



Office of Inspector General

DATA Act Oversight Audit

DATA ACT

OVERSIGHT AUDIT

Report No. AR-18-04

November 2017

Federal Labor Relations Authority
1400 K Street, N.W. Suite 250, Washington, D.C. 20424

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Abbreviations

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

DATA Act Oversight Audit

Report No. AR-18-04

October 30, 2017

The Honorable Patrick Pizzella, Acting Chairman

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

The objectives of our audit were to assess the: (1) completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2017, second quarter financial and award data submitted for publication on USASpending.gov; and (2) FLRA's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Department of Treasury (Treasury). We performed our audit using the Federal Audit Executive Council DATA Act Working Group Inspectors General Guide to Compliance Under the DATA Act Report Number – Treasury OIG: OIG-CA-17-012, February 27, 2017.

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

Results in Brief

Due to a systems issue, (PRISM) the FLRA was not successful at fully linking procurement actions with the Federal Procurement Data System (FPDS). As a result, only one second quarter procurement action out of ten was properly transmitted within the USASpending.gov system. The data standards for this one procurement record were properly listed in USASpending.gov. Prior to the third quarter submission, the system issues were corrected and the FLRA successfully linked procurement actions with the FPDS.

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

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We conducted our fieldwork in September and October 2017. Appendix 1 contains a detailed description of our objective, scope, and methodology. Appendix 4 provides management's response to the OIG recommendation.

Background

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

The DATA Act directs agency Inspectors General (IG) to perform three reviews on agencies' implementation and use of data standards as well review statistical samples of the data submitted by the agency under the DATA Act and report on the completeness, timeliness, quality and accuracy of the data sampled and the use of the data standards by the agency.

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

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

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the Digital Accountability and Transparency Act of 2014. That is, the first IG reports were due to Congress in November 2016; however, Federal agencies are not required to report spending data until May 2017. To address this reporting date

anomaly, the IGs plan to provide Congress¹ with their first required report in November 8, 2017, a 1-year delay from the statutory due date, with two subsequent reports following on a 2-year cycle.

The CIGIE encouraged IGs to undertake DATA Act “Readiness Reviews”. On October 17, 2016, we issued the DATA Act Readiness Review of FLRA Report No. ER-17-03. We provided management with recommendations to help improve their compliance with the requirements of the DATA Act. This is the first of the mandated IG audits of FLRA’s reporting and implementation of the DATA Act.

Evaluation Results

We performed our audit using the IG Guide to Compliance Under the DATA Act. The guide incorporates OMB guidance and provides a common reporting approach for the IG community.

Firstly we determined what management’s processes and controls were in place to ensure that all awards made and/or modified since January 1, 2017 have been reported. Secondly, we evaluated whether all transactions and awards, made and/or modified after January 1, 2017, have been recorded in the proper period.

We found the FLRA second quarter procurement actions were not linked to the FPDS, due to a system malfunction. That system takes information from the PRISM system and enables the information to be transferred to what is called File D1 in the USASpending.gov system. Without linking the procurement actions to FPDS, the procurement action will not appear in File D1 and the required data standards will also not appear in File D1. Only one of ten second quarter procurement actions appeared in File D1. Therefore, that was the only procurement transaction we could test.

We did find, for the one procurement transaction that was located in File D1, that the required data standards for that transaction were listed in the file D1. Management acknowledged the mistake in not linking the files properly. We were informed this issue was corrected for the third quarter of FY 2017. We reviewed the third quarter transmission files and found that the procurement actions for that quarter were being properly linked to the FPDS and the details could be found in the USASpending.gov system.

We also reviewed the data submission to be it reflected, at a summary-level, all appropriations and outlays recorded on the agency’s quarterly SF-133, Report on Budget Execution and Budgetary Resources (SF-133). We also checked to be sure Files A and B in the submission agree.

¹ On December 22, 2015, CIGIE’s Chair issued a letter memorializing the strategy for dealing with the IG reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform. (Appendix 2).

We also determined that File A properly included all Treasury Account Symbols from which funds were obligated, by selecting all summary-level transactions from File A and matching various elements such as agency identifier and gross outlays. We also verified that File B matched the object class codes as defined in Section 83 of OMB Circular A-11.

Recommendation

1. To help ensure effective implementation of the DATA Act, we recommend that the FLRA's Contracting personnel review the data transmitted quarterly to USASpending.gov system timely to be sure all procurement actions are properly linked and all required data standards are present for each procurement action.

A handwritten signature in black ink that reads "Dembo Jones, P.C." with a period at the end.

Dembo Jones, P.C.

Rockville, Maryland

Appendix 1

Objective, Scope, and Methodology

Our objective was to review a statistically valid sample of the spending data submitted by FLRA and assess the: (1) completeness, timeliness, quality, and accuracy of FY 2017, second quarter financial and award data submitted for publication on USASpending.gov and (2) FLRA's implementation and use of the Government-wide financial data standards established by OMB and Treasury.³

This audit was performed in accordance with Generally Accepted Government Auditing Standards. The scope of the review was FY 2017, second quarter financial and award data (January 1 – March 31, 2017) FLRA submitted for publication on USASpending.gov and any applicable procedures, certification, documentation, and controls to achieve this process. According to OMB's Management Procedures Memorandum No. 2016-03,⁴ data reported by Federal agencies in FY 2017, second quarter will be displayed on USASpending.gov by May 2017.

To accomplish our objectives, the OIG initiated our work in September 2017 and performed the following steps:

- 1) Obtained an understanding of any regulatory criteria related to FLRA's responsibilities to report financial and award data under the DATA Act. Appendix 3 contains a list of criteria reviewed to compliance under the DATA Act;
- 2) Assess FLRA's systems, process, and internal controls in place over data management⁵ under the DATA Act;
- 3) Assess the general and application controls pertaining to the financial management systems (e.g. grants, loans, procurement) from which the data standards were derived and linked;
- 4) Assess FLRA's internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123⁶;
- 5) Review a statistically valid sample from FY 2017, second quarter financial and award data submitted by the agency for publication on USASpending.gov;
- 6) Assess the completeness, timeliness, quality, and accuracy of the financial and award data sampled;

³ Agencies are required to begin reporting under the DATA Act in FY 2017, second quarter.

⁴ OMB Management Procedures Memorandum No. 2016-03, Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information (May 3, 2016)

⁵ Data management refers to the policies and procedures FLRA has in place to manage the flow of Federal and spending award data throughout its entire life cycle.

⁶ OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016)

- 7) Assess FLRA implementation and use of the 57 data definition standards established by OMB and Treasury;
- 8) Obtained information from FLRA staff concerning processes and controls planned or established;
- 9) Obtained information from FLRA staff concerning their communication with the ARC DATA Act implementation team; and
- 10) Assessed FLRA's efforts and formal implementation plans to report financial and payment information under the DATA Act.

Appendix 2

CIGIE Letter on Timing Anomaly of IG Reports required by the DATA Act



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

December 22, 2015

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

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

Dear Mr. Chairmen and Ranking Members:

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

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

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

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act "readiness reviews" at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation.

We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

Sincerely,



Should you or your staffs have any questions about our approach or other aspects of our collective DATA Act oversight activities, please do not hesitate to contact me at (202) 514-3435.

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

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

Appendix 3

Criteria Reviewed for Compliance Under the DATA Act

Criteria		Link
1	Digital Accountability and Transparency Act of 2014	https://www.gpo.gov/fdsys/pkg/PLAW-113publ101/html/PLAW-113publ101.htm
2	Federal Funding Accountability and Transparency Act of 2006	https://www.gpo.gov/fdsys/pkg/PLAW-109publ282/pdf/PLAW-109publ282.pdf
3	The Federal Financial Management Improvement Act of 1996	https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
4	The Federal Managers' Financial Integrity Act of 1982	https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
5	OMB-M-15-12 Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable	https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2015/m-15-12.pdf
6	OMB – Management Procedures Memorandum No. 2016-03	https://obamawhitehouse.archives.gov/sites/default/files/omb/financial/memos/management-procedures-memorandum-no-2016-03-additional-guidance-for-data-act-implementation.pdf
7	OMB-M-17-04 Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring DATA Reliability	https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2017/m-17-04.pdf
8	OMB M-10-06, Open Government, Directive	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf
9	OMB's Guidance for Ensuring and Maximizing the	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/omb/fedreg/reproducible2.pdf

	Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies	
10	OMB: Open Government Directive- Framework for the Quality of Federal Spending Information	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/financial_pdf/Open_Government_Directive_02082010.pdf
11	OMB: Open Government Directive – Federal Spending Transparency	https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/open_gov/OpenGovernmentDirective_04062010.pdf
12	The Data Exchange Standard	https://fedspendingtransparency.github.io/data-model/
13	Federal Spending Transparency Data Standards	https://max.gov/maxportal/assets/public/offm/DataStandardsFinal.htm
14	The DATA Act Schema Data Dictionary	https://fedspendingtransparency.github.io/dictionary-v1.1/
15	U.S. Digital Services Playbook	https://playbook.cio.gov/#plays_index_anchor
16	OMB Circular A-123	https://obamawhitehouse.archives.gov/omb/circulars_a123_rev/
17	GAO Financial Audit Manual, Volume 1, 2, 3	http://www.gao.gov/financial_audit_manual/overview
18	Government Auditing Standards (The Yellow Book)	http://www.gao.gov/yellowbook/overview
19	ELECTRONIC GOVERNMENT: Implementation of the Federal Funding Accountability and Transparency Act of 2006	http://www.gao.gov/assets/310/301849.pdf
20	DATA Transparency: Oversight Needed to Address Underreporting and Inconsistencies on	http://www.gao.gov/assets/670/664536.pdf

	Federal Award Website	
21	Standards for Internal Control in the Federal Government	http://www.gao.gov/products/GAO-14-704G
22	Federal Acquisition Regulation	https://www.acquisition.gov/?q=browsefar

Appendix 4
Management Response



UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY

October 30, 2017

MEMORANDUM

TO: Dana Rooney
Inspector General

FROM: Michael Jeffries 
Acting Executive Director

SUBJECT: Follow-up response regarding audit of FLRA's reporting and implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act)

Thank you for the opportunity to review and provide a follow-up memo addressing the DATA Act FY17 Report. The FLRA is pleased with the overall results and with the system correction; we believe that the issues identified during the 2nd quarter submission have been resolved.

We look forward to continuing to work with you on addressing and resolving any outstanding matters.

Appendix 5

Report Distribution

Federal Labor Relations Authority

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

United States Senate Committee on Homeland Security and Governmental Affairs

The Honorable Ron Johnson, Chairman,
The Honorable Claire McCaskill, Ranking Member

United States House Committee on Oversight and Government Reform

The Honorable Trey Gowdy, Chairman
The Honorable Elijah Cummings, Ranking Member

United States Senate Committee on the Budget

The Honorable Mike Enzi, Chairman
The Honorable Bernie Sanders, Ranking Member

United States House Committee on the Budget

The Honorable Diane Black, Chairman
The Honorable John Yarnuth, Ranking Member

GAO

Report submitted electronically to DATAActImplementation@gao.gov

Treasury OIG

Report submitted electronically to DATAAct@oig.treas.gov

CONTACTING THE OFFICE OF INSPECTOR GENERAL

IF YOU BELIEVE AN ACTIVITY IS WASTEFUL,
FRAUDULENT, OR ABUSIVE OF FEDERAL FUNDS,
CONTACT THE:

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[HTTP://WWW.FLRA.GOV/OIG-HOTLINE](http://www.flra.gov/oig-hotline)

EMAIL: OIGMAIL@FLRA.GOV
CALL: (202)218-7970 FAX: (202)343-1072
WRITE TO: 1400 K Street, N.W. Suite 250, Washington,
D.C. 20424

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