



United States Department of Agriculture

USDA's Fiscal Year 2019, First Quarter DATA Act Submission



Audit Report 11601-0001-12

November 2019

OFFICE OF INSPECTOR GENERAL

IMPORTANT NOTICE

This audit report contains sensitive information that has been redacted for public release, due to privacy concerns.

USDA's Fiscal Year 2019, First Quarter DATA Act Submission

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OIG reviewed USDA's fiscal year 2019, first quarter DATA Act submission and related processes.

OBJECTIVE

Our objectives were to assess: (1) the completeness, accuracy, timeliness, and quality of USDA's FY 2019 DATA Act submission, and (2) USDA's implementation and use of Governmentwide financial data standards.

REVIEWED

We reviewed the fiscal year 2019, first quarter, financial and award data USDA submitted for publication on USAspending.gov and any applicable procedures, certifications, documentation, and controls to achieve this process.

RECOMMENDS

We made recommendations to the Office of Chief Financial Officer (OCFO) to strengthen USDA's DATA Act compliance through the establishment of new oversight processes. Additionally, we recommend that agencies and offices coordinate with OCFO to establish procedures to identify their DATA Act reportable data, and made other recommendations to specific USDA agencies to improve the agencies' DATA Act Compliance.

WHAT OIG FOUND

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires the Department of Agriculture (USDA) to submit to the Department of the Treasury Federal contract, loan, and grant spending information for Federal programs so that taxpayers and policy makers can more effectively track Federal spending. The cognizant Office of Inspector General (OIG) is responsible for reviewing a sample of the spending data submitted by its Federal agency and submitting to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the sampled data.

We found that while USDA transmitted its first quarter DATA Act submission to the Department of the Treasury's DATA Act Broker on March 20, 2019, its submission was not complete and contained records that were not accurate, timely, or of good quality. We also found USDA agencies and offices did not consistently implement or use the Governmentwide financial data standards. As a result, the intended users of the data, as outlined by the DATA Act, do not have reliable or searchable USDA spending data available on USAspending.gov related to financial assistance and program awards.

Departmental and Agency officials generally concurred with 10 of our 12 recommendations, and OIG was able to accept management decision for 3 out of the 12 recommendations. Further actions from the agencies are needed before management decision can be reached for the remaining recommendations.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: November 8, 2019

AUDIT
NUMBER: 11601-0001-12

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SUBJECT: USDA's Fiscal Year 2019, First Quarter DATA Act Submission

This report presents the results of our audit of the Department's implementation of the Digital Accountability and Transparency Act (DATA Act). We received written responses to the official draft report from the Agricultural Marketing Service, Agricultural Research Service,

Farm Production and Conservation Business Center, Farm Service Agency, Food and Nutrition Service, Forest Service, Natural Resources Conservation Service, Office of Chief Economist, Office of the Chief Financial Officer (OCFO), and Office of Contracting and Procurement. Excerpts from the responses and the Office of Inspector General's (OIG) positions are incorporated into the Findings and Recommendations sections of the report, where applicable.

We accept management decisions on Recommendations 4, 6, and 12. We are unable to accept management decisions on Recommendations 1, 2, 3, 5, 7, 8, 9, 10, and 11. Please refer to the OIG position section for additional information on how to reach management decision for the corresponding recommendation.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendations for which management decisions have not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months from report issuance, and final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. For agencies other than OCFO, please follow your internal agency procedures in forwarding final action correspondence to OCFO.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions.

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Background and Objectives

Background

Requirements for Federal Agencies

The Digital Accountability and Transparency Act of 2014 (DATA Act)¹ was enacted on May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA).² The purpose of the DATA Act is to: (1) expand FFATA by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to Federal programs so taxpayers and policy makers can more effectively track Federal spending; (2) establish Governmentwide data standards for financial data and provide consistent, reliable, and searchable Governmentwide spending data that are displayed accurately for taxpayers and policy makers; (3) simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency; (4) improve the quality of data submitted by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and (5) apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal Government.

The DATA Act provides that, no later than 3 years after its date of enactment, for any funds made available or expended by a Federal agency or component of a Federal agency,³ the following information should be reported: (1) the amount of obligated and unobligated balances for the budget authority appropriated and any other budgetary resources; (2) the accounts and amounts that are obligated for each program activity,⁴ including the amounts of any outlays; (3) the accounts and amounts that are obligated for each object class, including the amounts of any outlays; and (4) the amounts obligated and any outlays from each object class by program activity.

In May 2015, the Office of Management and Budget (OMB) and Department of the Treasury (Treasury) published 57 data definition standards and required Federal agencies to report financial data in accordance with these standards for DATA Act reporting, beginning in January 2017.⁵ As part of its DATA Act Information Model Schema (DAIMS), the Treasury published Practices and Procedures⁶ that required agencies to submit and certify second quarter files—files A, B, C, D1, D2, E, and F—to the Treasury’s DATA Act Broker (Broker)⁷ by

¹ Digital Accountability and Transparency Act of 2014, Pub. L. No. 113-101 (DATA Act).

² Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282 (FFATA).

³ For the purposes of this audit, the Department of Agriculture (USDA) is the Federal Agency referred to by DATA act guidance, and USDA agencies and staff offices are referred to as a component of the Federal agency. USDA is responsible for the Federal agency’s overall DATA Act submission, whereas USDA component agencies and staff offices are responsible for submitting DATA Act information for consolidation by USDA officials.

⁴ “Program activity” is a specific activity or project as listed in the program and financing schedules of the annual budget of the U.S. Government.

⁵ “Federal Spending Transparency Data Standards,” *MAX Home Page*, <https://max.gov/datastandards> (last visited Sept. 12, 2019).

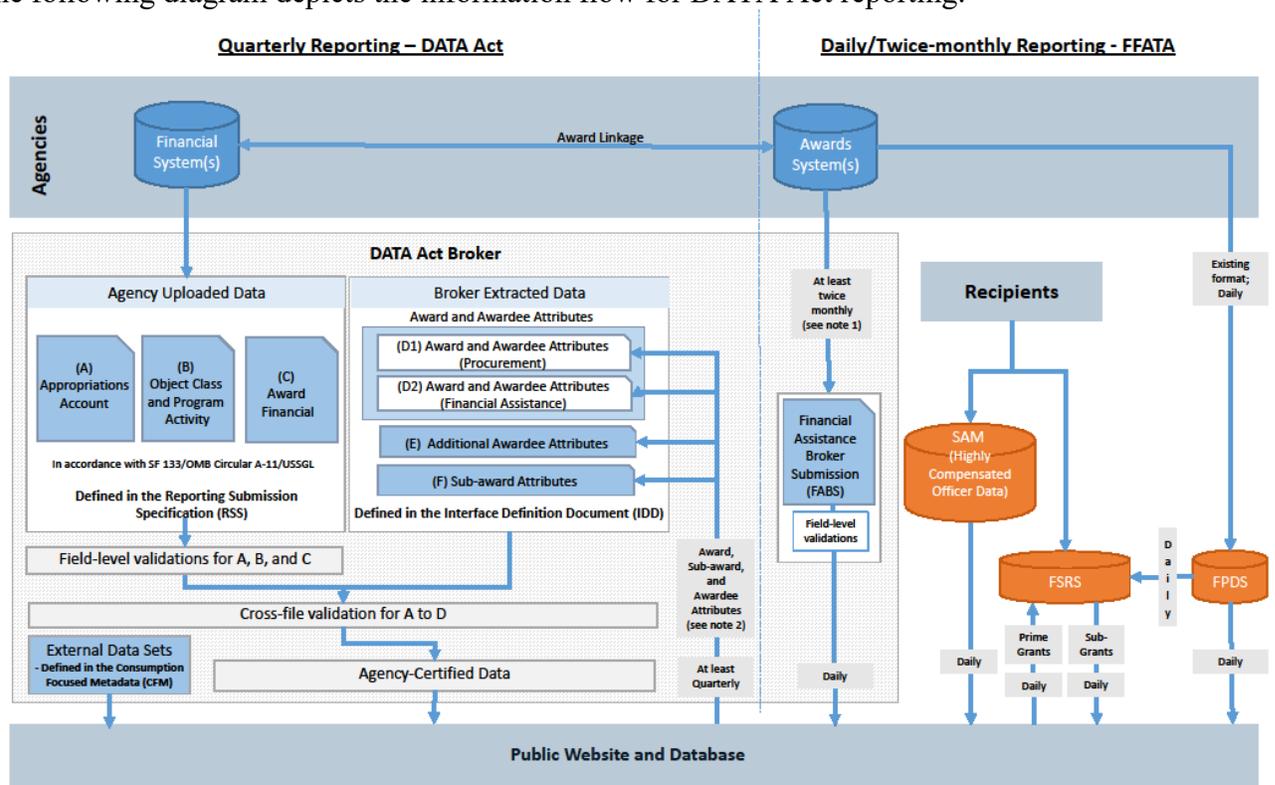
⁶ Treasury, DAIMS v1.02, Practices and Procedures (Dec. 21, 2016).

⁷ The DATA Act Broker (Broker) enables Federal agencies to upload, validate, and certify quarterly financial data.

April 30, 2017. The file names and the type of data to be contained within each file are as follows:

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

The following diagram depicts the information flow for DATA Act reporting:



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.

Source: <https://www.fiscal.treasury.gov/files/data-transparency/daims-information-flow-diagram-v1.3.pdf>
 Retrieved on 2/1/2019

Schema Version 1.3
 June 29, 2018

Figure 1: Information Flow (provides an overview of the sources of the data included in the DATA Act Schema and how the data will be submitted to the Broker) <https://fedspendingtransparency.github.io/data-model/>

The Federal agency submits files A, B, and C based on data housed within its internal financial system(s). Files A and B contain summary-level financial data and file C contains reportable award-level data. Files D1 through F contain detailed demographic information for award-level

Agencies can also test monthly financial data, generate award files, and view DATA Act submissions. The Broker houses both the DATA Act Broker Submission (DABS) and the Financial Assistance Broker Submission (FABS) components.

transactions reported in File C. Agencies are responsible for compiling and submitting files A, B, and C to the broker quarterly. The Broker generates the remaining files (D1, D2, E, and F) at the time of submission based on data extracted by the Broker from external reporting systems. For file D1, agencies submit procurement award data to the Federal Procurement Data System-Next Generation (FPDS-NG) on a daily basis; the Broker extracts this information from FPDS-NG to generate File D1.⁸ Additionally, at least twice a month, agencies submit financial assistance data to the Broker through its Financial Assistance Broker Submission (FABS) component.⁹ The Broker then uses this information to generate File D2. For both files D1 and D2, though the Broker generates the files at the time of submission, the agency is the source of the initial data entry in both FPDS-NG and FABS.

OMB's Management Procedures Memorandum 2016-03 (M-16-03)¹⁰ states that Federal financial assistance awards for specific entities should be submitted twice a month to USAspending.gov.¹¹ Agencies must use information from their systems to populate the data on USAspending.gov. The criteria further states that the authoritative sources for the data reported in files E and F are the System for Award Management (SAM)¹² and the FFATA Sub-award Reporting System (FSRS),¹³ respectively, with no additional action required of Federal agencies. It is the prime awardee's responsibility to report sub-award and executive compensation information in SAM and FSRS. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the Broker.

Additionally, OMB M-17-04¹⁴ requires that the senior accountable official (SAO)¹⁵ assure, on a quarterly basis, that alignment among all files within the complete DATA Act submission is valid and reliable, including the linkages across all data in files A-F. It further states, when there are legitimate differences between the files, the SAO should provide an explanation for any misalignment. To provide this assurance, agencies should have internal controls in place for all of the data reported for display in USAspending.gov. To promote accurate and complete awardee and sub-awardee data in FSRS and SAM, agencies must comply with current regulatory

⁸ FPDS-NG contains data from all Government agencies. All contracts whose estimated value is equal to or over the micro-purchase threshold are required to be reported in FPDS-NG, as well as every modification to those contracts, regardless of dollar value.

⁹ FABS is the platform used by Federal agencies to upload monthly assistance data to USAspending.gov.

¹⁰ OMB, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, Memorandum M-16-03 (May 3, 2016).

¹¹ USAspending.gov is a publicly accessible website that displays required Federal contract, grant, loan, and other financial assistance awards information, to give the American public access to information about how their tax dollars are being spent.

¹² Entities (e.g., contractors, Federal assistance recipients, and other potential award recipients) must register in SAM to do business with the Government, look for opportunities or assistance programs, or report subcontract information. SAM is also used by Government contracting and grants officials responsible for contracts, grants, past performance reporting, and suspension and debarment activities; additionally, it is used by public users searching for Government business information.

¹³ FSRS is the reporting tool Federal prime awardees use to capture and report sub-award and executive compensation data regarding their first-tier sub-awards to meet FFATA reporting requirements.

¹⁴ OMB, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, Memorandum M-17-04 (Nov. 4, 2016).

¹⁵ The SAO is a delegated high-level senior official accountable for the quality and objectivity of Federal spending information. These senior leaders will ensure that the information conforms to OMB guidance on information quality and adequate systems and processes are in place within the agencies to promote such conformity.

requirements, such as requiring Federal prime awardees to report to FSRS and SAM as part of the terms and conditions of the award.

DAIMS Practices and Procedures provides overall instructions for submitting and understanding DATA Act reporting and validation rules to ensure agencies are including appropriate, sufficient data in the appropriate format.¹⁶

Each agency is required to designate an SAO, who is required to certify the seven data files for their agency's financial and award data to be published on USAspending.gov. As part of the certification, the SAO must provide reasonable assurance that its agency's internal controls support the reliability and validity of the account-level and award-level data the agency submitted to the Treasury for publication. USDA designated its Chief Financial Officer as the SAO.

USDA DATA Act Reporting

The Office of the Chief Financial Officer (OCFO) is responsible for leading USDA's DATA Act implementation. Specific to USDA, the data required by the DATA Act reside in one of USDA's three financial accounting systems, three procurement systems, and other data systems maintained by 16 USDA agencies and staff offices.

Due to the magnitude of the data USDA is required to report by the DATA Act, USDA created the USDA DATA Act Repository (Repository) to collect and transmit all of its DATA Act data to the Broker. OCFO designed the Repository to perform validation and error checks before OCFO submits the data to USAspending.gov via the Broker. The function of the Repository is to collect USDA agency data, run validation checks for errors, allow agencies to correct and resubmit their data, consolidate the original and corrected data, and submit the combined files to the Broker. The Repository relies on agencies' assurance that the agency or staff office has reported all applicable data for the quarter, and any unreported data are disclosed on the agencies' assurance statements.

Our fiscal year (FY) 2017 audit of USDA's compliance with the DATA Act determined that although USDA submitted and certified data to the Broker by the April 30, 2017, reporting deadline, the files were incomplete and of insufficient quality. We recommended that USDA:

- develop a plan to timely resolve fatal errors;
- finalize DATA Act standard operating procedures (SOPs);
- provide training to the agencies on DATA Act SOPs and protocols;
- implement controls to ensure agencies are populating the Procurement Instrument Identifiers (PIID) and Financial Assistance Identification Numbers (FAIN) for associated transactions; and
- update DATA Act reportable systems to capture and report applicable DATA Act elements.

¹⁶ Treasury, DAIMS v1.02, Practices and Procedures (Dec. 21, 2016).

USDA reached final action for these recommendations on August 29, 2018.¹⁷

Requirements for Inspectors General

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

The *Inspectors General Guide to Compliance under the DATA Act* (IG Guide) presents a common methodological and reporting approach for the IG community to use in performing its mandated work.¹⁸ To meet the needs of the 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 (Working Group). The Working Group's mission is to assist the IG community in understanding and meeting its DATA Act oversight requirements by: (1) serving as a working-level liaison with the Treasury; (2) consulting with the Government Accountability Office (GAO); (3) developing a common approach and methodology; and (4) coordinating key communications with other stakeholders. The Working Group consists of nearly 226 auditors representing 53 OIGs. USDA OIG is an active member of the Working Group, as described in the Scope and Methodology section.

As written in the DATA Act, the first set of IG reports were due to Congress in November 2016. However, Federal agencies were not required to display spending data in compliance with the DATA Act until May 2017. As a result, IGs were not able to report on the spending data submitted under the DATA Act, as the information did not exist until 2017. For this reason, CIGIE developed an approach to address the reporting date anomaly. Specifically, the IGs provided Congress with the first required reports in November 2017—1 year later than the due date in the statute—with subsequent reports due on a 2-year cycle, in November 2019 and November 2021. The letter explaining this strategy can be found in Exhibit A.

During the FY 2017, testing and reporting period, IGs employed varying methods for meeting the requirements set forth in the DATA Act. For example, the data the IGs used to select and review sample transactions varied based on data availability and the type of engagement performed by the respective IGs. Comparing and compiling the information from all IG reports was difficult for stakeholders. Of the 53 IG reports reviewed by GAO, approximately 72 percent of IGs did not find agency data to be complete, timely, accurate, or of quality.¹⁹ In addition, during 2017, IGs identified Governmentwide issues with the Broker, which impacted the testing results of the IGs. IGs, GAO, OMB, the Treasury, Federal agencies, and Congress identified many lessons learned following the FY 2017 engagements. The Working Group compiled a

¹⁷ Audit Report 11601-0001-22, *USDA's 2017 Compliance with the Digital Accountability and Transparency Act (DATA Act)*, Nov. 2017.

¹⁸ CIGIE, *CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act* (Feb. 14, 2019).

¹⁹ Audit Report GAO-18-546, *DATA Act: Reported Quality of Agencies' Spending Data Reviewed by OIGs Varied Because of Governmentwide and Agency Issues*, Jun. 2018.

listing of these lessons learned and revised the IG Guide to address those concerns and to ensure future IG audits are comparable, useful, and meet the requirements of the DATA Act.

In consultation with GAO, as required by the DATA Act, the Working Group developed the IG Guide to set a baseline framework for the required reviews performed by the IG community and to foster a common methodology for performing these mandates. The guide was updated for the second required report, due November 8, 2019, and may again be updated for the subsequent report, due November 2021, based on feedback from the IG community, GAO, and other stakeholders.

Objectives

The objectives of this audit were to assess: (1) the completeness, accuracy, timeliness, and quality of the fiscal year 2019 financial and award data submitted for publication on USAspending.gov by USDA and (2) USDA's implementation and use of the Governmentwide financial data standards established by OMB and the Treasury.

Section 1: USDA's First Quarter FY 2019 DATA Act Submission

Finding 1: USDA's DATA Act Submission Was Not Complete, Accurate, or Timely

Although USDA transmitted its first quarter DATA Act submission to the Treasury's DATA Act Broker on March 20, 2019, its submission was not complete and contained records that were not accurate or timely, according to DATA Act reporting standards.²⁰ Overall, this occurred because USDA's component agencies and offices managed DATA Act source systems that did not automatically transmit data to USDA's core financial system, the Financial Management Modernization Initiative (FMMI).²¹ Instead, OCFO relied on manual processes at both the agency and Departmental level to process each quarterly DATA Act submission. As a result, the intended users of the data, as outlined by the DATA Act, do not have consistent, reliable, and searchable data available on USAspending.gov related to USDA's spending on financial assistance and program awards.

The DATA Act provides that, no later than 3 years after its enactment, for any funds made available or expended by a Federal agency or component of a Federal agency, the following information should be reported:

- (1) amount of obligated and unobligated balances for the budget authority appropriated and any other budgetary resources;
- (2) accounts and amounts that are obligated for each program activity, including the amounts of any outlays;
- (3) accounts and amounts that are obligated for each object class, including the amounts of any outlays; and
- (4) amounts obligated and any outlays from each object class by program activity.²²

The Treasury publishes reporting dates for this information. For example, March 20, 2019, was the date for agencies to submit and certify to the Broker their first quarter (Q1FY19) files, as required by the DATA Act.²³

Since our FY 2017 audit, we noted that USDA had made progress with its DATA Act submission. For example, in our FY 2019 audit, all files were submitted and populated with data, whereas in the 2017 audit, file A reported 1 of 670 Treasury account symbols,²⁴ File B reported 6 of 576 program activities, and no file C data were included.

²⁰ CIGIE established definitions to determine quality, completeness, accuracy, and timeliness in the IG Guide (Feb. 14, 2019).

²¹ A source system, for DATA Act purposes, is a system at the agency level where DATA Act reportable data reside.

²² Digital Accountability and Transparency Act of 2014, Pub. L. No. 113-101.

²³ Required files include files A, B, C, D1, D2, E, and F.

²⁴ Treasury Account Symbols represent individual appropriation, receipt, and other fund accounts for agencies and bureaus.

Although USDA had adhered to the file submission requirements outlined by the Treasury by its timely submission of files A, B, and C (and its subsequent generation of files D1, D2, E, and F from the Broker), the files were either incomplete or the data were inaccurate or untimely. As part of our testing, we conducted a statistical sample of data contained in file C from USDA’s Q1FY19 DATA Act submission. This sample resulted in a total of 264 file C transactions, of which there were 181 cases (over 68 percent) with no corresponding file D1 or D2 record within the Q1FY19 submission. According to the IG Guide, if an applicable data element of a record was not reported, then the record was considered incomplete, inaccurate, and untimely.

Overall, the issues identified with USDA’s DATA Act submission occurred because USDA’s component agencies and offices managed separate DATA Act source systems that did not automatically transmit data to USDA’s core financial system, FMFI. As a result, OCFO relied on manual processes at both the agency and Departmental level to process each DATA Act submission. USDA is comprised of 29 agencies and offices, some of which maintain separate systems needed for DATA Act reporting. For example, 2 of these agencies have standalone accounting systems, another manages an emergency procurement system, and there are 16 other agencies responsible for collecting and manually submitting information pertaining to their financial assistance awards. Within the report, we outline the causes for our findings related to USDA's submission and categorized them based on whether they impacted the completeness, accuracy, or timeliness of USDA’s Q1FY19 DATA Act submission.

Completeness

Throughout the audit, we attempted to clearly define the universe of USDA’s Q1FY19 DATA Act reportable transactions. We experienced challenges in doing so because of the disparity of information contained within the variety of source systems responsible for DATA Act reporting spread throughout multiple USDA agencies and offices. Even though we could not readily define USDA’s universe of DATA Act reportable transactions for Q1FY19, we were able to obtain evidence that supports USDA’s DATA Act submission was incomplete.

We conducted testing to ascertain the completeness of USDA’s Q1FY19 DATA Act submission, which included reconciling key pieces of data between the submitted files. According to DAIMS Practices and Procedures, each unique award ID in file C, as identified by the PIID or FAIN, should exist in file D1 or D2. In our testing, we identified the following discrepancies:

Table 1: Discrepancies Found in USDA’s Q1FY19 DATA Act Submission.

Base File Comparison (Attribute)	File Compared (Attribute)	Number of Records Not in Base File	Absolute Value of Missing Records*
C (PIID)	D1 (PIID)	6,657	\$436.1 million
C (FAIN)	D2 (FAIN)	134,027	\$17.6 billion

*Amounts stated are conservatively rounded, meaning the actual values are just over the stated amounts within the table.

Additionally, DAIMS Practices and Procedures state that each unique PIID in file D1 or a unique combination of FAIN and unique record identifier (URI) in File D2 should exist in file C, with limited exceptions. The Broker contains specific validation rules to identify these types of discrepancies, which result in warnings per discrepancy. A review of the warning reports indicated there were over 875,000 warnings related to file D1 and D2 award IDs not present in file C. However, OCFO officials stated that they do not review all warning reports on a consistent basis and that the Treasury does not require a review.

DAIMS Practices and Procedures states that agencies should note any warnings received, but also acknowledges that the Broker's warnings do not prevent data from being submitted because warnings may not necessarily indicate inaccuracies in data; warning messages simply alert the agency to possible issues worth further review. Given the extent of discrepancies between files C, D1, and D2, we believe that OCFO, in coordination with USDA's agencies and offices, should implement a process for reviewing its warning reports to ensure that data inaccuracies or incompleteness issues are addressed in a timely manner.

The Agricultural Marketing Service (AMS) maintains a commodity-based procurement system, Web-Based Supply Chain Management (WBSCM), which is used by AMS and other USDA agencies to procure commodities and commodity-related services. During the course of our audit, we found that WBSCM did not interface with USDA's primary accounting system, FMFI. According to AMS, WBSCM was implemented prior to USDA's implementation of FMFI, and AMS chose to interface with Farm Service Agency's (FSA) accounting application. As a result, AMS was required to submit manual journal entries to capture the accounting data in FMFI. We determined that although the procurements were being reported in file D1, the accounting data were not captured in file C. According to AMS, this occurred because AMS' FMFI journal entries that recorded procurements captured in WBSCM did not include all required FMFI DATA Act information and subsequently bypassed the DATA Act reporting process. The manual journal entries resulted in a DATA Act submission discrepancy of over \$889 million.

We also reviewed the dollar values and associated Treasury symbols within USDA's submitted files A and B, which had a value of over \$102.3 billion and \$97.3 billion, respectively. Our review determined that USDA's Q1FY19 submission contained an absolute value discrepancy of approximately \$5.5 billion (over \$4.7 billion in net dollar value) between file A and file B—due to “front-end” adjustment entries²⁵ not captured for DATA Act reporting until year-end.²⁶

²⁵ “Front-end” adjustment entries are general ledger entries (i.e., debit/credit pairs) which are entered directly into the financial system.

²⁶ An absolute dollar value is a non-negative dollar value that is equal in value to a given real dollar value. We used absolute dollar values for our analysis, as it provided a more accurate representation of the magnitude of the financial data errors identified, as suggested by the IG Guide.

In addition, USDA did not report any of its intragovernmental transactions (also referred to as *allocation transfers*) for Q1FY19, as required.²⁷ According to OCFO officials, processing allocation transfers required complex changes to processing and reporting, and therefore caused the delay in properly reporting the transfers. OCFO stated it submitted allocation transfer data in its third quarter, FY 2019 (Q3FY19) DATA Act submission; however, we did not verify USDA’s Q3FY19 submission as part of this audit.

As part of our audit process, we reviewed each agency’s quarterly SAO certification that its DATA Act records were reported, and noted any discrepancies with their submission that may contribute to incomplete DATA Act records. Upon review, we noted that the Natural Resources Conservation Service (NRCS) did not submit a D2 file to report its Q1FY19 financial assistance awards. NRCS awards equaled an absolute value of \$776 million. Additionally, through our testing, we identified that the Office of the Chief Economist (OCE) did not submit a D2 file, even though it had reportable financial assistance award transactions. Further, OCE did not disclose this omission on its quarterly assurance statement.

In OCFO Bulletin 17-02, OCFO implemented a policy change that required users to input the PIID or FAIN within FMFI for specified transactions.²⁸ This bulletin also provided users the ability to enter “NONDATAACT” within the FAIN field for any non-DATA Act reportable transactions. To test this procedure, we selected a non-statistical sample of the 20 highest dollar transactions labeled as “NONDATAACT” from vendors that appeared to be non-Governmental. We noted that this control was not used consistently. For example, we determined 18 of these 20 transactions—totaling over \$2.3 million—were erroneously categorized as non-DATA Act reportable, thereby bypassing DATA Act reporting and contributing to the incompleteness of data.

The Office of Contracting and Procurement (OCP) mission area is responsible for managing the USDA Purchase and Fleet Card Programs. The General Services Administration (GSA) awards the overall, Governmentwide contract for the management of the Purchase and Fleet Card Programs, referred to as the SmartPay contract.²⁹ For Q1FY19, OCFO identified a total of just over \$12 million of DATA Act reportable SmartPay transactions that were absent from USDA’s DATA Act submission. These SmartPay transactions were not reported because a PIID was not attached to the transaction either initially by the GSA-controlled system or retroactively by the applicable USDA personnel responsible for the purchase.

We determined that 61.2 percent of the data elements we reviewed for our sampled transactions within files C, D1, and D2 were incomplete because the data elements were not reported.

²⁷ OMB, “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability,” M-17-04 (Nov. 4, 2016).

²⁸ OCFO, *Completing DATA Act Award ID on FMFI Direct-Entry Obligations and Expenditures*, Bulletin 17-02 (Jul. 24, 2017).

²⁹ The next generation of the General Services Administration’s contract is referred to as SmartPay3.

Accuracy

Our testing of FSA DATA Act records identified that FSA inaccurately classified the record type for financial assistance transactions as “redacted due to [personally-identifiable information] PII” for 22 of the 58 transactions (over 37 percent) in our sample.³⁰ According to the DAIMS Practices and Procedures, agencies should only use Record Type 3, “redacted due to PII,” for awards to individuals; however, we determined that in 22 instances, the awardee was not an individual. FSA’s improper reporting of financial assistance awards as “redacted due to PII” restricts required fields from being properly reported because it prevents certain data elements that would otherwise contain PII from being reported.

FSA implemented this approach because the 2018 Farm Bill³¹ exempts certain producers from having to register in SAM.³² Registering in SAM requires the registrant to obtain a Data Universal Numbering System (DUNS) number, which is used for DATA Act reporting as the unique identifier for the awardee. Due to the 2018 Farm Bill exemptions, some of FSA’s producers are not required to register in SAM and therefore do not have a DUNS number. Therefore, the exemption results in the producer not having a unique identifier for DATA Act reporting, which, according to FSA officials, causes an error when the data are transmitted to the Broker. The error then prevents the data from being published to USAspending.gov. To avoid this error and ensure that data were published to USAspending.gov, FSA opted to use a record type that does not require a unique identifier (i.e., DUNS number). However, FSA applied this approach to all transactions, thus making its non-PII records incomplete and inaccurate.

ARS, with the assistance and approval of OCFO, developed a cost allocation process, known as the functional area splitter (or splitter), in order to allocate ARS program costs for Data Act reporting purposes. ARS uses the splitter to distribute cost across 10 different program activity codes, regardless of the expense. ARS splits most transactions among its program activities via this automated process within FMFI. Although we attempted to replicate the splitter’s effect on our sampled record, we were still unable to verify 23 of ARS’ 32 (71 percent) obligation amounts to source documentation. OMB A-11 allows for the allocation of expenses across program activities; however, this allowance is specific to administrative and overhead expenses.³³ If an agency determines it must distribute costs, it should be distributed based on readily supportable factors.

As an example, the underlying contract for one transaction was for the Agricultural Research Basic and Applied Research grant program, which provides funding to make agricultural research discoveries, evaluate alternative ways of attaining research goals,

³⁰ *PII* refers to information that can be used to distinguish or trace an individual’s identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

³¹ Agricultural Act of 2018, Pub. L. No. 115-334, 132 Stat. 4490 (2018 Farm Bill).

³² SAM is an official website of the U.S. Government. Users can use this site to register to do business with the U.S. Government, update or renew entity registration, check status of an entity registration, and search for entity registration and exclusion records.

³³ OMB, *Preparation, Submission and Execution of the Budget*, Circular A-11 (Jun. 28, 2019).

and provide scientific technical information. However, the transaction related to this grant was processed using the splitter, which attributed the cost to 10 program activities, including “Homeland Security” and “Decentralized GSA and Security Payments.”³⁴ For this example, ARS determined the need to allocate the costs over multiple program activities; however, the agency did not provide a justification specific to this contract. Instead, agency officials relied on the allocation percentage included in the splitter to allocate costs. Therefore, we do not consider ARS’ splitting its transactions among 10 ARS program activities based on a predetermined percentage to be a “readily supportable factor,” in accordance with OMB guidance.³⁵ Additionally, the use of the splitter does not provide for Federal spending transparency intended by the DATA Act.

We determined that 65.1 percent of the data elements we reviewed for our sampled transactions within files C, D1, and D2 were inaccurate because the elements were not supported by source documentation.

Timeliness

The Forest Service (FS) did not consistently report wildfire incident procurements in the quarter they occurred. Specifically, over 40 percent of the wildfire incident records FS reported in Q1FY19—totaling over \$193 million—should have been reported in a prior period rather than in FS’ Q1FY19 DATA Act submission. This occurred because FS’ wildfire incident procurement process consisted of two systems: manually assigned PIIDs and manually-entered contract information into FPDS-NG.

FS uses one system to reach agreements with vendors to create blanket purchase agreements (BPA) that have no obligations associated with them and simply serve as agreements from which orders can be made. When a resource need is identified at a wildfire incident, FS utilizes another system to make orders against the BPA for the identified vendor. These resource orders are open-ended orders that commit to pay for the resource at an agreed-upon rate for as many days as the resource is needed at the incident. The creation of the order, at this point, is considered the date at which the Government enters into an agreement with the vendor, which should be documented via a contract action.

Although the exact liability amount of the resource order is not known at the time of contract action, Federal Appropriations Law requires that “some initial amount must still be recorded. [...] The agency should then adjust this initial obligation up or down periodically, as more precise information becomes available.”³⁶ However, FS does not recognize any liability when the contract action occurs and instead recognizes the obligation when the work is completed and a payment is processed. The obligation is

³⁴ The 10 activities are (1) Decentralized GSA and Security Payments; (2) Crop Protection; (3) Homeland Security; (4) Environmental Stewardship; (5) Crop Production; (6) Livestock Protection; (7) Livestock Production; (8) Food Safety; (9) Product Quality/Value Added; and (10) Human Nutrition Research.

³⁵ OMB Circular A-11, sec 82.5(b).

³⁶ GAO, *Principles of Federal Appropriations Law*, Annual Update of the Third Edition (Mar. 2015).

recognized by FS through a manual process that is done monthly to assign PIIDs to the contract actions and record the obligations in FPDS-NG.

The DATA Act requires file C records to be reported in the quarter in which the obligation was incurred by the Government. FS' wildfire incident ordering process causes many transactions be reported in another period, only after the payment is processed and the PIID or FAIN is assigned, which is after an agreement is reached between FS and the vendor. This timing problem resulted in certain transactions being reported in Q1FY19 that should have been reported in prior periods. We identified that of the 15,191 total wildfire incident transactions reported in Q1FY19, 6,217 (over 40 percent) of them were ordered in a prior period. The value of these transactions represented over \$193 million.

We determined that 82.0 percent of the data elements we reviewed for our sampled transactions in files C, D1, and D2 were untimely because the records were not submitted according to required timeframes.

We performed our testing and statistical projections using the methodology established by the IG Guide. Based on these results, we determined that USDA's overall quality of data published on USAspending.gov is low.³⁷ Our projections are based on the population of data obtained from USDA's Q1FY19 DATA Act submission. As discussed, USDA's submission did not represent its entire universe of DATA Act reportable data, which means that we can only project for the data we received. Our statistical projection for USDA's Q1FY19 DATA Act submission was based on a 95 percent confidence level.

Table 2: Data Quality of Sampled Transactions in File C for Q1FY19

Percentage of Incomplete Transactions*	Statistical Projection Error Rate—Completeness	Percentage of Untimely Transactions*	Statistical Projection Error Rate—Timeliness	Percentage of Inaccurate Transactions*	Statistical Projection Error Rate—Accuracy
61.2%	56.4%–66.1%	82.0%	78.4%–85.8%	65.1%	60.8%–69.5%
Low Quality		Low Quality		Low Quality	

**Conservatively rounded; actual percentage is just over stated percentage.*

Because of USDA's incomplete, inaccurate, and untimely DATA Act submission, the intended users of the data, as outlined by the DATA Act, do not have consistent, reliable, and searchable USDA spending data available on USAspending.gov.

³⁷ The IG Guide established levels of DATA quality of High, Moderate, and Low. If the highest error rate of completeness, accuracy and timeliness is between 0 percent and 20 percent, the quality would be considered High (Green). If the highest error rate is between 21 percent and 40 percent, the quality would be considered Moderate (Yellow). If the highest error rate is 41 percent or more, the quality would be considered Low (Red).

Recommendation 1

OCFO needs to develop and implement a process in coordination with the agencies to review and address the DATA Act warnings received from the Broker for the quarterly DATA Act submissions.

Agency Response

OCFO does not concur with this finding in full. OCFO stated that the majority of errors are cross-check warnings, which indicate that there is no corresponding record in the C file for a D1 or D2 file record. This is a result of a timing error within the quarter for which the broker submission is being made. When the warning is generated, there is virtually no time to address this matter.

OCFO stated it will continue to stress the importance to agencies of submitting C, D1 and D2 file data in a timely manner and within the same quarter to the maximum extent possible by issuing a memorandum to the DATA Act SAOs and ask them to address timing differences in their quarterly assurance statements.

OIG Position

We are unable to accept management decision on this recommendation. Cross-check warnings are one of many possible warnings to be addressed by the submitting agency. Therefore, we maintain that OCFO and the agencies should review and address DATA Act warnings for the quarterly DATA Act submissions.

Recommendation 2

AMS, in coordination with OCFO, needs to ensure accounting data from WBSCM is properly reported for inclusion in USDA's DATA Act submission.

Agency Response

WBSCM deployed functionality in September 2019 to generate file C data. As an interim step, OCFO will work with WBSCM to assess if this file can be incorporated into the Department's DATA Act reporting process in the near term. Teams will establish a new project in FY 2020 to evaluate a permanent solution to provide DATA Act compliant reporting for WBSCM agencies.

AMS estimates that by September 30, 2020, it will establish a new project to evaluate options for a permanent solution.

OIG Position

We are unable to accept management decision for this recommendation. AMS did not describe how it would achieve interim WBSCM DATA Act reporting compliance if the WBSCM file C

cannot be incorporated into the Department's DATA Act reporting process. To reach management decision, AMS needs to provide OIG with a plan of action, including a timeline for implementation that will ensure that WBSCM data is included in USDA's DATA Act submission.

Recommendation 3

NRCS, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

Agency Response

The Farm Production and Conservation (FPAC) Business Center stated it will develop requirements and initiate a project to ensure that NRCS D2 data is properly reported. It expects that the projects will have all the business requirements developed and be funded within the next 12 months. In the interim, NRCS will continue to report all records where the data is available. NRCS' mitigating strategy is to maintain a list of records that need to be reported as a catch-up file, once the process to gather all the necessary data is put into production.

OIG Position

We are unable to accept management decision for this recommendation. The proposed interim action of tracking which data NRCS needs to report once NRCS develops its process does not mitigate NRCS' risk of properly reporting D2 data. To reach management decision, NRCS needs to provide OIG with a plan of action, including a timeline for implementation that will help to ensure that NRCS is reporting its D2 data as part of USDA's DATA Act reporting.

Recommendation 4

OCE, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

Agency Response

The Chief Economist has assigned a new staff person, a Management and Program Assistant, to be responsible for preparing and submitting OCE's D2 data. OCE's Chief Financial Officer will continue to be responsible for managing the negotiation and awarding of grants but will no longer also have the D2 reporting responsibility. The Deputy Chief Economist has been assigned the responsibility of providing management oversight of the D2 reporting process to ensure that D2 files are submitted for each awarded cooperative agreement within the mandated 30-day reporting window.

Estimated Completion Date: December 31, 2019

OIG Position

We accept OCE's management decision on this recommendation.

Recommendation 5

OCFO needs to develop and implement a process to ensure USDA agency and office transactions labeled as "NONDATAACT" are done so properly.

Agency Response

As part of the overall USDA data quality review, OCFO will require a quality assurance (QA) review on a quarterly basis as part of the DATA Act Assurance Statement from each Business Area SAO. OCFO will produce a report with records for the quarter with NONDATAACT in the FAIN field. These records are ones that OCFO has determined may require correction and have a PIID or FAIN in some cases. Upon receiving the current quarter's NONDATAACT report, agencies will have the opportunity to review, confirm, and or correct the validity of the transactions that are not DATA Act reportable and properly excluded from the quarterly submission. In addition, OCFO stated that the Agency must update the FAIN or PIID as needed prior to the due date by using the FMMI update functions. Subsequently, the SAO must acknowledge their response in the concurrent quarter's assurance statement.

OIG Position

We are unable to accept OCFO's management decision. To reach management decision, OCFO needs to provide a date for the estimated implementation of the proposed process.

Recommendation 6

OCP needs to establish and implement a policy for reconciling SmartPay purchase card transactions to ensure USDA agencies and offices are properly assigning PIIDs and FAINs where applicable.

Agency Response

OCP stated that, as of August 8, 2019, a policy was created that requires USDA agencies to record the PIID or FAIN in FMMI on all purchase card transactions over the micro-purchase threshold (MPT). A process was outlined moving forward to update the lists of purchase card transaction over the MPT on a quarterly basis until the long term solution of automating the process of capturing the PIID or FAIN is implemented

OIG Position

We accept OCP's management decision for this recommendation.

Recommendation 7

FSA needs to develop and implement a process to ensure financial assistance transaction record types are properly labeled and recorded, to ensure complete and accurate DATA Act reporting.

Agency Response

The FPAC Business Center will develop requirements and initiate a project to ensure that FSA record types are accurate, where possible. Legislation passed in 2018 has created an exemption from DUNS and SAM registration while DATA Act legislation requires the name and address of the awardee to be reported. Currently, FSA must choose between record types that do not fully meet legislative requirements. The Managerial Reporting team will work to seek a resolution which complies with all legal requirements. FSA's mitigating strategy is to continue to report redacted records until this issue is resolved, which will ensure the records are posted to USASpending.gov in a timely manner.

OIG Position

We are unable to accept management decision for this recommendation. We acknowledge that legislation passed created an exemption from DUNS and SAM registration; however, that exemption is not applicable to all FSA financial assistance awards. To reach management decision, FSA needs to ensure financial assistance transaction record types are properly labeled and recorded.

Recommendation 8

ARS needs to develop and implement a process to ensure transactions are properly assigned to applicable ARS program activities, according to OMB A-11.

Agency Response

ARS stated that it respectfully disagrees with this recommendation. ARS asserts that with the assistance and approval of the Office of the Chief Financial Officer, a cost allocation process, known as the functional area splitter (or splitter), was developed to allocate ARS program costs for DATA Act reporting purposes. Based on the requirements, ARS stated, the use of the splitter to allocate costs to ARS program activities is a suitable method according to OMB Circular No. A-11. [REDACTED]

OIG Position

We are unable to accept ARS' management decision for this recommendation. To reach management decision, ARS needs to either develop and implement a process to ensure

transactions are properly assigned to applicable ARS program activities [REDACTED]
[REDACTED]

Recommendation 9

FS needs to develop and implement a process to ensure transactions are obligated and recorded in the quarter in which the agreement is reached, including the assignment and recording of PIIDs and FAINs, to ensure proper DATA Act reporting.

Agency Response

FS generally concurs with this recommendation. The agency will develop and initiate a phased implementation approach to ensure transactions are obligated and recorded in the quarter in which the agreement is reached, including the assignment and recording of PIIDs and FAINs, to ensure proper DATA Act reporting. The phased implementation of the process will begin in FY 2020 and will include a plan and timeline for full implementation.

OIG Position

We are unable to accept management decision for this recommendation. To reach management decision, FS needs to provide a proposed interim solution to mitigate the risk identified until full implementation is achieved.

Finding 2: USDA Did Not Consistently Implement Governmentwide Data Standards in DATA Act Reporting

We found USDA agencies and offices did not consistently implement or use the Governmentwide, financial data standards that were established by OMB, the Treasury, and OCFO. Overall, this occurred because USDA agencies implemented processes for DATA Act compliance with existing systems that prohibit complete DATA Act reporting, and USDA agencies did not always adhere to Departmental DATA Act guidance. Because of inconsistently using DATA Act data standards, USDA continues to be at risk for submitting inaccurate, incomplete, and untimely DATA Act submissions, ultimately affecting the usability of its spending data.

The DATA Act requires that the Secretary of the Treasury and Director of OMB, in consultation with heads of Federal agencies, establish Governmentwide financial data standards for any Federal funds made available to, or expended by Federal agencies and entities receiving, Federal funds. Additionally, OCFO developed SOPs for USDA agencies to follow, as well as issued OCFO Bulletin 17-02, which provided procedures for FMMI users to properly identify obligations and payments by either a FAIN or PIID. OCFO issued this guidance to assist USDA with its compliance with the DATA Act, as well as its implementation and use of the DATA Act data standards.

Reliance on Agency Assurance for Adherence to DATA Act Reporting

USDA agencies and offices did not adhere to the SOPs set forth by OCFO to use for their quarterly DATA Act submissions. USDA's DATA Act SOP, dated May 17, 2018, stated that each agency is to complete an assurance statement for each quarterly submission. The agencies are to sign and provide reasonable assurance that their internal controls support the reliability and validity of the agency account-level data reported, per the DATA Act files.

USDA's DATA Act reporting process does not identify if an agency submitted its entire universe of DATA Act reportable data. For example, USDA operates a primary accounting system for the Department (FMMI) while two agencies maintain certain financial accounting data independently. Additionally, USDA has 3 distinct procurement systems and tracks 16 agencies that independently submit financial assistance award data through a manual process. USDA's DATA Act reporting process is reliant on the agencies' assurance that all data were accurately reported and any data that were not reported were disclosed on the agencies' assurance statement.

However, based on our testing of Q1FY19 data, we identified DATA Act reportable data that were not submitted and not disclosed by the reporting agency, as required by OCFO's SOP. For example, as discussed in Finding 1, WBSCM procurement data were not properly reported in the accounting system, leading to an incomplete DATA Act submission. Additionally, one USDA staff office did not submit its financial assistance transactions. Neither of these omissions were disclosed on the agency's quarterly

assurance statement, as required by OCFO's SOP. These discrepancies totaled to an absolute value of over \$889 million.

Existing System Limitations and Compliance

The Food and Nutrition Service (FNS) improperly used a URI to identify State-level disbursements in file D2. According to FNS, FMFI only contains one earmark fund document,³⁸ which does not allow for State-by-State breakout. When a disbursement occurs from FMFI, the disbursement could be for multiple States. For these records, FNS reports the file C transaction using a nationwide FAIN. However, for the D2 file, FNS reports at the State level using a URI. According to the DAIMS Practices and Procedures, the FAIN, URI, or combination of FAIN/URI from file C should match that in D2. However, FNS used a FAIN in file C that differed from the URI in file D2; as a result, the user of the data was unaware that these two transactions were associated. Additionally, according to the DAIMS Practices and Procedures, the URI should be used only for aggregate records, or records that are grouped together to avoid reporting the recipient's PII. According to FNS, the records in D2 were not aggregate records, and as such, the URI was the incorrect type of unique identifier for the record and a FAIN should have been used instead.

FNS acknowledged that its method was an incorrect way of reporting this information, but stated it was using this method to be more transparent by reporting the transactions, rather than simply not reporting the transactions at all. FNS stated it has a plan to update the reporting accordingly using a FAIN in FY 2020.

As detailed in Finding 1, FSA applied the "Redacted due to PII" designation to all of its financial assistance transactions rather than only to the producers exempt from DUNS reporting. According to FSA, the Broker rejects DATA Act submissions without a DUNS number. To prevent data from being rejected, FSA applied the "Redacted due to PII" record type to all transactions to facilitate partial DATA Act reporting. Due to the recommendation made pertaining to FSA data in Finding 1, we are not making any further recommendations in Finding 2.

Because of inconsistent use of DATA Act data standards, USDA continues to be at risk for submitting inaccurate, incomplete, and untimely DATA Act submissions, ultimately affecting the usability of its spending data.

³⁸ Generally, funds from dedicated collections (formerly, the "earmark fund") are financed by specifically identified revenues, provided to the Government by non-Federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the Government's general revenues.

Recommendation 10

USDA agencies and offices, in coordination with OCFO, need to establish procedures to clearly identify their DATA Act reportable data related to files C, D1, and D2 for all non-FMMI source systems.

Agency Response

OCFO concurs with this recommendation. OCFO will issue additional guidance for implementing the USDA DATA Act Data Quality Plan. This guidance will include instructions to the agencies for updating their inventory of all systems where DATA Act data resides and will include a requirement for periodic re-certification of the inventory by each agency and staff office to OCFO. This first step will provide a current snapshot of all systems with DATA Act data. Agencies will also be asked to update their DATA Act data element mappings from their non-FMMI source systems and periodically recertify that information whenever systems change or are replaced. Where gaps exist, agencies will be required to provide a corrective action plan to address gaps in their reportable data and provide a timeline for the complete mapping and reporting of the data.

OIG Position

We are unable to accept OCFO's management decision. To reach management decision, OCFO needs to provide a date for the estimated implementation of the proposed process.

Recommendation 11

OCFO should develop a process to periodically verify USDA agencies' and offices' DATA Act submissions against non-FMMI source systems for data related to files C, D1, and D2.

Agency Response

OCFO concurs with this Recommendation. OCFO noted, however, that OIG acknowledged that OIG was unable to determine all of the reportable DATA Act reportable systems. This shows that this recommendation will be challenging to fully address. OCFO will leverage the information agencies provide as a result of recommendation 10 to provide a system inventory with a mechanism to ensure it is periodically updated and addresses any gaps. OCFO will also leverage the DATA Act Data Quality Plan to ensure agencies are monitoring timeliness, accuracy, and completeness of data. OCFO will sample data on a quarterly basis to confirm source system data against the data submitted to the Treasury Broker. Agency inventories will be checked and data will be sampled to compare C file data to D1/D2 file data. OCFO will also provide reports on assistance listings to the agencies to ensure that assistance listings are not going unreported.

OIG Position

We are unable to accept OCFO's management decision. To reach management decision, OCFO needs to provide a date for the estimated implementation of the proposed process.

Recommendation 12

FNS, in coordination with OCFO, should develop and implement a process to ensure that its DATA Act submissions use a FAIN rather than a URI, in both file C and file D2 when transactions are reported that do not contain PII.

Agency Response

FNS stated that it worked with the Federal Reserve Bank of Richmond, which supports the AMA.gov application, to implement design changes to a file FNS receives nightly. This also required FNS to work with USDA National Finance Center to change how the new inbound file is handled by our accounting system. The solution was implemented on October 1, 2019.

OIG Position

We accept FNS' management decision for this recommendation.

Scope & Methodology

OIGs and GAO play a vital role ensuring accountability and transparency in Data Act activities.³⁹ As part of this ongoing responsibility, we participated in the FAEC DATA Act implementation team meetings. We routinely coordinated our work with GAO, the Working Group, and other OIGs that were conducting DATA Act compliance reviews. The Working Group, in consultation with GAO, agreed that the type of engagement to be performed to satisfy the reporting requirements under the DATA Act should be a performance audit in accordance with the requirements of Generally Accepted Government Auditing Standards (GAGAS).

The scope of this audit was Q1FY19 financial and award data USDA submitted for publication on USAspending.gov and any applicable procedures, certifications, documentation, and controls related to the DATA Act submission process. We conducted interviews and fieldwork at the following USDA locations throughout our audit: Washington, D.C.; New Orleans, Louisiana; Saint Louis, Missouri; Kansas City, Missouri; and Boise, Idaho.

To accomplish our objectives, the audit team:

- obtained an understanding of regulatory criteria related to USDA’s responsibilities to report financial and award data under the DATA Act;
- conducted interviews with OCFO Headquarters and Financial Management Services officials and applicable agencies;
- analyzed pertinent documents, which included DATA Act policies and procedures;
- assessed USDA’s current internal and information system controls related to the extraction and reporting of data from its source systems via the Repository to the Broker, in order to assess audit risk and design audit procedures;⁴⁰
- reviewed and reconciled the Q1FY19 summary-level data submitted by USDA for publication on USAspending.gov;
- reviewed a statistically valid sample from Q1FY19 financial and award data, submitted by USDA for publication on USAspending.gov;
- obtained and reviewed source documentation from agencies for all 264 selected transactions in our sample;
- assessed the completeness, accuracy, timeliness, and quality of the financial and award data sampled; and
- assessed USDA’s implementation and use of the 57 data elements established by OMB and Treasury for DATA Act reporting.

³⁹ Section 6(a) and (b) of the DATA Act require IGs and the Comptroller General to provide DATA Act oversight reports to Congress.

⁴⁰ OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control* (Jul. 15, 2016) and Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk* (Jun. 6, 2018).

We did not rely on information technology systems as authoritative sources for information reported in accordance with the DATA Act. For the review of the 264 transactions selected in our sample, we verified transaction elements to source documentation. Therefore, we did not perform any additional testing to evaluate the agency's information technology system used and make no representation as to the adequacy of the agency's information technology systems or reports.

The procedures provided by the IG Guide were designed to foster a consistent methodology and reporting approach across the IG community, not restrict an auditor from pursuing issues or concerns related to the implementation of the DATA Act. If additional areas of concern were identified, the auditor proceeded according to his or her professional judgment. Our audit team adequately planned and documented the work necessary to address the audit objectives, in accordance with GAGAS. For example, auditors assessed audit risk and significance within the context of the audit objectives by gaining an understanding of provisions of laws and regulations, such as the DATA Act, contracts and grant agreements, and potential fraud and abuse that were significant within the context of our audit objectives.⁴¹ Based on the risk assessment, the auditors designed and performed procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, or grant agreements that are significant within the context of the audit objectives.⁴²

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁴¹ *Government Auditing Standards*, GAO-12-331G (Washington, D.C.) (GAGAS) Chapter 6, par. 6.11.d. (Dec. 2011).

⁴² *Government Auditing Standards*, GAO-12-331G (Washington, D.C.) (GAGAS) Chapter 6, par. 6.28. (Dec. 2011).

Abbreviations

AMS	Agricultural Marketing Service
ARS	Agricultural Research Service
BPA	blanket purchase agreement
Broker	DATA Act Broker
CFDA	Catalogue of Federal Domestic Assistance
CI	confidence interval
CL	confidence level
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DUNS	Data Universal Numbering System
FABS	Financial Assistance Broker Submission
FAIN	Financial Assistance Identification Number
FAEC	Federal Audit Executive Council
FFATA	Federal Funding Accountability and Transparency Act of 2006
FMMI	Federal Management Modernization Initiative
FNS	Food and Nutrition Service
FPAC	Farm Production and Conservation
FPDS-NG	Federal Procurement Data System-Next Generation
FS	Forest Service
FSA	Farm Service Agency
FSRS	FFATA Sub-award Reporting System
FY	fiscal year
GAGAS	Generally Accepted Government Auditing Standards
GSA	General Services Administration
GAO	Government Accountability Office
IG	Inspector General
IG Guide	<i>The Inspectors General Guide to Compliance under the DATA Act</i>
NRCS	Natural Resources Conservation Service
OCE	Office of the Chief Economist
OCFO	Office of the Chief Financial Officer
OCP	Office of Contracting and Procurement
OIG	Office of Inspector General
OMB	Office of Management and Budget
PII	personally-identifiable information
PIID	procurement instrument identifier
Repository	USDA's DATA Act Repository
SAM	System for Award Management
SAO	senior accountable official
SF	standard form
SOP	standard operating procedure
splitter	functional area splitter
Treasury	U.S. Department of the Treasury
URI	unique record identifier

USDA.....U.S. Department of Agriculture
WBSCM.....Web-Based Supply Chain Management
Working GroupCIGIE’s Federal Audit Executive Council DATA Act Working Group

Exhibit A: CIGIE's DATA Act Anomaly Letter Submitted to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform



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.

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

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Page 2

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.

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.

Sincerely,



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

Exhibit B: Sampling Methodology for OCFO DATA Act Compliance Audit Q1FY19 (October 1, 2018–December 31, 2018)

Objective

The objectives of this audit (11601-0001-12) are to assess the (1) completeness, accuracy, timeliness, and quality of the FY 2019 financial and award data submitted for publication on USAspending.gov by USDA and (2) USDA’s implementation and use of the Governmentwide financial data standards established by OMB and Treasury.

To help achieve this objective, we developed a representative random statistical sample of data records for review.

Audit Universe

The universe comprised the 305,920 records required by the DATA Act reported on USAspending.gov in File C for the 3 months ending December 31, 2018 (Q1).⁴³

Sample Design

Using the CIGIE FAEC FY 2019 guidelines, we chose to audit 264 record—each randomly selected without replacement from those in the audit universe of PIIDs and FAINs.⁴⁴

We randomly selected, without replacement, 264 of these 305,920 spending records based on the following per §560 of *CIGIE FAEC Inspectors General Guide to Compliance under the Data Act* (2/14/2019).

- Universe size = 305,920 spending records
- Sample size (n = 264) based on:
 - wanting to report 95 percent, two-tailed confidence intervals (CI),
 - wanting to report CI no wider than 10 percent (e.g., precision = ± 05 percent if symmetrical around the point estimate) and
 - assuming a 22 percent exception (error) rate on binary attributes, since this follows the CIGIE FAEC FY 2019 guidelines (section 560, page 16). Based on second quarter FY 2017 Agency estimates of 22 percent for completeness, 4 percent for timeliness and 97 percent for accuracy. The rate closest to 50 percent, while still being between 20 percent and 80 percent, should be used per the guidelines.

The sample size was calculated using the normal approximation, without using a finite population correction, since the population size is very large compared to the sample size.

⁴³ While there were 306,337 Q1 records in file C, we excluded 398 PIID and 19 FAIN records with a field indicating they were not required by the DATA Act.

⁴⁴ A random number function in Microsoft Excel was used to select the simple random sample of 264 within the universe and a column was created for reporting the selection order.

Results

N = 305,920		number of records in the universe				
n = 264		number of records in the sample				
Statistical Projections						
Criteria	95% CL Lower Bound	Estimate	95% CL Upper Bound	Standard Error	Coefficient of Variation	Precision
Completeness	56.4%	61.2%	66.1%	2.5%	65.3%	4.9%
Accuracy	60.8%	65.1%	69.5%	2.2%	55.1%	4.4%
Timeliness	78.4%	82.1%	85.8%	1.9%	37.4%	3.7%

Record-Level Data and Linkages for Files C and D

We selected a sample of 264 records and tested 57 data elements (where applicable) for completeness, accuracy, and timeliness.

Completeness of the Data Elements

The projected error rate for the completeness of the data elements is 61.2 percent. A data element was considered complete if the required data element that should have been reported was reported.

Based on a 95 percent confidence level, the projected error rate for the completeness of the data elements is between 56.4 percent and 66.1 percent.⁴⁵

Accuracy of the Data Elements

The projected error rate for the accuracy of the data elements is 65.1 percent. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS RSS, IDD, and the online data dictionary, and agree with the authoritative source records.

Based on a 95 percent confidence level, the projected error rate for the accuracy of the data elements is between 60.8 percent and 69.5 percent.

⁴⁵ All mean estimates, confidence intervals and standard errors used in the statistical projections were obtained using the Smean function in the “samplingbook” R package. The coefficient of variation calculations were obtained using the R software.

Timeliness of the Data Elements

The projected error rate for the timeliness of the data elements is 82.1 percent. The timeliness of data elements was based on the reporting schedules defined by the procurement and financial assistance requirements (FFATA, FAR, FPDS-NG, FABS, and DAIMS).

Based on a 95 percent confidence level, the projected error rate for the timeliness of the data elements is between 78.4 percent and 85.8 percent.

Quality

The quality of the data elements was determined using the midpoint of the range of the proportion of errors (error rate) for completeness, accuracy, and timeliness. The highest of the three error rates was used as the determining factor of quality. The following table provides the range of error in determining the quality of the data elements.

Table 3: Quality Level Distribution

Highest Error Rate	Quality Level
0% - 20%	Higher
20% - 40%	Moderate
41% and above	Lower

Based on our test work and the highest error rate of 82 percent, we determined that the quality of USDA's data is considered **Lower**.



1400 Independence Avenue, SW
Room 3071-S, STOP 0201
Washington, D.C. 20250-0201

TO: Tyson Whitney
Director
Transparency and Accountability Reporting Division
Office of the Chief Financial Officer

FROM: Bruce Summers /s/
Administrator

SUBJECT: Agricultural Marketing Service (AMS) Response to Office of Inspector General
Audit Number 11601-0001-12: USDA's 2019 Compliance with the DATA Act

We have reviewed the subject audit report and agree with the recommendation for AMS. Our detailed response, including actions to be taken to address recommendation number 2, is attached.

If you have any questions or need further information, please contact Mr. Frank Woods, Internal Audits Branch Chief, at 202-720-8836.

Attachment

**Agricultural Marketing Service (AMS) Response to Office of Inspector General (OIG)
Audit Number 11601-0001-12: USDA's 2019 Compliance with the DATA Act**

AMS agrees with the OIG findings on the "USDA's 2019 Compliance with the DATA Act" report. Please find the Agency's response to OIG's recommendation below.

Recommendation 2

AMS, in coordination with OCFO, needs to ensure accounting data from WBSCM is properly reported for inclusion in USDA's DATA Act submission.

Agency Response

To accelerate efforts to achieve DATA Act compliance, Web-Based Supply Chain Management (WBSCM) deployed functionality in September 2019 to generate File C data. As an interim step, the Financial Management Modernization Initiative's (FMMI) Business Intelligence and Office of the Chief Financial Officer's Transparency & Accountability Reporting Division (TARD) teams will work with WBSCM to assess if this file can be incorporated into the Department's DATA Act reporting process in the near term. The WBSCM, FMMI BI, and TARD teams will establish a new project in fiscal year 2020 to evaluate a permanent solution to provide DATA Act compliant reporting for WBSCM agencies.

Estimated Completion Date: September 30, 2020, to establish a new project to evaluate options for a permanent solution.

SUBJECT: Management's Response to the Recommendation in Audit Report 11601-0001-12-USDA's 2019 Compliance with the DATA Act

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

G. Scott Soles
Principal Deputy Chief Financial Officer
Office of the Chief Financial Officer

FROM: Lisa A. Baldus /s/
Associate Deputy Administrator

The Agricultural Research Service (ARS) appreciates the thoughtful recommendation in Audit Report 11601-0001-12 - USDA's 2019 Compliance with the DATA Act. The following is ARS' response to Audit Recommendation No. 8.

Finding 1: USDA's DATA Act Submission Was Not Complete, Accurate, or Timely

Recommendation No. 8

ARS needs to develop and implement a process to ensure transactions are properly assigned to applicable ARS program activities, according to OMB A-11.

ARS Response:

ARS respectfully disagrees with this Recommendation. ARS asserts that with the assistance and approval of the Office of the Chief Financial Officer, a cost allocation process, known as the functional area splitter (or splitter), was developed to allocate ARS program costs for Data Act reporting purposes. The splitter provides a readily supportable factor that can be used to distribute costs among its program activity codes. The OMB Circular No. A-11 does not limit the allocation of expenses across program activities specific to administrative and overhead expenses. Per the OMB Circular No. A-11, there are no predetermined methods for allocating expenses to activities. The only requirements for the allocation of costs are that allocations are based on readily supportable factors, be consistent from year to year, and do not rely on overly detailed procedures. Based on the requirements, the use of the splitter to allocate costs to ARS program activities is a suitable method, according to OMB Circular No. A-11.



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: October 18, 2019

AUDIT
NUMBER: 11601-0001-12

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Pamilyn Miller /s/
Administrator
Food and Nutrition Service

SUBJECT: USDA's Fiscal Year 2019 Compliance with the Data Act

This letter responds to the official draft report for audit report number 11601-000-12, USDA's Fiscal Year 2019 Compliance with the Data Act. Specifically, the Food and Nutrition Service (FNS) is responding to the one FNS recommendation in the report.

Recommendation 12:

FNS, in coordination with OCFO, should develop and implement a process to ensure that its DATA Act submissions use a FAIN rather than a URI, in both File C and File D2 when transactions are reported that do not contain PII.

FNS Response:

FNS and OCFO recognized this problem shortly after FNS started including Supplemental Nutrition Assistance Program (SNAP) benefits in our Data Act submission. The solution we collectively agreed to was working with the Federal Reserve Bank of Richmond, which supports the AMA.gov application, to implement design changes to a file FNS receives nightly. It also required FNS to work with USDA National Finance Center (NFC) to change how the new inbound file is handled by our accounting system. The change requests were submitted in early 2019 and we scheduled to implement these changes with our Fiscal Year 2020 activity.

Estimated Completion Date:

The above solution was implemented on October 1, 2019.

DATE: October 31, 2019

AUDIT Number: 11601-0001-12

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Margo Erny
Chief Financial Officer
FPAC Business Center

SUBJECT: FPAC Business Center: Response to USDA's 2019 Compliance with the DATA Act (11601-0001-12) Official Draft

OIG Recommendation 3: NRCS, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

Management Response: The FPAC Business Center will develop requirements and will initiate a project to ensure that NRCS D2 data is properly reported. The Managerial Reporting team in the Policy, Accounting and Reporting Branch of the Financial Management Division will take the lead in resolving this finding. The Budget Technology Section of Budget Branch will provide support, as needed. Currently, two projects are being explored that should lead to a resolution regarding the NRCS data that needs to be reported. We expect the projects will have all the business requirements developed and be funded by September 30, 2020. In the interim, NRCS will continue to report all records where the data is available. NRCS's mitigating strategy is to maintain a list of records that need to be reported as a catch-up file, once the process to gather all the necessary data is put into production.

OIG Recommendation 7: FSA needs to develop and implement a process to ensure financial assistance transaction record types are properly labeled and recorded, to ensure complete and accurate DATA Act reporting.

Management Response: The FPAC Business Center will develop requirements and initiate a project to ensure that FSA record types are accurate, where possible. Legislation passed in 2018 has created an exemption from DUNS and SAM registration while DATA Act legislation requires the name and address of the awardee to be reported. Currently, Treasury does not allow for such a possibility, which means FSA must choose between record types that do not fully meet legislative requirements. The Managerial Reporting team in the Policy, Accounting and Reporting Branch of the Financial Management Division will take the lead in resolving this finding, including



working with the Transparency & Accountability Reporting Division of the Office of the Chief Financial Officer for USDA and the Treasury Department to seek a resolution which complies with all legal requirements. The Managerial Reporting Team will continue to work resolve to conflicting legislation and regulations throughout fiscal year 2020. FSA's mitigating strategy is to continue to report redacted records until this issue to resolved, which will ensure the records are posted to USASpending.gov in a timely manner, with as much information as we are able to provide at this time.

/s/ Margo Erny

Margo Erny
Chief Financial Officer
Financial Management Division
Farm Production and Conservation Business Center
U.S. Department of Agriculture



File Code: 1430**Date:** October 17, 2019**Route To:****Subject:** FS Response to Reach Management Decision on Office of Inspector General Report 11601-0001-12 USDA's 2019 Compliance with the Digital Accountability and Transparency Act (DATA Act)**To:** Gil H. Harden, Assistant Inspector General for Audit, Office of Inspector General

Thank you for the opportunity to review and comment on Office of Inspector General Draft Report Number 116001-0001-12. The USDA Forest Service generally concurs with recommendation number nine and appreciates the time and effort that went into the report. The Agency's response to audit recommendation number nine is enclosed. Please contact Antoine L. Dixon, Chief Financial Officer, at (202) 205-0429 or antoine.dixon@usda.gov with any questions.

/s/ J. Lenise Lago (for)
VICTORIA CHRISTIANSEN
Chief

Enclosure



USDA Forest Service (FS)

**Office of Inspector General (OIG) Audit Report No. 11601-0001-12 USDA's 2019
Compliance with the Digital Accountability and Transparency Act (DATA Act)
Discussion Draft Issued October 2, 2019**

Response to the Draft Report

Recommendation 9: FS needs to develop and implement a process to ensure transactions are obligated and recorded in the quarter in which the agreement is reached, including the assignment and recording of PIIDs and FAINs, to ensure proper DATA Act reporting.

FS Response: FS generally concurs with this recommendation. The agency will develop and initiate a phased implementation approach to ensure transactions are obligated and recorded in the quarter in which the agreement is reached, including the assignment and recording of PIIDs and FAINs, to ensure proper DATA Act reporting. The phased implementation of the process will begin in FY 2020 and will include a plan and timeline for full implementation.

Estimated Completion Date: November 8, 2020



DATE: October 31, 2019

AUDIT Number: 11601-0001-12

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Richard Fordyce
Administrator
Farm Service Agency

SUBJECT: FPAC Business Center: Response to USDA's 2019 Compliance with the DATA Act (11601-0001-12)

OIG Recommendation 7: FSA needs to develop and implement a process to ensure financial assistance transaction record types are properly labeled and recorded, to ensure complete and accurate DATA Act reporting.

Management Response: The FPAC Business Center will develop requirements and initiate a project to ensure that FSA record types are accurate, where possible. Legislation passed in 2018 has created an exemption from DUNS and SAM registration while DATA Act legislation requires the name and address of the awardee to be reported. Currently, Treasury does not allow for such a possibility, which means FSA must choose between record types that do not fully meet legislative requirements. The Managerial Reporting team in the Policy, Accounting and Reporting Branch of the Financial Management Division will take the lead in resolving this finding, including working with the Transparency & Accountability Reporting Division of the Office of the Chief Financial Officer for USDA and the Treasury Department to seek a resolution which complies with all legal requirements. The Managerial Reporting Team will continue to work resolve to conflicting legislation and regulations throughout fiscal year 2020. FSA's mitigating strategy is to continue to report redacted records until this issue is resolved, which will ensure the records are posted to USASpending.gov in a timely manner, with as much information as we are able to provide at this time.

/s/ Richard Fordyce _____

Richard Fordyce
Administrator
Farm Service Agency
Farm Production and Conservation
U.S. Department of Agriculture



DATE: October 31, 2019

AUDIT Number: 11601-0001-12

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Matt Lohr
Chief
Natural Resources Conservation Service

SUBJECT: FPAC Business Center: Response to USDA's 2019 Compliance with the DATA Act (11601-0001-12)

OIG Recommendation 3: NRCS, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

Management Response: The FPAC Business Center will develop requirements and will initiate a project to ensure that NRCS D2 data is properly reported. The Managerial Reporting team in the Policy, Accounting and Reporting Branch of the Financial Management Division will take the lead in resolving this finding. The Budget Technology Section of Budget Branch will provide support, as needed. Currently, two projects are being explored that should lead to a resolution regarding the NRCS data that needs to be reported. We expect the projects will have all the business requirements developed and be funded by September 30, 2020. In the interim, NRCS will continue to report all records where the data is available. NRCS's mitigating strategy is to maintain a list of records that need to be reported as a catch-up file, once the process to gather all the necessary data is put into production.

/s/ Kevin Norton for Matt Lohr

Matt Lohr
Chief
Natural Resources Conservation Service
Farm Production and Conservation
U.S. Department of Agriculture



United States Department of Agriculture

Office of the Chief Economist
1400 Independence Avenue, SW
Washington, D.C. 20250-3810

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of Inspector General

FROM: Robert Johansson
Chief Economist

A handwritten signature in black ink, appearing to read "Robert Johansson", written over the printed name.

OCT 18 2019

SUBJECT: Office of the Chief Economist Response to Office of Inspector General Audit
#11601-0001-12: USDA's 2019 Compliance with the DATA Act

We have reviewed the subject audit report and agree with the recommendation for the Office of the Chief Economist. Our detailed response, including actions to be taken to address the recommendation, is attached.

If you have any questions or need further information, please contact Warren Preston, Deputy Chief Economist, at 202-720-2455.

Attachment

**Office of the Chief Economist (OCE) Response to Office of Inspector General (OIG)
Audit #11601-0001-12: USDA's 2019 Compliance with the DATA Act**

The U.S. Department of Agriculture's (USDA) Office of the Chief Economist (OCE) agrees with the OIG finding related to OCE.

Finding 1: USDA's DATA Act Submission Was Not Complete, Accurate, or Timely

Recommendation 4

OCE, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

Agency Response:

The Chief Economist has assigned a new staff person, a Management and Program Assistant, to be responsible for preparing and submitting OCE's D2 data. OCE's Chief Financial Officer will continue to be responsible for managing the negotiation and awarding of grants but will no longer also have the D2 reporting responsibility. The Deputy Chief Economist has been assigned the responsibility of providing management oversight of the D2 reporting process to ensure that D2 files are submitted for each awarded cooperative agreement within the mandated 30-day reporting window.

Estimated Completion Date: December 31, 2019



**United States
Department of
Agriculture**

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

DATE: October 30, 2019

AUDIT
NUMBER: 11601-0001-12

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Lynn Moaney /s/
Deputy Chief Financial Officer
Office of the Chief Financial Officer

SUBJECT: USDA's Fiscal Year 2019 Compliance with the Data Act

This letter responds to the official draft report for audit report number 11601-0001-12, USDA's Fiscal Year 2019 Compliance with the Data Act. The Office of the Chief Financial Officer (OCFO) consolidated the responses from the USDA Agencies and Staff Offices and provides the responses below. In the recommendations below, the Agency or Staff Office who is responsible for the recommendation is found in the first sentence. OCFO is directly responsible for recommendations 4, 9, 10 and 11.

Recommendation 1

AMS, in coordination with OCFO, needs to ensure accounting data from WBSCM is properly reported for inclusion in USDA's DATA Act submission.

To accelerate efforts to achieve DATA Act compliance, Web-Based Supply Chain Management (WBSCM) deployed functionality in September 2019 to generate File C data. As an interim step, the Financial Management Modernization Initiative's (FMMI) Business Intelligence and Office of the Chief Financial Officer's Transparency & Accountability Reporting Division (TARD) teams will work with WBSCM to assess if this file can be incorporated into the Department's DATA Act reporting process in the near term. The WBSCM, FMMI BI, and TARD teams will establish a new project in fiscal year 2020 to evaluate a permanent solution to provide DATA Act compliant reporting for WBSCM agencies.

Estimated Completion Date: September 30, 2020, to establish a new project to evaluate options for a permanent solution.

Recommendation 2

NRCS, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

FPAC Response:

The FPAC Business Center will develop requirements and will initiate a project to ensure that NRCS D2 data is properly reported. The Managerial Reporting team in the Policy, Accounting and Reporting Branch of the Financial Management Division will take the lead in resolving this finding. The Budget Technology Section of Budget Branch will provide support, as needed. Currently, two projects are being explored that should lead to a resolution regarding the NRCS data that needs to be reported. We expect the projects will have all the business requirements developed and be funded within the next 12 months. In the interim, NRCS will continue to report all records where the data is available. NRCS's mitigating strategy is to maintain a list of records that need to be reported as a catch-up file, once the process to gather all the necessary data is put into production.

Recommendation 3

OCE, in coordination with OCFO, needs to develop a process to ensure it properly reports its D2 data.

Agency Response:

The Chief Economist has assigned a new staff person, a Management and Program Assistant, to be responsible for preparing and submitting OCE's D2 data. OCE's Chief Financial Officer will continue to be responsible for managing the negotiation and awarding of grants but will no longer also have the D2 reporting responsibility. The Deputy Chief Economist has been assigned the responsibility of providing management oversight of the D2 reporting process to ensure that D2 files are submitted for each awarded cooperative agreement within the mandated 30-day reporting window.

Estimated completion date: 12/31/2019

Recommendation 4

OCFO needs to develop and implement a process to ensure USDA agency and office transactions labeled as "NONDATAACT" are done so properly.

As part of the overall USDA data quality review, OCFO will require a quality assurance (QA) review on a quarterly basis as part of the DATA Act Assurance Statement from each Business Area Senior Accountable Officer (SAO). OCFO will produce a report with records for the quarter with NONDATAACT in the FAIN field. These records are ones that OCFO has determined may require correction and have a PIID or FAIN in some cases. Upon receiving the current quarter's NDA report, agencies will have the opportunity to review, confirm, and or correct the validity of the transactions are not DATA Act reportable and properly excluded from the quarterly submission. The Agency

must update the FAIN or PIID as needed prior to the due date by using the FMIMI update functions. Subsequently, the SAO must acknowledge their response in the concurrent quarters Assurance Statement.

Recommendation 5

OCP needs to establish and implement a policy for reconciling SmartPay purchase card transactions to ensure USDA agencies and offices are properly assigning PIIDs and FAINs where applicable.

OCP has taken the following actions to meet Finding #1 Recommendation # 6:

- On August 8, 2019, OCP issued a joint memo with the Office of Chief Financial Officer (OCFO) to all USDA Agencies communicating and detailing the requirements of the new policy that all SmartPay purchase card transactions over the Micro Purchase Threshold (MPT) required a PIID or FAIN to be recorded in the Financial Management Modernization Initiative (FMIMI) system which serves as the financial system of record for USDA
- Policy was updated in the Procedures, Guidance, and Information (PGI) Contracting Desk Guide to require the USDA Agencies to record the PIID or FAIN on all purchase card transaction over the MPT
- A process was outlined in the August 8th memo to go back and update transactions from 2016 to present
- A process was outlined moving forward to update the lists of purchase card transaction over the MPT on a quarterly basis until the long-term solution of automating the process of capturing the PIID or FAIN is implemented

Based on Finding #1 Recommendation #6, OCP has taken the necessary actions to establish and implement policy for reconciling SmartPay purchase card transactions to ensure USDA agencies and offices are properly assigning PIIDs and FAINs where applicable.

Recommendation 6

FSA needs to develop and implement a process to ensure financial assistance transactions' record types are properly labeled and recorded, to ensure complete and accurate DATA Act reporting.

FPAC Response:

The FPAC Business Center will develop requirements and initiate a project to ensure that FSA record types are accurate, where possible. Legislation passed in 2018 has created an exemption from DUNS and SAM registration while DATA Act legislation requires the name and address of the awardee to be reported. Currently, Treasury does not allow for such a possibility, which means FSA must choose between record types that do not fully meet legislative requirements. The Managerial Reporting team in the Policy, Accounting and Reporting Branch of the Financial Management Division will take the lead in

resolving this finding, including working with the Transparency & Accountability Reporting Division of the Office of the Chief Financial Officer for USDA and the Treasury Department to seek a resolution which complies with all legal requirements. The Managerial Reporting Team will continue to work resolve to conflicting legislation and regulations over the next 12 months. FSA's mitigating strategy is to continue to report redacted records until this issue to resolved, which will ensure the records are posted to USASpending.gov in a timely manner, with as much information as we are able to provide at this time.

Recommendation 7

FS needs to develop and implement a process to ensure transactions are obligated and recorded in the quarter in which the agreement is reached, including the assignment and recording of PIIDs and FAINs, to ensure proper DATA Act reporting.

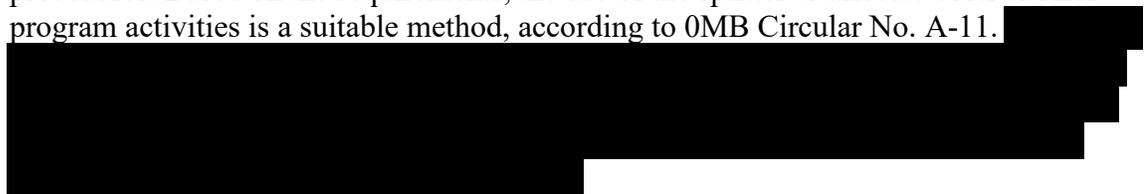
FS Response: FS generally concurs with this recommendation. The agency will develop and initiate a phased implementation approach to ensure transactions are obligated and recorded in the quarter in which the agreement is reached, including the assignment and recording of PIIDs and FAINs, to ensure proper DATA Act reporting. The phased implementation of the process will begin in FY 2020 and will include a plan and timeline for full implementation.

Estimated Completion Date: November 8, 2020

Recommendation 8

ARS needs to develop and implement a process to ensure transactions are properly assigned to applicable ARS program activities, according to OMB A-11.

ARS respectfully disagrees with this Recommendation. ARS asserts that with the assistance and approval of the Office of the Chief Financial Officer, a cost allocation process, known as the functional area splitter (or splitter), was developed to allocate ARS program costs for Data Act reporting purposes. The splitter provides a readily supportable factor that can be used to distribute costs among its program activity codes. The OMB Circular No. A-11 does not limit the allocation of expenses across program activities specific to administrative and overhead expenses. Per the OMB Circular No. A-11, there are no predetermined methods for allocating expenses to activities. The only requirements for the allocation of costs are that allocations are based on readily supportable factors, be consistent from year to year, and do not rely on overly detailed procedures. Based on the requirements, the use of the splitter to allocate costs to ARS program activities is a suitable method, according to OMB Circular No. A-11.



Recommendation 9

OCFO needs to develop and implement a process in coordination with the agencies to review and address the DATA Act warnings received from the Broker for the quarterly DATA Act submissions.

OCFO does not concur with this finding in full. The DATA Act warnings are generated when a file is submitted to the broker at quarter end. At that time, the majority of errors are cross-check warnings which indicate that there is no corresponding record in the C file for a D1 or D2 file record. This is a result of a timing error within the quarter for which the broker submission is being made. When the warning is generated, there is virtually no time to address this matter. Agencies will not have the time to address it or the timing issue may be legitimate as OMB recognizes in their guidance.

OCFO will continue to stress the importance to agencies of submitting C, D1 and D2 file data in a timely manner and within the same quarter to the maximum extent possible by issuing a memorandum to the DATA Act Senior Accountable Officials and ask them to address timing differences in their quarterly assurance statements.

1. Memo includes explanation how OCFO will download D1 and D2 data for the quarter from Broker and provide to agencies. Agencies will compare to their C files for matching of PIID and FAIN.
2. Look at FMMI crosscheck warnings (1308/1309 and 1311/1312).

Recommendation 10

USDA agencies and offices, in coordination with OCFO, need to establish procedures to clearly identify their DATA Act reportable data for all non-FMMI source systems.

OCFO concurs with this recommendation. OCFO will issue additional guidance for implementing the USDA DATA Act Data Quality Plan. This guidance will include instructions to the Agencies for updating their inventory of all systems where DATA Act data resides and will include a requirement for periodic re-certification of the inventory by each agency and staff office to OCFO. This first step will provide a current snapshot of all systems with DATA Act data. Agencies will also be asked to update their DATA Act data element mappings from their non-FMMI source systems and periodically recertify that information whenever systems change or are replaced. Where gaps exist, agencies will provide a corrective action plan to address gaps in their reportable data and provide a timeline for the complete mapping and reporting of the data.

Recommendation 11

OCFO should develop a process to periodically verify USDA agencies and offices' DATA act submissions against non-FMMI source systems.

OCFO concurs with this decision and notes that it is related to Recommendation 10. OCFO notes, however, that OIG acknowledged that they were unable to determine all of the reportable DATA Act reportable systems. This shows that this recommendation will be challenging to fully address. OCFO will leverage the information Agencies provide as a result of recommendation 10, to provide a system inventory with a mechanism to ensure it is periodically updated and addresses any gaps. OCFO will also leverage the DATA Act Data Quality Plan to ensure Agencies are monitoring timeliness, accuracy and completeness of data. OCFO will sample data on a quarterly basis to confirm source system data against the data submitted to the Treasury broker. Agency inventories will be checked, and data will be sampled to compare C file data to D1/D2 file data. OCFO will also provide reports on Assistance Listings to the Agencies to ensure that Assistance Listings are not going unreported.

Recommendation 12

FNS, in coordination with OCFO, should develop and implement a process to ensure that its DATA Act submissions use a FAIN rather than a URI, in both File C and File D2 when transactions are reported that do not contain PII.

FNS and OCFO recognized this problem shortly after FNS started including SNAP benefits in our Data Act submission. The solution we collectively agreed to involved working with the Federal Reserve Bank of Richmond, which supports the AMA.gov application, to implement design changes to a file FNS receives nightly. It also required FNS to work with USDA NFC (National Finance Center) to change how the new inbound file is handled by our accounting system. The change requests were submitted in early 2019 and we scheduled to implement these changes with our Fiscal Year 2020 activity.

Estimated Completion Date: The above solution was implemented on October 1, 2019.



United States
Department of
Agriculture

Office of the
Assistant Secretary
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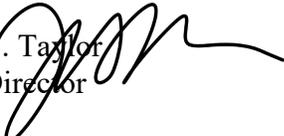
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October 30, 2019

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Tiffany J. Taylor
Acting Director 

SUBJECT: USDA's 2019 Compliance with the Data Act Audit Number
11601-0001-12 Finding #1 Recommendation #6

This memo is in response to the Office of the Inspector General (OIG) Draft USDA Audit Report 11601-0001-12. In the draft report under Finding #1 "USDA's Data Act Submission was not Complete, Accurate, or Timely" the Office of Contracting and Procurement (OCP) was provided details through Recommendation #6 "OCP needs to establish and implement a policy for reconciling SmartPay purchase card transactions to ensure USDA agencies and offices are properly assigning PIIDs and FAINs where applicable" to improve the accuracy of the Data Act reporting.

OCP has taken the following actions to meet Finding #1 Recommendation # 6:

- On August 8, 2019, OCP issued a joint memo with the Office of Chief Financial Officer (OCFO) to all USDA Agencies communicating and detailing the requirements of the new policy that all SmartPay purchase card transactions over the Micro Purchase Threshold (MPT) required a PIID or FAIN to be recorded in the Financial Management Modernization Initiative (FMMI) system which serves as the financial system of record for USDA
- Policy was updated in the Procedures, Guidance, and Information (PGI) Contracting Desk Guide to require the USDA Agencies to record the PIID or FAIN on all purchase card transaction over the MPT
- A process was outlined in the August 8th memo to go back and update transactions from 2016 to present
- A process was outlined moving forward to update the lists of purchase card transaction over the MPT on a quarterly basis until the long term solution of automating the process of capturing the PIID or FAIN is implemented

Based on Finding #1 Recommendation #6, OCP has taken the necessary actions to establish and implement policy for reconciling SmartPay purchase card transactions to ensure USDA agencies and offices are properly assigning PIIDs and FAINs where applicable.

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