address the timeframe in updating the DQP due to changes in the FCC’s processes, including component processes, and new or revised guidance from OMB, the Department of the Treasury (Treasury), or other authoritative sources. *[New Recommendation for FY 2021]* **Finding #2**
- 4) Develop and implement policies and procedures to ensure FCC communicates new guidance to its components. This can include holding regular meetings with the components to ensure all new guidance is communicated and interpreted consistently across the FCC entity. *[New Recommendation for FY 2021]* **Finding #3**
- 5) Develop and implement oversight policies and procedures to ensure component entities report financial assistance awards timely. *[New Recommendation for FY 2021]* **Finding #3**
- 6) Coordinate with USAC management to ensure action dates submitted for High-Cost legacy and Lifeline financial assistance awards are in line with USF budgetary accounting policies. *[Condition #1]* *[New Recommendation for FY 2021]* **Finding #4**

- 7) Coordinate with USAC management to develop and implement processes for obtaining all required data elements from awardees prior to issuing an award. This may include updating or creating program forms to include all required data elements needed for FABS submission. [Condition #2] *[New Recommendation for FY 2021]* **Finding #4**
- 8) Develop and implement oversight policies and procedures for monitoring data reported by component entities to ensure that all DATA Act information is being reported timely, accurately, and completely. [Condition #1,2,3, and 4] *[New Recommendation for FY 2021]* **Finding #4**
- 9) Coordinate with USAC management to perform an analysis of the cost effectiveness and technical feasibility of reporting the proper modification number for High-Cost Legacy awards or consider discontinuing the reporting of modification numbers for financial assistance awards. *[New Recommendation for FY 2021]* **Finding #5**

Management's Response

Kearney reviewed FCC Management's response to the findings and recommendations and noted management concurred with all findings and recommendations.

Please see **APPENDIX E** for FCC Management's formal response.

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

Purpose, Scope, and Methodology

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires each Federal agency's Office of Inspector General (OIG) to review a statistically valid sample of the spending data submitted by its agency; assess the completeness, accuracy, timeliness, and overall quality of the data sampled; and evaluate the agency's implementation and use of Government-wide financial data standards. OIGs are required to submit to Congress and make publicly available a report of the results of the assessment.

Kearney & Company, P.C. (referred to as "Kearney," "we," and "our" in this document) conducted fieldwork for this performance audit from May 2021 through August 2021 in the Washington, D.C. metropolitan area. We conducted this performance audit in accordance with the Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS), 2018 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 our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. The purpose of this report is to communicate the results of Kearney's performance audit, as well as our related findings and recommendations.

An audit involves performing procedures to obtain evidence about the performance, effectiveness, and efficiency of a program or agency. The audit procedures selected depend on the auditor's judgment, including an assessment of the risks of noncompliance with regulations and best practices in acquisition. An audit also includes evaluating the appropriateness of policies and procedures used and the reasonableness of decisions made by management, as well as evaluating the overall presentation of assertions made by management.

The scope of this DATA Act performance audit is first quarter of fiscal year (FY) 2021 financial and award data that the Federal Communications Commission (FCC) submitted for publication on USAspending.gov and any applicable procedures, certifications, documentation, and controls to achieve this process.

On December 4, 2020, the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Federal Audit Executive Council (FAEC), in consultation with GAO, published the *CIGIE FAEC Inspectors General Guide to Compliance Under the DATA Act* (Guide), which presents a common methodological and reporting approach for the Inspector General (IG) community to use in performing its mandated work.

The overall objective of our performance audit was to evaluate the FCC's compliance with the DATA Act's reporting requirements. Kearney used the Guide as the template for detailed testing procedures. The Guide lists the testing objective as the assessment of the:

- Completeness, accuracy, timeliness, and quality of the FY 2021 Q1 financial and award data submitted for publication on USAspending.gov;
- Federal agency’s implementation and use of Government-wide financial data standards established by the Office of Management and Budget (OMB) and Department of the Treasury (Treasury).

To accomplish these objectives, we obtained an understanding of the regulatory criteria related to FCC’s responsibilities to report financial and award data under the DATA Act. We assessed FCC’s and USAC’s systems, processes, and internal controls in place over data management under the DATA Act. We also assessed the general and application controls pertaining to the financial management systems (i.e., Genesis and Great Plains) and USAC subsystems from which the data elements were derived and linked. We assessed FCC’s internal controls in place over financial and award data reported to USAspending.gov per OMB Circular A-123, *Management’s Responsibility for Internal Control*. We also reviewed a statistically valid sample from FY 2021 Q1 financial and award data submitted by FCC on USAspending.gov. Kearney assessed the completeness, accuracy, timeliness, and quality of the financial and award data sampled. Lastly, we assessed FCC’s implementation and use of the 59 data definition standards established by OMB and Treasury.

According to the Guide, in accomplishing the objectives of the DATA Act compliance review, OIGs should:

- Obtain an understanding of any regulatory criteria related to its agency’s responsibilities to report financial and award data under the DATA Act;
- Review its agency’s Data Quality Plan (DQP);
- Assess the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to the Broker in order to assess audit risk and design audit procedures;
- Review and reconcile the FY 2021 Q1 summary-level data submitted by the agency for publication on USAspending.gov;
- Review a statistically valid sample from FY 2021 Q1 financial and award data submitted by the agency for publication on USAspending.gov;
- Assess the completeness, accuracy, timeliness, and quality of the financial and award data sampled; and
- Assess the agency’s implementation and use of the 59 data definition standards established by OMB and Treasury.

According to Section 100, *Introduction*, of the Guide: “Audit teams should adhere to the overall methodology, objectives, and audit procedures outlined in this guide to the greatest extent possible. This Guide presents a common methodology and reporting approach for the IG community to use in performing its mandated DATA Act work. However, we realize that each Federal agency presents a unique set of implementation challenges and risks. If necessary, audit teams may modify this guide, but must use professional judgement when designing alternative audit procedures. Audit teams must document the reasons for all deviations from the Guide.” 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, we researched and reviewed Federal laws and regulations, as well as prior GAO audit reports. Kearney also reviewed the United States Code (U.S.C.), OMB Circulars and Memorandums (M), guidance published by the Treasury, and information available on FCC's intranet.

Kearney met with FCC and USAC 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 (QC) on the DATA Act submission. This included understanding the systems used to process procurement and financial assistance awards. We also obtained an understanding of processes to record procurement and financial assistance awards in FCC and USAC systems and other Federal systems.

The Guide instructed audit teams to assess the agency's use and implementation of 59 standard data elements. 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 Summary and Recommendations** section of this report, to test these data elements, Kearney tested procedures implemented by FCC to confirm the validity and accuracy of these six account summary-level data elements. Specifically, we determined that the data was appropriately linked between File A and File B and the Standard Form (SF)-133, *Report on Budget Execution and Budgetary Resources*. For the remaining 53 data elements, Kearney selected a statistical sample of individual transactions included in FCC's File C submission. See additional information in the **Detailed Sampling Methodology** section of this appendix.

Prior Reports

In the FY 2017 DATA Act audit,⁶ Kearney reported two findings regarding the FCC's 1) failure to report component spending data and 2) reporting of spending data that did not meet quality requirements. Specifically, we found the FCC's Q2 FY 2017 submission was incomplete because it did not include transaction-level component spending data for the Universal Service Fund (USF) or the Telecommunications Relay Service (TRS) Fund. Further, based on a statistically valid sample of 132 detail award transactions included in the FCC's Q2 FY 2017 submission, Kearney reported an accuracy error rate of approximately 90%, which resulted in the spending data failing to meet OMB quality requirements. We were either unable to verify the accuracy of the FCC's spending data because the FCC failed to provide supporting documentation⁷ or we found inaccuracies in one or more data elements for 120 of the 132 detail award transactions.

⁶ *Ibid.*

⁷ 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.

In the FY 2019 DATA Act audit, Kearney reported four findings regarding the FCC’s 1) failure to submit component spending data, 2) reporting of spending data that did not meet quality requirements, 3) DATA Act submission included accuracy errors, and 4) DATA Act submission included timeliness errors. Specifically, we found the FCC’s Q1 FY 2019 submission was incomplete because it did not include transaction-level component spending data for the USF and the TRS Funds. Further, based on a statistically valid sample of 127 detail award transactions included in the FCC’s Q1 FY 2019 submission, Kearney reported an accuracy error rate of approximately 5.19%, which resulted in spending data failing to meet OMB quality requirements. Kearney arrived at the error rate by deeming 281 of the 5,416 total data elements associated with the 127 samples as inaccurate. We determined that 47 of the 281 inaccurate data elements were the result of Government-wide reporting issues and not attributable to the FCC. Kearney was either unable to verify the accuracy of the FCC’s spending data because the FCC failed to provide supporting documentation or we found inaccuracies in one or more data elements for 94 of the 127 detail award transactions. Lastly, Kearney noted out of the 127 detail award transactions, 15 (11.81%) had timeliness errors in one or more data elements. Out of the 5,416 data elements associated with the selected sample, the FCC reported 22 (0.41%) with timeliness errors.

In response to the prior-year findings, FCC management implemented some of the Corrective Action Plans (CAP), which can be seen in *Appendix H*.

Work Related to Internal Controls

The FCC is responsible for the design, implementation, and operating effectiveness of internal controls related to DATA Act submissions. The CIGIE Guide requires auditors to “obtain and document an understanding of the design of internal and information system controls as they relate to the extraction of data from the source systems and the reporting of data to the DATA Act Broker.” The Guide further states when considering internal controls, the auditor should “consult GAO’s *Standards for Internal Control in the Federal Government* and document which of the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring) and the underlying 17 principles are significant to the audit objectives.”

During the audit, Kearney considered a number of factors, including the subject matter of the project, to determine whether internal control was significant to the audit objectives. Based on its consideration, Kearney determined that internal control was significant for this audit. Kearney then considered the components of internal control and the underlying principles included in the *Standards for Internal Control in the Federal Government* (Green Book) to identify internal controls that were significant to the audit objective. Considering internal control in the context of a comprehensive internal control framework can help auditors determine whether underlying internal control deficiencies exist.

For this audit, Kearney concluded that all five components of internal control from the Green Book—Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring—were significant to the audit objectives. The control

environment component is the foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives. The risk assessment component assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses. The control activities component includes the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. The information and communication component relates to the quality information that management and personnel communicate and use to support the internal control system. The monitoring component relates to activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other review.

Kearney conducted meetings to identify controls in place to address audit risks. Specifically, Kearney obtained an understanding of the processes used by the FCC to perform Quality Control (QC) assurance on the DATA Act submission. This included understanding the systems, as well as general and application controls in the systems used to process procurement and financial assistance awards. Kearney also obtained an understanding of the Agency's processes to record procurement and financial assistance awards in the Agency's systems and other Federal systems.

Kearney performed procedures to assess the design, implementation, and operating effectiveness of key internal controls. Specifically, Kearney performed the following procedures:

- Considered the Agency's Enterprise Risk Management (ERM) risk profile and determined whether the Agency identified risks associated with controls related to the DATA Act sources systems and DATA Act reporting
- Determined whether the SAO or designee provided assurance that internal controls support the reliability and validity of the Agency's summary-level and record-level data reported for publication on USAspending.gov
- Assessed whether internal and information systems controls, as they relate to extracting data from sources systems and reporting data to the DATA Act Broker, have been properly designed and implemented and are operating effectively
- Identified and assessed controls implemented to ensure that specific DATA Act reporting requirements were met, as prescribed by OMB M-20-21
- Obtained and reperformed the Agency's reconciliations of SF-133s and DATA Act Files A, B, C, D1, and D2 to identify and evaluate any variances and explanations
- Identified and evaluated the Agency's process to manually enter data elements into Federal Procurement Data System – Next Generation (FPDS-NG) when specific data elements do not interface properly.

In addition, Kearney reviewed the FCC's DQP to determine whether the DQP documents the organizational structure and key processes to provide internal controls over financial and award data reporting, documents a test plan and identifies high-risk data, and documents the FCC's processes for identifying and assessing risks related to spending data. Furthermore, Kearney obtained the FCC's DQP, SAO certification, reconciliation files, and relevant documentation that demonstrated the FCC's internal controls over the DATA Act file submission for the Q1 of FY 2021.

Internal control deficiencies identified during the audit that are significant within the context of the audit objectives are presented in the *Findings* section of this report.

Use of Computer-Processed Data

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

Detailed Sampling Methodology

The Guide recommends a sample of 385 certified spending data transactions for transaction-level testing from FCC’s FY Q1 DATA Act File C submission. Therefore, Kearney selected a statistically valid sample of 385 spending data transactions made up of 4 Procurement Instrument Identifier (PIID)- and 381 Federal Award Identification Number (FAIN)-related transactions.

Exhibit 10 provides details on File C and the sample selected.

Exhibit 10: File C Analysis and Sampling

	Number of Transactions	Amount Obligated
Total Transactions in File C	28,435	\$2,819,665,101
Sampled Transactions (amount)	385	\$32,610,804
Sampled Transactions (percent)	1.35%	1.16%

Source: Prepared by Kearney based upon analysis of FCC’s FY 2021 Q1 File C.

APPENDIX B: REQUIRED DATA ELEMENTS FOR FEDERAL AGENCY REPORTING

Exhibit 11: Required Data Elements for Federal Agency Reporting

Data Element No.	Data Element	Data Description	Submission File
1	Awardee/Recipient Legal Entity Name	The name of the awardee or recipient that relates to the unique identifier.	Files D1, D2, E, and F
2	Awardee/Recipient Unique Identifier	The unique identification number for an awardee or recipient; most commonly the nine-digit number assigned by Dun & Bradstreet, referred to as the DUNS number.	Files D1, D2, E, and F
3	Ultimate Parent Unique Identifier	The unique identification number for the ultimate parent of an awardee or recipient.	Files D1, D2, and E
4	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, E, and F
5	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 [SAM]) is located.	Files D1 and D2
6	Legal Entity Congressional District	The congressional district in which the awardee or recipient is located. This is not a required data element for non-United States addresses.	Files D1, D2, and F
7	Legal Entity Country Code	Code for the country in which the awardee or recipient is located, using the International Organization for Standardization (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, D2, and F
8	Legal Entity Country Name	The name corresponding to the Country Code.	Files D1, D2, and F
9	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."	Files E and F
10	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 (FY).	Files E and F
11	Federal Action Obligation	Amount of Federal Government's obligation, de-obligation, or liability in dollars for an award transaction.	Files D2 and F
12	Non-Federal Funding Amount	For financial assistance, the amount of the award funded by non-Federal source(s), in dollars.	File D2
13	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
14	Current Total Value of Award	For procurement, the total amount obligated to date on a contract, including the base and exercised options.	File D1

Data Element No.	Data Element	Data Description	Submission File
15	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
16	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.	Files D1, D2, and F
17	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.	Files D1 and F
18	NAICS Description	The title associated with the NAICS Code.	Files D1 and F
19	Catalog of Federal Domestic Assistance (CFDA) Number	The number assigned to a Federal area of work in the CFDA.	Files D2 and F
20	CFDA Title	The title of the area of work under which the Federal award was funded in the CFDA.	Files D2 and F
21	Treasury Account Symbol (TAS) (excluding sub-account)	The account identification codes assigned by the Department of the Treasury (Treasury) to individual appropriation, receipt, or other fund accounts.	Files A, B, and C ^c
22	Award Description	A brief description of the purpose of the award.	Files D1, D2, and F
23	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
24	Parent Award Identification (ID) Number	The identifier of the procurement award under which the specific award is issued (e.g., a Federal Supply Schedule [FSS]).	Files C, D1, and F
25	Action Date	The date the action being reported was issued/signed by the Government or a binding agreement was reached.	Files D1, D2, and F
26	Period of Performance Start Date	The date on which awardee effort begins or the award is otherwise effective.	Files D1 and D2
27	Period of Performance Current End Date	The current date on which awardee effort completes or the award is otherwise ended.	Files D1 and D2
28	Period of Performance Potential End Date	The date on which awardee effort is completed or the award is otherwise ended.	File D1
29	Ordering Period End Date	The date on which no additional orders referring to it (the award) may be placed.	File D1
30	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, D2, and F
31	Primary Place of Performance Congressional District	United States congressional district where the predominant performance of the award will be accomplished; derived from the Primary Place of Performance Address.	Files D1, D2, and F
32	Primary Place of Performance Country Code	Country code where the predominant performance of the award will be accomplished.	Files D1, D2, and F

Data Element No.	Data Element	Data Description	Submission File
33	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, D2, and F
34	Award ID Number	The unique identifier of the specific award being reported (Federal Award Identification Number [FAIN] for financial assistance and Procurement Instrument Identifier [PIID] for procurement).	Files C, D1, D2, and F
35	Record Type	Code indicating whether an action is an individual transaction or aggregated.	File D2
36	Action Type	A technical communication document intended to give assistance to users of a particular system.	Files D1 and D2
37	Business Types	A collection of indicators of different types of recipients based on socio-economic status and organization/business areas.	Files D2 and F
38	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, D2, and F
39	Funding Agency Code	The three-digit Common Government-wide Accounting Classification (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, D2, and F
40	Funding Sub Tier Agency Name	Name of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Files D1, D2, and F
41	Funding Sub Tier Agency Code	Identifier of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Files D1, D2, and F
42	Funding Office Name	Name of the level n organization that provided the preponderance of the funds obligated by this transaction.	Files D1, D2, and F
43	Funding Office Code	Identifier of the level n organization that provided the preponderance of the funds obligated by this transaction.	Files D1, D2, and F
44	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, D2, and F
45	Awarding Agency Code	A department or establishment of the Government as used in the TAFS.	Files D1, D2, and F
46	Awarding Sub Tier Agency Name	Name of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.	Files D1, D2, and F
47	Awarding Sub Tier Agency Code	Identifier of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.	Files D1, D2, and F
48	Awarding Office Name	Name of the level n organization that awarded, executed, or is otherwise responsible for the transaction.	Files D1, D2, and F

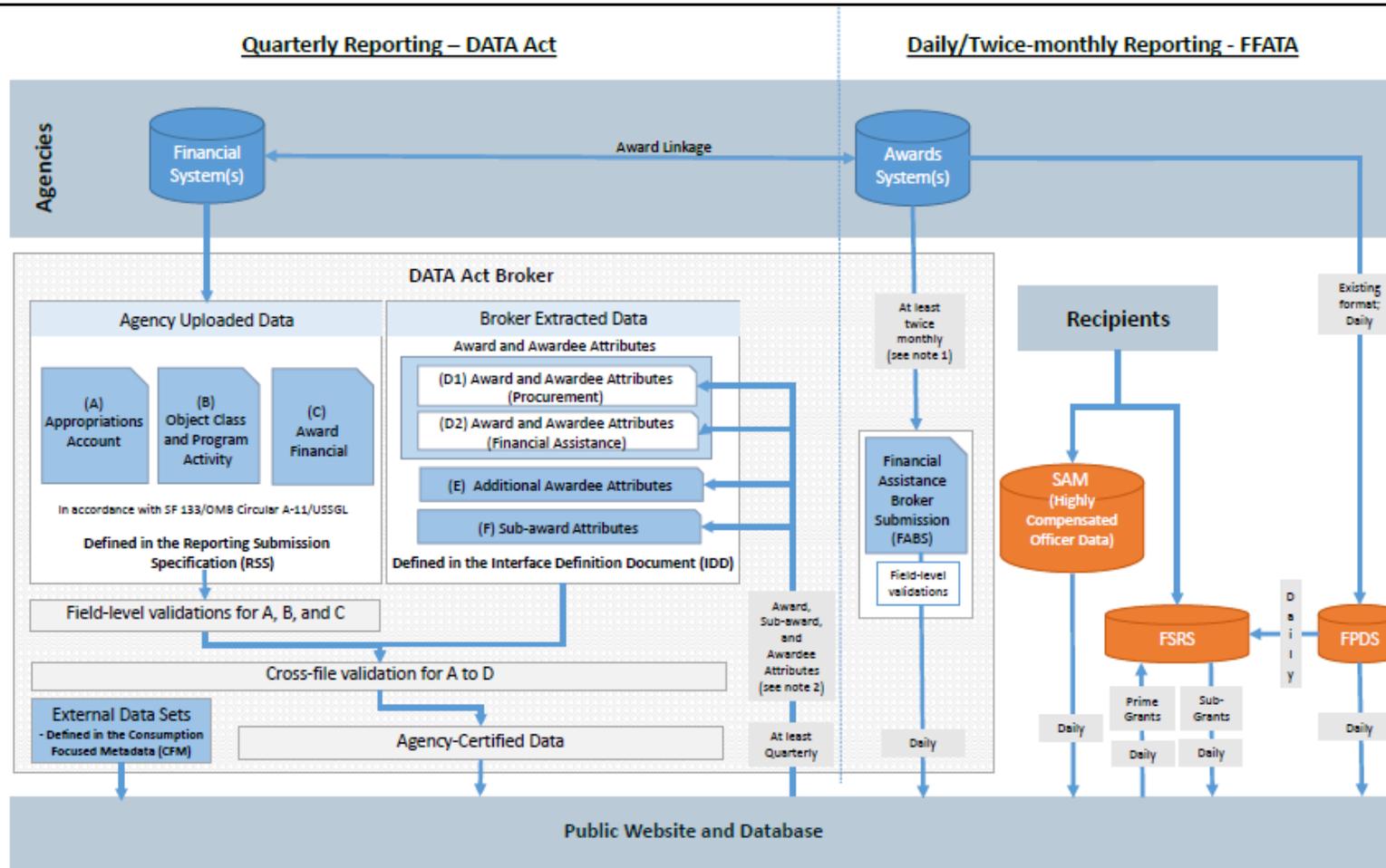
Data Element No.	Data Element	Data Description	Submission File
49	Awarding Office Code	Identifier of the level n organization that awarded, executed, or is otherwise responsible for the transaction.	Files D1, D2, and F
50	Object Class	Categories in a classification system that presents obligations by the items or services purchased by the Federal Government.	Files B and C
51	Appropriations Account	The basic unit of an appropriation generally reflecting each unnumbered paragraph in an appropriation act.	Files A, B, and C ^a
52	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
53	Obligation	A legally binding agreement that will result in outlays, immediately or in the future.	Files A, B, and C
54	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, B, and C
55	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
56	Program Activity	A Federal mandate that all electronic and Information Technology (IT) developed, procured, maintained, or used by the Federal Government be accessible to people with disabilities.	Files A and B
57	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, B, and C
163	National Interest Action (NIA) (No. 58)	On March 13, 2020, a NIA code (P20C) was added to the Federal Procurement Data System to help identify procurement actions related to Coronavirus Disease 2019 (COVID-19) response. To promote full, clear, and consistent transparency in the tracking of COVID-19-related procurement actions, agencies are directed to assign this NIA code to all procurement actions reported into FPDS that are issued in response to the pandemic. This includes new awards for supplies and services, as well as modifications that are issued to address COVID-19, irrespective of whether the contract being modified was originally awarded to address COVID-19. The code should also be used in connection with any procurement authority including, but not limited to, special emergency procurement authorities identified under Federal Acquisition Regulation (FAR) Subpart 18.2.	File D1

Data Element No.	Data Element	Data Description	Submission File
430	Disaster Emergency Fund Code (No.59)	The Office of Management and Budget (OMB), working with the Department of Treasury’s (Treasury) Bureau of Fiscal Service (Fiscal Service), has identified a Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) attribute “Disaster Emergency Fund Code (DEFC)” to track appropriations classified as disaster or emergency.	Files B and C

Source: <https://max.gov/maxportal/assets/public/offm/DataStandardsFinal.htm> and OMB Memorandum (M)-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease (COVID-19)*

^aThe 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

APPENDIX C: DATA ACT INFORMATION FLOW DIAGRAM



Note 1: The Financial Assistance Broker Submission (FABS) replaces the Award Submission Portal (ASP).

Note 2: D1 and D2 pull in all award data associated with the submitting agency and agency-specified action dates. E pulls in highly-compensated officer information for DUNS numbers that appear in an agency's D1 and D2.

F pulls in all sub-award data associated with the awards that appear in an agency's D1 and D2.

Schema Version 1.3.1
Friday, February 6, 2019

Source: Department of the Treasury (Treasury). Amendments made to the DATA Act Information Model Schema (DAIMS) can be found at <https://www.fiscal.treasury.gov/data-transparency/resources.html/>

APPENDIX D: AGENCY RESULTS FOR THE DATA ELEMENTS

Exhibit 12: Summary Results of Testing

Data Element No.	FCC's Comparative Results for Data Elements Based on Accuracy Error Rate in Descending Order Data Element Name	Error Rate		
		2021	2019	% Change
25	Action Date	86.75%	23.62%	63.13%
4	Ultimate Parent Legal Entity Name	86.49%	9.60%	76.89%
3	Ultimate Parent Unique Identifier	85.45%	3.20%	82.25%
6	Legal Entity Congressional District	82.60%	7.87%	74.73%
1	Awardee/Recipient Legal Entity Name	81.82%	2.36%	79.46%
2	Awardee/Recipient Unique Identifier	81.82%	2.36%	79.46%
31	Primary Place of Performance Congressional District	81.82%	14.29%	67.53%
5	Legal Entity Address	81.56%	11.81%	69.75%
7	Legal Entity Country Code	81.56%	0%	81.56%
8	Legal Entity Country Name	81.56%	0%	81.56%
11	Amount of Award	81.56%	N/A	81.56%
13	Federal Action Obligation	81.56%	2.36%	79.20%
16	Award Type	81.56%	0%	81.56%
19	Catalog of Federal Domestic Assistance (CFDA) Number	81.56%	N/A	81.56%
20	CFDA Title	81.56%	N/A	81.56%
22	Award Description	81.56%	14.17%	67.39%
30	Primary Place of Performance Address	81.56%	15.08%	66.48%
32	Primary Place of Performance Country Code	81.56%	0%	81.56%
33	Primary Place of Performance Country Name	81.56%	0%	81.56%
34	Award Identification (ID) Number	81.56%	0%	81.56%
35	Record Type	81.56%	N/A	81.56%
36	Action Type	81.56%	0%	81.56%
37	Business Type	81.56%	N/A	81.56%
38	Funding Agency Name	81.56%	0%	81.56%
39	Funding Agency Code	81.56%	0%	81.56%
42	Funding Office Name	81.56%	0%	81.56%
43	Funding Office Code	81.56%	0%	81.56%
44	Awarding Agency Name	81.56%	0%	81.56%
45	Awarding Agency Code	81.56%	0%	81.56%
46	Awarding Sub Tier Agency Name	81.56%	0%	81.56%
47	Awarding Sub Tier Agency Code	81.56%	0%	81.56%
48	Awarding Office Name	81.56%	0%	81.56%
49	Awarding Office Code	81.56%	0%	81.56%
23	Award Modification/Amendment Number	36.36%	1.11%	35.25%
12*	Non-Federal Funding Amount	N/A	N/A	N/A
14	Current Total Value of Award	0.00%	22.22%	-22.22%
15	Potential Total Value of Award	0.00%	18.90%	-18.90%
17	North American Industrial Classification System (NAICS) Code	0.00%	3.15%	-3.15%
18	NAICS Description	0.00%	3.15%	-3.15%
24	Parent Award ID Number	0.00%	0.00%	0.00%
26	Period of Performance Start Date	0.00%	29.92%	-29.92%
27	Period of Performance Current End Date	0.00%	25.60%	-25.60%
28	Period of Performance Potential End Date	0.00%	12.00%	-12.00%
29	Ordering Period End Date	0.00%	0.00%	0.00%

Data Element No.	FCC's Comparative Results for Data Elements Based on Accuracy Error Rate in Descending Order Data Element Name	Error Rate		
		2021	2019	% Change
40	Funding Sub Tier Agency Name	0.00%	0.00%	0.00%
41	Funding Sub Tier Agency Code	0.00%	0.00%	0.00%
50	Object Class	0.00%	0.00%	0.00%
51	Appropriations Account	0.00%	0.00%	0.00%
53	Obligation	0.00%	0.00%	0.00%
54*	Unobligated Balance	N/A	N/A	N/A
56	Program Activity	0.00%	0.00%	0.00%
57*	Outlay (File C – Gross Outlay Amount by Award CPE)	N/A	N/A	N/A
163*	National Interest Action	N/A	N/A	N/A
430	Disaster Emergency Fund Code	0.00%	N/A	0.00%

Source: Prepared by Kearney & Company, P.C. (Kearney) based upon analysis of Federal Communications Commission's (FCC) Fiscal Year (FY) 2021 Quarter (Q) 1 File C.

*The FCC did not report on this Data Element; therefore, Kearney did not count Data Element in final error rate.

Exhibit 13: Errors in Data Elements Not Attributable to the Agency

PIID/FAIN	Data Element No.	Data Element	Error Attributed to	Error Rate		
				C	A	T
Federal Award Identification Number (FAIN)	3	Ultimate Parent Unique Identifier	Financial Assistance Broker Submission (FABS) Extracting from System for Award Management (SAM)	0.14%	0.14%	0.11%
FAIN	4	Ultimate Parent Legal Entity Name	FABS Extracting from SAM	0.18%	0.18%	0.14%
Procurement Instrument Identifier (PIID)/FAIN	6	Legal Entity Congressional District	Federal Procurement Data System – Next Generation (FPDS-NG) and FABS Extracting from SAM	0.03%	0.04%	0.03%

Source: Prepared by Kearney based upon analysis of Agency's FY 2021 Q1 File C.

APPENDIX E: MANAGEMENT'S RESPONSE

United States Government
Federal Communications Commission
office of the Managing Director
MEMORANDUM

DATE: November 5, 2021

TO: David L. Hunt, Inspector General

FROM: Mark Stephens, Managing Director

SUBJECT: Management's Response to Inspector General's Performance Audit of the Federal Communications Commission's Compliance with the Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) (21-AUD-08-06)

We appreciate the opportunity to review and comment on the audit findings and recommendations contained in the report entitled, Fiscal Year 2021 Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) Performance Audit (21-AUD-08-06). The objectives of the performance audit conducted by the Office of Inspector General's (OIG) independent auditor, Kearney & Company, were to: assess the completeness, accuracy, timeliness, and quality of the Federal Communications Commission's (FCC or Commission) first quarter (Q1) fiscal year (FY) 2021 financial and spending data submitted for publication on USAspending.gov in accordance with the DATA Act, and to assess the FCC's implementation and use of Government-wide data standards.

As this audit is the third and final statutorily required audit of the FCC's implementation of the DATA Act, the FCC would like to point out that since the first audit by OIG in FY 2017, the FCC has made significant progress in implementing the detailed reporting and data quality requirements of the DATA Act. After the issuance of most recent DATA Act audit report by OIG in FY 2019, the Commission took several steps to implement corrective actions related to DATA Act reporting by its reporting components. Importantly, the FCC was able to work with its largest reporting component, the Universal Service Administrative Company, to start reporting on all of the payments from the Universal Service Fund (USF). Most recently, the FCC has also worked diligently to implement the DATA Act reporting requirements for its new emergency programs, such as the COVID-19 Telehealth Program, the Emergency Broadband Benefit Program, and the Emergency Connectivity Fund. Between the USF reporting and its new emergency programs, the Commission has provided public spending transparency for several billion additional dollars through USAspending.gov. Despite these accomplishments, the FCC recognizes that the audit report identifies areas for improvement, especially in relationship to the DATA Act reporting of the FCC's reporting components. The FCC will work to remediate these findings in a timely manner with the assistance of the administrators of the USF and Telecommunications Relay Service programs.

The Commission appreciates the efforts of the OIG and its independent auditor, Kearney and Company, to work with the Commission throughout the DATA Act audit process.

**Mark
Stephens** Digitally signed by
Mark Stephens
Date: 2021.11.05
08:49:16 -04'00'

Mark Stephens
Managing Director

APPENDIX F: ABBREVIATIONS AND ACRONYMS

Acronym	Definition
AFR	Agency Financial Report
AOAM	Agency Operations and Award Management
BFA	Office of Budget, Finance, and Award Management
Broker	DATA Act Broker
CAP	Corrective Action Plan
CFDA	Catalog of Federal Domestic Assistance
CFO	Chief Financial Officer
CGAC	Common Government-wide Accounting Classification
CIGIE	Council of Inspectors General on Integrity and Efficiency
CO	Contracting Officer
COVID-19	Coronavirus Disease 2019
CPE	Continuing Professional Education
DACS	Division of Acquisitions and Cooperative Support
DAIMS	DATA Act Information Model Schema V.1.1
DATA Act	Digital Accountability and Transparency Act of 2014
DC	District of Columbia
DCFO	Deputy Chief Financial Officer (DCFO)
DEFC	Disaster Emergency Fund Code
DGA	Division of Grants and Agreements
DQP	Data Quality Plan
DUNS	Data Universal Numbering System
EPC	E-rate Productivity Center
ERM	Enterprise Risk Management
FABS	Financial Assistance Broker Submission
FAEC	Federal Audit Executive Council
FAIN	Federal Award Identification Number
FAQ	Frequently Asked Question
FAR	Federal Acquisition Regulation
FCC	Federal Communications Commission
FFATA	Federal Funding Accountability and Transparency Act of 2006
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers' Financial Integrity Act of 1982
FPDS	Federal Procurement Data System
FPDS-NG	Federal Procurement Data System – Next Generation
FSOG	Financial Systems Operations Group
FSRS	FFATA Sub-award Reporting System
FSS	Federal Supply System
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
Green Book	<i>Standards for Internal Control in the Federal Government</i>
GSA	General Services Administration
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
Guide	Inspectors General Guide to Compliance under the DATA Act
HCLI	High-Cost Lifeline
HQ	Headquarters
ID	Identification
IDD	Interface Definition Document

Acronym	Definition
IG	Inspector General
IPA	Independent Public Accounting
ISO	International Standards Organization
IT	Information Technology
Kearney	Kearney & Company, P.C.
MD&A	Management Discussion and Analysis
MPM	Management Procedures Memorandum
MREFC	Major Research Equipment and Facility Construction
NAICS	North American Industrial Classification System
NIA	National Interest Action
OFFM	Office of Federal Financial Management
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier
PL	Public Law
PMO	Program Management Office
Q1	First Quarter
Q2	Second Quarter
Q4	Fourth Quarter
QC	Quality Control
R&RA	Research and Related Activities
RSS	Reporting Submission Specifications
SAM	System for Award Management
SAO	Senior Accountable Official
SE	Service Enablement
SF	Standard Form
TAFS	Treasury Account Fund Symbol
TAS	Treasury Account Symbol
TBD	To Be Determined
TIN	Taxpayer Identification Number
TO	Task Order
TOA	Total Obligation Authority
Treasury	Department of the Treasury
TRS	Telecommunications Relay Service
U.S.C.	United States Code
URI	Unique Record Identifier
USAC	Universal Services Administrative Company
USF	Universal Service Fund
USSGL	United States Standard General Ledger

APPENDIX G: DATA ACT-RELATED CRITERIA

The following section includes the criteria utilized to develop Kearney & Company, P.C.’s (referred to as “Kearney,” “we”, and “our” in this document) findings noted in the **Findings** section within the body of the report.

Finding #1 – The FCC Did Not Submit Component Spending Data:

Criteria: Digital Accountability and Transparency Act of 2014 (DATA Act), Public Law (PL) 113-101 § 3. FULL DISCLOSURE OF FEDERAL FUNDS, signed May 9, 2014, states:

“(B) INFORMATION TO BE POSTED. For any funds made available to or expended by a Federal agency or component of a Federal agency...”

Federal Funding Accountability and Transparency Act of 2006 (FFATA), PL 109-282 § 2., FULL DISCLOSURE OF ENTITIES RECEIVING FEDERAL FUNDING, signed September 26, 2006, states:

“FEDERAL AWARD.—The term “Federal award”— (A) means Federal financial assistance and expenditures that— (i) include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance; (ii) include contracts, subcontracts, purchase orders, task orders, and delivery orders;”

In June 2015, the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) published Frequently Asked Questions (FAQ) from Federal agencies on max.gov. OMB and Treasury stated that questions will have policy implications and may require additional analysis and/or input from agencies. The following Questions and Answers (Q&A) relate to the treatment of permanent indefinite appropriations:

“4. Are permanent and indefinite appropriations reported for DATA Act purpose?
Yes. Agencies are required to report all funds made available to be expended by a federal agency or agency component. This includes permanent and indefinite appropriations. In other words, agencies are required to report all funds that are reported on the SF-133, Report on Budget Execution and Budgetary Resources”

Finding #2 – DQP was Incomplete and not Implemented Timely

Criteria: OMB, Director issued Memorandum (M)-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk*, dated June 6, 2018, states:

“OMB Circular No. A-123 requires agencies to consider ICOR in addition to other controls in their existing annual assurance statements. This memorandum provides additional guidance to support that requirement as DATA Act reporting begins to mature. Agencies that have determined they are subject to the DATA Act reporting must develop and maintain a Data Quality Plan that considers the incremental risks to data quality in

Federal spending data and any controls that would manage such risks in accordance with OMB Circular No. A-123. The purpose of the Data Quality Plan is to identify a control structure tailored to address identified risks. Agencies should leverage existing processes for identifying and assessing risks and reporting objectives as well as existing regulatory requirements over data quality for defined areas, such as procurement and procurement-related data. Agencies should also identify and eliminate duplicative and unnecessary processes that do not address identified risks. Quarterly certifications of data submitted by agency Senior Accountable Officials (SAO) should be based on the consideration of the data quality plan and the internal controls documented in their plan as well as other existing controls that may be in place, in the annual assurance statement process. Consideration of this plan must be included in agencies’ existing annual assurance statement over ICOR beginning in FY 2019 and continuing through the statement covering FY 2021 at a minimum, or until agencies determine that they can provide reasonable assurances over the data quality controls that support achievement of the reporting objective in accordance with the DATA Act. The Data Quality Plan should cover significant milestones and major decisions pertaining to:

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

Consistent with the DATA Act, OMB and the Department of the Treasury will maintain existing DATA Act standards and will provide appropriate governance to maintain and adjust taxonomies for reporting.”

Finding #3 – The FCC Reported Financial Assistance Awards Untimely

Criteria: OMB, Acting Director issued M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, dated April 10, 2020, states:

“...all agencies that are not currently reporting within two weeks of issuance of an award must now report financial assistance awards (File D2) to USASpending.gov within two weeks of issuance...”

General Accounting Office (GAO), *Standards for Internal Control in the Federal Government* (Green Book), GAO-14-704G, *Internal Control System Monitoring*, Section 16.05 states:

“Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.”

Finding #4 – File C to File D2 Linkage Issues

Criteria: According to PL 113-101 – May 9, 2014, DATA Act, Section 2, *Purposes*:

“The purposes of this Act are to –

- (1) Expand the Federal Funding Accountability and Transparency Act of 2006 by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to programs of Federal agencies to enable taxpayers and policy makers to track Federal spending more effectively;
- (2) establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policy makers on USASpending.gov (or a successor system that displays the data)...
- (4) improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted...”

According to PL 109-282 – Sept 26, 2006, FFATA, Section 2, *Full Disclosure of Entities Receiving Federal Funding...*:

- “(2) FEDERAL AWARD.—The term ‘Federal award’—
- (A) means Federal financial assistance and expenditures that—
 - (i) include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance;
 - (ii) include contracts, subcontracts, purchase orders, task orders, and delivery orders...”

DATA Act Information Model Schema (DAIMS) v2.0, Section 1.3.4 states:

“TransactionObligatedAmount: File C should include all award IDs with each TransactionObligatedAmount that occurred during the quarter (or month, depending on the submission period), so that the financial information can be compared to File D1/D2 in aggregate at the award ID level.”

DAIMS v2.0, Appendix D, *FAQ & Examples Related to File C Transaction Obligated Amount (TOA)*, states the following:

“For the Transaction Obligated Amounts in File C, the goal or intent is to have corresponding and linking obligation transactions in File D, with the exception of

legitimate differences. This means that File C must only report new obligations incurred, upward modifications to obligations, and downward modifications/de-obligations. These would be transactions in the obligation series of USSGL Accounts: 4801, 4802, 4831, 4832, 4871, 4872, 4881, 4882, 4901, 4902, 4908, 4931, 4971, 4972, 4981, and 4982.”

According to OMB M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, Section 3, *Quarterly SAO Assurance over DATA Act Data*:

“Agency's SAO assurance will be submitted quarterly through the forthcoming DATA Act Broker process. The quarterly process will require the SAO to assure the following:

The alignment among the Files A-F is valid and reliable. Since a DATA Act submission contains a combination of many data sets, the SAO will be required to attest to the validity and reliability of the complete DATA Act submission, including the interconnectivity/linkages (e.g. award ID linkage) across all the data in files A, B, C, D, E, and F. Where there are legitimate differences between files, the SAO should have categorical explanations for misalignments. To provide this assurance, agencies should have internal controls in place over all of the data reported for display USASpending.gov per A-123.

The data in each DATA Act file submitted for display on USASpending.gov are valid and reliable. To provide this assurance, the SAO will confirm that internal controls over data quality mechanisms are in place for the data submitted in DATA Act files. Existing data quality measures required by regulation and/or OMB guidance will be sufficient for SAO reliance on individual data files.”

GAO-14-704G, Green Book, September 2014, Section 13.05, *Data Processed into Quality Information*, states:

“Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information.”

According to the Guide, Section 740.02, *Data Element Testing – Statistical sample*:

“[Question]: If a transaction is correctly recorded in File C, but data elements are not in File D1/D2 then do we consider those data elements to be inaccurate?”

[Answer]: If a transaction is correctly recorded in File C, but Files D1/D2 do not include the required data elements, then those Files D1/D2 data elements are incomplete, inaccurate, and untimely.

[Question]: If no data elements are recorded in Files D1/D2 for a record, how do we determine which data elements were required/applicable?

[Answer]: Use File C supporting documentation to perform an analysis to determine what data elements should have been recorded in Files D1/D2. Mark all non-required data elements as not applicable.”

Finding #5 – The FCC Reported High-Cost Legacy Modifications Numbers Incorrectly

Criteria: The DATA Act, PL 113-101 § 2. PURPOSES, signed May 9, 2014, states the purposes of the act are to:

“(2) establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policy makers on USASpending.gov (or a successor system that displays the data); and

(4) improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted...”

OMB, Deputy Director of Management issued M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, dated May 8, 2015, states:

“The DATA Act directs the Administration to increase the availability, accuracy, and usefulness of Federal spending information.’

OMB, Office of Federal Financial Management (OFFM), Memorandum for Agency Chief Financial Officers (CFO), *Improving Data Quality for USASpending.gov*, dated June 12, 2013, explains the importance of data validity, stating:

“To ensure USASpending.gov is providing current and accurate information, OMB and Federal agencies must take steps to ensure data reliability and quality. Reliable data allows the public to trust in the information the government provides and for Federal and elected officials to use that information to make informed decisions about government programs and projects.

The information on USASpending.gov is populated with data sourced from agency financial assistance management systems and from the central Federal Procurement Data System. These systems include both financial data and narrative information about specific assistance and procurement awards made by Federal agencies throughout the fiscal year. Because existing reporting models are not directly tied to agency financial

systems at the award level, it is imperative that each agency have an internal control and accountability structure in place to ensure that the data reported is accurate and complete.”

GAO Green Book, GAO-14-704G, *Internal Control System Monitoring*, Section 16.05 states:

“Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.”

The Council of the Inspectors General on Integrity and Efficiency’s (CIGIE) Federal Audit Executive Council (FAEC) *Attachment 2 File D2 Reporting Crosswalk* states data element “AwardModificationAmendmentNumber” is an optional field for File D2 reporting.

APPENDIX H: STATUS OF OPEN PRIOR YEAR DATA ACT AUDIT RECOMMENDATIONS

The Federal Communications Commission (FCC) Office of Inspector General (OIG) previously contracted Kearney & Company, P.C. (referred to as “Kearney,” “we,” and “our” in this report) in Fiscal Year (FY) 2019 to conduct an audit of the FCC’s Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act),⁸ which resulted in six recommendations for the FCC to improve the quality of its data, as well as improve its implementation and use of required Government-wide data standards. As part of the audit procedures Kearney designed and executed for the FY 2021 audit, we assessed the FCC’s corrective actions and status of the previously issued recommendations. *Exhibit 14* summarizes our assessment of the status.

Exhibit 14: Status of Open Prior year DATA Act Audit Recommendations

Finding #	Rec. #	Recommendation	FY 2021 Status	Comments
FY 2017				
Finding 1: Spending Data Submitted in the FCC’s DATA Act Submission Did Not Meet Quality Requirements	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.”	Closed	Kearney noted that FCC developed policies and procedures to locate all active contract documentation, developed documentation checklists, and developed policies to store contracts and checklists electronically.
FY 2019				
Finding 1: The FCC Did Not Submit Component Spending Data	1	“Continue coordination efforts with USAC and report USF financial and spending data in the FCC’s FY 2020 Q1 DATA Act submission, as outlined in the developed project plan. To ensure the reporting of complete and accurate data in FY 2020, the FCC should perform reconciliations and quality control reviews over the USF financial and spending data prior to DATA Act submission.”	Closed	FCC, in coordination with Universal Services Administrative Company (USAC), began reporting Universal Service Fund (USF) financial and spending data in January 2020. Additionally, USAC implemented reconciliations and Quality Control (QC) reviews over the

⁸ FCC OIG, *Audit of the Federal Communications Commission’s Implementation of the Digital Accountability and Transparency Act of 2014* (17-AUD-08-04, November 7, 2017).

Finding #	Rec. #	Recommendation	FY 2021 Status	Comments
				financial and spending data.
	2	“Upon award of the TRS Fund Administrator contract, coordinate with the administrator to develop a DATA Act project plan. The TRS Fund project plan should include an expected timeline and steps to implement necessary changes to systems and business processes to capture, link, reconcile, and report on award level financial and spending information. The TRS Fund Administrator, in coordination with the FCC, should reference Steps 1 through 8 in the DATA Act Implementation Playbook (Version 2.0) to develop and execute the detailed project plan.”	Updated	While the FCC and its Telecommunications Relay Service (TRS) fund administrator, in coordination with the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury), made progress towards DATA Act implementation, the FCC did not report TRS financial and spending data in its first quarter FY 2021 submission. FY 2021 recommendations 1 and 2 address the ongoing issue with reporting of component spending data.
	3	“As technical and operational issues arise during the USAC and TRS Fund Administrator DATA Act implementation, USAC and the TRS Fund Administrator, in conjunction with the FCC, should continue to 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.”	Updated	
Finding 2: The FCC’s DATA Act Submission Included Accuracy Errors	4	“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 the FCC’s accounting system (i.e., Genesis) that interfaces with FPDS-NG. Additionally, this should include corrective action or qualify control procedures for inaccurate information reflected in FPDS-NG resulting from the interfaces with FCC systems.”	Closed	Kearney obtained and reviewed the policies and procedures included within FCC’s Corrective Action Plan (CAP). We noted that FCC made updates to adequately address reporting obligations accurately and in accordance with DATA Act requirements.
Finding 3: The FCC’s DATA Act Submission Included Timeliness Errors	5	“Develop and implement procedures to validate the timeliness of the data reported to FPDS-NG in order to meet the DATA Act and the FAR requirements to report data into FPDS-NG within three business days after the contract award. This should include data validation procedures to ensure the timeliness of the data input to FPDS-NG. Additionally, this should include corrective action or quality control procedures for untimely information reflected in FPDS-NG resulting from the interfaces with FCC systems.”	Closed	Kearney obtained and reviewed the policies and procedures included within FCC’s CAP. We noted that FCC made updates to adequately address reporting obligations timely in accordance with DATA Act requirements.

Source: Generated by Kearney.