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Office of Inspector General
United States Department of State

AUD-FM-20-05

Office of Audits

November 2019

Audit of the Department of State's FY 2019 Implementation of the Digital Accountability and Transparency Act of 2014

FINANCIAL MANAGEMENT DIVISION

UNCLASSIFIED



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-20-05

What Was Audited

In accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act), the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) established standards for agencies' spending data to be displayed on USASpending.gov. As part of quarterly submissions, Agency Senior Accountable Officials (SAO) certify data files (DATA Act Files A, B, C, D1, D2).

Acting on behalf of the Office of Inspector General (OIG), Williams, Adley & Company-DC, LLP (Williams Adley), an external audit firm, conducted this audit to assess (1) the completeness, accuracy, timeliness, and quality of the first quarter of FY 2019 financial and award data submitted by the Department of State (Department) for publication on USASpending.gov and (2) the Department's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

What OIG Recommends

OIG made six new recommendations to improve the Department's DATA Act submissions. In addition, four recommendations from the FY 2017 DATA Act report remain open, as described in Appendix F. On the basis of management's response to a draft of this report, OIG considers all the recommendations resolved, pending further action. A synopsis of management's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. The responses to a draft of this report received from the Bureau of the Comptroller and Global Financial Services and the Bureau of Administration are reprinted in their entirety in Appendices G and H, respectively.

November 2019

OFFICE OF AUDITS

FINANCIAL MANAGEMENT DIVISION

Audit of the Department of State's FY 2019 Implementation of the Digital Accountability and Transparency Act of FY 2014

What Was Found

Williams Adley was unable to assess some of the Department's DATA Act data submitted for the first quarter of FY 2019 because the Department's SAO did not certify transactions originating at overseas posts. This issue was also reported in the FY 2017 DATA Act report. The Department has identified causes related to this condition and should develop a corrective action plan to address the deficiencies identified.

For transactions originating domestically, Williams Adley determined that DATA Act Files A, B, and C, at the summary level, were complete and timely. Furthermore, Williams Adley reconciled DATA Act Files A and B and did not identify significant variances. However, during the testing of certified transactions, Williams Adley identified exceptions with the record-level data for domestic transactions included in DATA Act Files C, D1, and D2. On the basis of guidance provided for the DATA Act audit, Williams Adley considered the quality of the Department's submission of domestic data to be "moderate."

Since the FY 2017 DATA Act report, the Department took some actions to improve procedures, quality control, and oversight. However, additional action is needed. Once the Department implements additional guidance, quality control, and oversight, it is essential for the Department to communicate that guidance to the correct officials. Another reason for the deficiencies identified is that the Department has not classified most of the data elements that the audit identified as having a high error rate as high risk in its Data Quality Plan. The quality of the data must be improved to fulfill the intent of the DATA Act.

Williams Adley evaluated the Department's implementation and use of the Government-wide financial data standards for spending information. Williams Adley concluded that the Department fully implemented financial data standards for domestic transactions but was not fully using those data standards as defined by OMB and Treasury.



Audit of the Department of State's Implementation of the Digital Accountability and Transparency Act of 2014

Office of Inspector General
U.S. Department of State
Washington, District of Columbia

Williams, Adley & Company-DC, LLP (Williams Adley) has performed an audit of the Department of State's compliance with the Digital Accountability and Transparency Act of 2014 for the first quarter Fiscal Year 2019.

The objectives of the audit were to assess (1) the completeness, accuracy, timeliness, and quality of the first quarter Fiscal Year 2019 financial and award data submitted by the Department of State for publication on USASpending.gov and (2) the Department of State's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget and the Department of the Treasury. This report is for the purpose of concluding on the audit objectives described above. Accordingly, this report is not suitable for any other purpose.

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

Williams Adley appreciates the cooperation provided by Department of State personnel during the audit.

Sincerely,

A handwritten signature in black ink that reads 'Williams, Adley & Company-DC, LLP'.

Washington, District of Columbia
October 31, 2019

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OBJECTIVE

The objectives of the audit were to assess (1) the completeness, accuracy, timeliness, and quality of the first quarter of FY 2019 financial and award data submitted by the Department of State (Department) for publication on USASpending.gov and (2) the Department's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury).¹

BACKGROUND

The Digital Accountability and Transparency Act of 2014² (DATA Act) was signed into law in May 2014. The DATA Act expanded on Federal Funding Accountability and Transparency Act of 2006 (FFATA)³ requirements.⁴ For example, the DATA Act expanded the information to be posted by agencies on a public website. The DATA Act also required the establishment of data standards, including common data elements for financial and payment information required to be reported by agencies.

To improve accountability, the DATA Act also requires each Federal agency's Office of Inspector General (OIG) to assess a statistically valid sample of the spending data submitted by its agency. During each mandated audit, each OIG is required to assess the completeness, accuracy, timeliness, and quality of the data sampled. Each OIG must also assess the agency's implementation and use of data standards.⁵ OIGs are required to submit to Congress and make publicly available a report of the results of each assessment. These reports are due in November 2017, November 2019, and November 2021.⁶

Office of Management and Budget and Treasury Guidance

To provide guidance to agencies regarding their implementation of FFATA and the DATA Act, OMB, Treasury, and other stakeholders issued various guidance and criteria.⁷

- OMB Memorandum M-10-06, "Open Government Directive" (December 8, 2009), directed agencies to take steps toward the goal of creating a more open government,

¹ This is the objective that is included in the guide issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), Federal Audit Executive Council (FAEC), "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act" (CIGIE Guide), February 14, 2019, 2.

² Pub. L. No. 113-101.

³ Pub. L. No. 109-282, September 26, 2006.

⁴ FFATA required OMB to ensure the existence and operation of a free, publicly accessible website containing data on Federal awards, such as contracts, loans, and grants. To comply with FFATA requirements, OMB launched the website USASpending.gov.

⁵ See Appendix A for details regarding the audit scope and methodology, including the use of the CIGIE Guide.

⁶ CIGIE identified and notified Congress of a date anomaly in the oversight requirements contained in the DATA Act. See Appendices A and E for additional details.

⁷ This list is not all inclusive. The CIGIE Guide, Appendix 2, at 39, provides additional criteria.

such as publishing Government information online, improving the quality of Government information, and creating a culture of open government.

- OMB Memorandum, “Open Government Directive – Federal Spending Transparency” (April 6, 2010), established deadlines for agencies to initiate sub-award reporting, included new requirements for agencies to maintain metrics on the quality and completeness of Federal spending data provided, and announced the enhancement of the technological capabilities of the USASpending.gov website.
- OMB Management Procedures Memorandum No. 2016-03, “Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information” (May 3, 2016), provides additional guidance to Federal agencies on reporting Federal appropriations account summary-level and Federal award-level data to USASpending.gov. The guidance specifies that the Senior Accountable Official (SAO) must provide reasonable assurance that the agency’s internal controls support the validity and reliability of the data it submits to Treasury for publication on USASpending.gov. This memorandum also provides guidance to Federal agencies to confirm the linkage between account summary-level and Federal award-level data reported.
- OMB Memorandum M-17-04, “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability” (November 4, 2016), provides additional guidance to Federal agencies for their DATA Act submissions. This guidance provides specific instructions related to matters such as reporting intergovernmental transfers and SAO assurances over quarterly submissions to USASpending.gov.
- OMB Circular A-123, “Management’s Responsibility for Enterprise Risk Management and Internal Control,” Appendix A, “Management of Reporting and Data Integrity Risk” (June 6, 2018), requires DATA Act reporting agencies to develop and maintain a Data Quality Plan (DQP) that considers the incremental risks to data quality in Federal spending data and any controls that would manage such risks. The guidance also states that quarterly certifications of data submitted by the SAO should be based on the consideration of the DQP and the internal controls documented in the Plan.
- Treasury’s “DATA Act Information Model Schema (DAIMS) Version 1.3.1” (February 8, 2019), is the authoritative source for the terms, definitions, formats, and structures of the data elements that Federal agencies are required to report for publication on USASpending.gov. DAIMS included 57 data definition standards (referred to as data elements), such as appropriation and program activity, and required Federal agencies to report financial data in accordance with these standards for DATA Act compliance. The guidance also requires agencies to use the DATA Act Broker, an IT system developed by Treasury, for DATA Act reporting.

Digital Accountability and Transparency Act Broker Submission and Certification

Federal agencies were required to submit first quarter FY 2019 DATA Act information to Treasury by March 20, 2019.⁸ Treasury developed an IT system, the DATA Act Broker, to facilitate this process.⁹ Agencies use the DATA Act Broker to extract award¹⁰ and subaward¹¹ information from existing Government-wide reporting systems¹² to generate certain files. The SAO is then required to submit and certify files in the DATA Act Broker. The Department's DATA Act submission is composed of DATA Act Files created by the agency and files created by the external Broker, as detailed in Tables 1 and 2.

Table 1: Agency-Created DATA Act Files

File	Content	Description	Required Data Elements ^a
A	Appropriations Account	Includes the appropriations account summary-level information.	6
B	Object Class and Program Activity	Includes the fiscal year cumulative Federal Budget Object Classification ^b and program activity ^c summary-level information.	6
C	Award Financial	Includes record-level financial information for all awards, procurement, and financial assistance (i.e., grants and cooperative agreements) processed during the reporting period.	5

^a Required data elements may be included in more than one file.

^b Budget Object Classification codes identify the items or services purchased. The basic Budget Object Classification codes are prescribed by OMB Circular A-11, "Preparation, Submission, and Execution of the Budget," June 28, 2019, § 83.1.

^c A 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.

Source: Prepared by Williams, Adley & Company-DC, LLP, on the basis of OMB and Treasury guidance and a review of the Department's first quarter FY 2019 submission to Treasury.

⁸ Because of the partial lapse in appropriations during FY 2019, Treasury modified the DATA Act reporting window, extending the due date from February 15, 2019, to March 20, 2019.

⁹ The DATA Act Broker was designed to standardize and format agency-submitted data. The DATA Act Broker was also designed to assist reporting agencies to validate their data before submitting the data to Treasury.

¹⁰ An award is a Federal contract, purchase order, grant, loan, or other financial assistance.

¹¹ A subaward is an award made by a prime recipient to a non-Federal entity to support a project or program for which the prime recipient received Federal funds.

¹² The existing Government-wide systems include the Federal Procurement Data System – Next Generation, the System for Award Management, and the FFATA Subaward Reporting System.

Table 2: DATA Act Broker-Generated DATA Act Files

File	Content	Description	Required Data Elements^a
D1	Award and Awardee Attribute – Procurement	Contains the award and awardee attributes information for procurement activities sourced from the Federal Procurement Data System – Next Generation (FPDS-NG). ^b	40
D2	Award and Awardee Attribute – Financial Assistance	Contains the award and awardee attributes information for financial assistance awards sourced from the Financial Assistance Broker Submission (FABS). ^c	40
E	Additional Awardee Attributes	Contains additional awardee attributes information sourced from System for Award Management. ^d	5
F	Sub-award Attributes	Contains the sub-award activities as recorded by the prime awardee from the FFATA Subaward Reporting System. ^e	0 ^f

^a Required data elements may be included in more than one file.

^b FPDS-NG is the repository for Federal procurement data that is operated by the General Services Administration. Agencies are required to report all contracts with an estimated value greater than \$10,000, and modifications to those contracts, into FPDS-NG.

^c FABS replaced the Award Submission Portal as the primary submission tool for financial assistance awards for DATA Act reporting. The Department is required to submit financial assistance award data to FABS at least twice monthly.

^d The System for Award Management is operated by the General Services Administration. All organizations that do business or want to do business with the Federal Government must have an active registration for this system.

^e The FFATA Subaward Reporting System is operated by the General Services Administration. The FFATA Subaward Reporting System is a reporting tool that Federal prime awardees (i.e., prime contractors and prime grants recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards.

^f DATA Act File F contains only optional data elements.

Source: Prepared by Williams Adley on the basis of OMB and Treasury guidance and a review of the Department's first quarter FY 2019 DATA Act submission to Treasury.

Senior Accountable Official Certification

The SAO is responsible and accountable for an agency's data submission. SAOs are "high-level senior officials" who are "accountable for the quality and objectivity of, and internal controls over, the Federal spending information publicly disseminated through such public venues as USAspending.gov or other similar websites."¹³ The SAO is required to certify quarterly DATA Act submissions.¹⁴ OMB guidance states that when certifying a DATA Act submission, SAOs "must provide reasonable assurance that their internal controls support the reliability and validity of the agency account-level and award-level data."¹⁵ According to OMB, SAOs are required to assure that the alignment among DATA Act Files A–F, as well as the data in each DATA Act File submitted for display on USAspending.gov, are valid and reliable.¹⁶

¹³ OMB Memorandum M-10-06, "Open Government Directive," December 8, 2009, 3-4.

¹⁴ OMB Management Procedures Memorandum No. 2016-03, "Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information," May 3, 2016, 6.

¹⁵ Ibid.

¹⁶ OMB Memorandum M-17-04, "Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability," November 4, 2016, 5.

Data Quality Plan

Starting in FY 2019, OMB required agencies to develop and maintain a DQP to identify a control structure tailored to address identified risks.¹⁷ OMB guidance states that the DQP should cover significant milestones and major decisions pertaining to:

- Organizational structure and key processes providing internal controls for spending reporting.
- Management's responsibility to supply quality data to meet the reporting objectives for the DATA Act.
- Testing plans and identification of high-risk data, including specific data the agency determines to be high-risk that are explicitly referenced by the DATA Act, and confirmation that these data are linked through the inclusion of the award identifier in the agency's financial system.
- Actions taken to manage identified risks.¹⁸

Quarterly certifications by the SAO should be "based on the considerations of the agency's [DQP] and the internal controls documented in their plan as well as other existing controls that may be in place, in the annual assurance statement process."¹⁹

The Department's Digital Accountability and Transparency Act Data Submission Process

The Bureau of the Comptroller and Global Financial Services (CGFS) is responsible for the Department's implementation of DATA Act requirements. The SAO is the Comptroller, who delegated certification authority to a Supervisory Financial Management Specialist within CGFS. On March 20, 2019, the Department initially certified its DATA Act submission for the first quarter of FY 2019. The Department recertified the Department's data on April 1, 2019. According to CGFS officials, the Department recertified its data because of information identified during additional reconciliation procedures related to removing micro-purchase transactions from DATA Act File C and updating the Budget Object Classification and program activity codes for various transactions in DATA Act File B.²⁰

The CGFS DATA Act team is responsible for the development of DATA Act Files A, B, and C. The DATA Act team works in coordination with various bureaus and offices to resolve reconciliation issues, determine the root cause of errors, and develop corrective actions. The data needed to create DATA Act Files A, B, and C resides in numerous Department information systems and reports and requires manual adjustments to meet submission requirements. The Department

¹⁷ OMB Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control," Appendix A, "Management of Reporting and Data Integrity Risk," June 6, 2018, 4.

¹⁸ Ibid, at 4-5.

¹⁹ Ibid, at 4.

²⁰ The SAO's certification contained certain qualifications as described in the Audit Results section of this report.

uses an application, Global Business Intelligence, to consolidate data from multiple systems to develop Files B and C, and to perform reconciliations between Files A, B, C, D1, and D2. Table 3 describes the Department's file development process for the required DATA Act files.

Table 3: Department DATA Act File Development Process for the First Quarter of FY 2019

File	Content	File Development Process	Source
A	Appropriations Account	Using Global Business Intelligence, the DATA Act team uses information from the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), ^a Standard Form (SF) 133, <i>Report on Budget Execution</i> , ^b and the Treasury Account Symbol ^c master list to develop DATA Act File A. The DATA Act team compares DATA Act File A to the SF-133 and performs a reconciliation between DATA Act Files A and B.	GTAS
B	Program Activity and Object Class	The DATA Act team generates DATA Act File B directly from the Global Financial Management System (GFMS). ^d Using Global Business Intelligence, the DATA Act team incorporates program activity codes and names and the Budget Object Classification codes ^e into DATA Act File B. The DATA Act team reconciles GTAS and GFMS data and also performs a reconciliation between DATA Act Files A and B.	GFMS
C	Award-Level Financial	The DATA Act team generates the unadjusted DATA Act File C directly from GFMS using Global Business Intelligence. The DATA Act team identifies records to remove or add, including sensitive transactions, transactions under the micro-purchase threshold, ^f and other transactions that are not required to be reported. The DATA Act Team performs a reconciliation between DATA Act File C and DATA Act Files D1 and D2.	GFMS
D1	Award and Awardee Attribute – Procurement Awards	The DATA Act Broker generates DATA Act File D1 based on procurement data reported to FPDS-NG by the Department's Contracting Officers and other procurement officials. If issues are identified during reconciliations, the DATA Act team researches and corrects the errors.	FPDS-NG
D2	Award and Awardee Attribute – Financial Assistance Awards	The DATA Act Broker generates DATA Act File D2 on the basis of financial assistance data reported to FABS from the Department's Grants Database Management System (GDMS) ^g and the State Assistance Management System (SAMS). ^h If issues are identified during reconciliations, the DATA Act team researches and corrects the errors.	FABS
E	Additional Awardee Attributes	The DATA Act Broker generates DATA Act File E using data submitted to the System for Award Management. ⁱ DATA Act File E is populated with data from awardees.	System for Award Management

File	Content	File Development Process	Source
F	Sub-award Attributes	The DATA Act Broker generates DATA Act File F from the FFATA Subaward Reporting System. DATA Act File F is populated with data from awardees.	FFATA Subaward Reporting System

^a GTAS is a system used by Federal agencies for reporting trial balance information to Treasury. The Department creates the Adjusted Trial Balance by extracting information from the Department's core financial management system, GFMS, and making manual adjustments to the data.

^b The SF 133, *Report on Budget Execution*, provides information on the budgetary resources appropriated to an agency. The report lists the sources of budget authority and the current status of budgetary resources by appropriation.

^c A Treasury Account Symbol is an identification code assigned by Treasury to an individual appropriation, receipt, or other fund account. The Department reported 293 Treasury Account Symbols in its DATA Act File A for the first quarter of FY 2019.

^d GFMS is the Department's core financial system. It is used to record and track financial transactions, including payments.

^e Budget Object Classification codes are categories that present obligations by the items or services purchased by the Federal Government.

^f During the first quarter of FY 2019, the micro-purchase threshold was \$10,000.

^g GDMS is used to accumulate financial assistance data prior to submission to USASpending.gov. SAMS is the primary source of information for GDMS, which includes all domestic financial assistance activities and approximately 90 percent of posts that process overseas financial assistance awards.

^h SAMS is a grants management system that manages awards issued by bureaus located domestically as well as embassies abroad. SAMS is the primary site for grantees to view funding opportunities, monitor awards, and manage post-award activity.

ⁱ The System for Award Management is a Federal registration site for entities who want to do business with the Federal Government.

Source: Prepared by Williams Adley using information provided by the Department.

AUDIT RESULTS

Finding A: Domestic Data Submitted to Treasury Was Not Always Complete, Accurate, or Timely and Considered of Moderate Quality

Williams, Adley & Company-DC, LLP (Williams Adley) was unable to determine the completeness, accuracy, timeliness, or quality of the overseas DATA Act data (i.e., transactions that originated overseas) submitted by the Department for the first quarter of FY 2019. The CIGIE Guide²¹ instructs auditors to test a sample of certified spending data submitted by the agency. The Department's SAO did not certify transactions that originated at overseas posts during the first quarter of FY 2019. In fact, the SAO included a qualification when certifying the first quarter FY 2019 DATA Act Files C, D1, and D2 submissions that stated that deficiencies exist in linking all overseas financial transactions and procurement and financial assistance awards and related data using a unique Procurement Instrument Identification (PIID) and Federal Award Identification Number (FAIN), and therefore some amounts recorded in the financial system do not contain the unique identifier. Consequently, Williams Adley was unable to test the overseas transactions in accordance with the CIGIE Guide. This issue was reported in the FY 2017 DATA Act report. The Department has identified causes related to this condition such as the manual entry of PIIDs in the Regional Financial Management System.²² To ensure that

²¹ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 500.10, 10.

²² The Regional Financial Management System is the Department's overseas accounting and disbursing system. It is used to process and track some overseas procurements and all overseas financial assistance awards.

the SAO is able to certify DATA Act submissions that include overseas data, the Department should develop a corrective action plan to address the deficiencies that it identified.

Of the data that the SAO had certified and Williams Adley was able to assess (i.e., transactions that originated domestically), Williams Adley determined that the Department's DATA Act submission of DATA Act Files A, B, and C, at the summary level, for the first quarter of FY 2019 was complete and the DATA Act Files were submitted in a timely manner. Furthermore, Williams Adley reconciled DATA Act Files A and B and determined that those Files were accurate and also did not identify any significant variances between DATA Act Files A, B, and C. However, during the testing of certified transactions selected using a statistical sample, Williams Adley identified exceptions with the record-level data included in DATA Act Files C, D1, and D2. Specifically, of 350 records tested, Williams Adley determined the Department had a projected error rate²³ related to completeness of 6.14 percent, related to accuracy of 10.03 percent,²⁴ and related to timeliness of 24.15 percent. On the basis of the CIGIE Guide, Williams Adley concludes that the quality of the Department's submission of domestic data is considered "moderate."

Williams Adley identified several control issues that led to the deficiencies. For example, although CGFS and the Bureau of Administration has taken some action to improve procedures, quality control, and oversight, additional actions are needed to address the issues identified during the audit. Therefore, Recommendations 2, 3, and 4²⁵ from the FY 2017 DATA Act audit report remain open pending further action. Once the Department implements additional guidance, quality control, and oversight, it is essential for the Department to communicate that guidance to the correct officials within the Department. Another reason for the deficiencies identified is that the Department has not classified most of the data elements that the audit identified as having a high error rate as high risk in its DQP. To fulfill the intent of the DATA Act, the quality of the Department's data must be improved.

Accuracy, Completeness, and Timeliness of Overseas Data

Williams Adley was unable to determine the completeness, accuracy, timeliness, or quality of the overseas data (i.e., transactions that originated overseas) submitted by the Department for the first quarter of FY 2019. The CIGIE Guide²⁶ instructs auditors to test a sample of certified spending data submitted by the agency. The Department's SAO did not certify the 7,894

²³ Based on a 95-percent confidence level, the projected error rate for each category is ± 5 percent. Additional details on the sample are included in Appendix A.

²⁴ As described in Appendix D, Williams Adley identified errors that were not attributable to the Department. Some data are not entered into the Treasury DATA Act Broker by the Department. These exceptions are included in the calculation of the error rates.

²⁵ OIG, *Audit of the Department of State's Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-18-03, November 2017), 21. See Appendix F for the status of recommendations from the 2017 DATA Act report.

²⁶ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 500.10, 10.

transactions that originated at overseas posts during the first quarter of FY 2019.²⁷ In fact, the SAO included a qualification when certifying the first quarter FY 2019 DATA Act Files C, D1, and D2 submissions that stated:

The Department provides reasonable assurance that the data submitted in File C²⁸ are valid and reliable except for amounts pertaining to procurements and financial assistance awards executed at overseas locations. Specifically, deficiencies exist in linking all overseas financial transactions and procurement and financial assistance awards and related data using a unique PIID and FAIN, and therefore some amounts recorded in the financial system do not contain the unique identifier. Consequently, File C does not contain the related data. These amounts represent less than 5 percent of the total dollar amount of all worldwide procurement and financial assistance awards executed during the first quarter of FY 2019. The Department is aware of these deficiencies, and is continuing to take actions to resolve them.

Consequently, Williams Adley was unable to test these overseas transactions in accordance with the CIGIE Guide.

During FY 2019, CGFS performed steps to reconcile data included in DATA Act Files C, D1, and D2. During the reconciliation, CGFS identified error rates related to the overseas data that exceeded an error threshold that the SAO established for the certification.²⁹ Specifically, the CGFS reconciliation identified variances related to overseas data of up to 85 percent. The Department noted, among other issues, transactions that did not contain a valid PIID or FAIN, which caused transactions to be removed from DATA Act File C. This overall issue with overseas data was also noted in the FY 2017 DATA Act audit report.³⁰

The Department uses numerous systems to record procurement and financial assistance data, such as the Regional Financial Management System and GFMS. In an effort to improve the quality of overseas data, the Department has taken steps to improve the integration of these systems. Furthermore, CGFS officials stated that since the FY 2017 DATA Act report was issued, CGFS has taken other actions to improve the quality of the overseas data; for example, better aligning key data attributes across different systems, continuing to rollout SAMS at overseas posts, updating procedures, providing training to Contracting Officers, expanding its

²⁷ Although overseas transactions represented 68 percent (7,894 of 11,701) of the number of DATA Act transactions submitted by the Department during the first quarter of FY 2019, they only represented 4 percent (\$80,356,394 of \$2,010,454,867) of the dollar value of the transactions.

²⁸ This qualification is for DATA Act File C. The same qualification was made for Files D1 and D2. The only difference was a modification of the File name.

²⁹ According to Department officials, the SAO threshold for certification is less than \$10 million for a specific record and less than 1 percent (absolute value) of the total amount in GTAS or GFMS. This threshold is applied for each category, such as overseas and domestic procurements, financial awards, and contributions.

³⁰ AUD-FM-18-03.

reconciliation efforts, and deploying a new monitoring software. In addition, the Department developed its DQP, which provides a testing plan for overseas data.

However, according to the Department's DQP, some of the reasons for deficiencies with overseas data included:

- employees were manually entering procurement data and were not using PIIDs consistently to record contract actions in the Regional Financial Management System.
- the timing of the exchange rate used to convert foreign currency to dollars was not clear and consistent.
- employees were not sufficiently reviewing data entered in FPDS-NG or GFMS to ensure it is complete, accurate, and agrees with contract documentation.

To ensure that the SAO is able to certify DATA Act submissions that include overseas data, the Department should develop a corrective action plan to address the causes attributed to the deficiencies with the overseas transactions. Until these deficiencies are addressed, the Department will not be able to comply with DATA Act requirements.

Recommendation 1: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, develop and implement a corrective action plan that addresses the causes attributed to the deficiencies with the overseas transactions.

Management Response: CGFS concurred with the recommendation, stating that it will continue to work to address identified deficiencies.

OIG Reply: On the basis of CGFS's concurrence with the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that CGFS, in coordination with the Bureau of Administration, developed and implemented a corrective action plan that addresses the causes attributed to the deficiencies with the overseas transactions.

Submission of DATA Act Domestic Data

Williams Adley evaluated the Department's DATA Act submission to Treasury's DATA Act Broker, at the summary level, for domestic data for the first quarter of FY 2019. Williams Adley determined that the submission was substantially complete and was submitted in a timely manner. To assess the completeness of the submission, Williams Adley evaluated DATA Act Files A, B, and C to determine that all transactions and events that should have been recorded were recorded in the proper period.

Williams Adley reconciled DATA Act Files A and B to determine if they were accurate. Through audit test work, Williams Adley determined that DATA Act Files A and B were accurate. Additionally, Williams Adley reconciled the linkages between DATA Act Files A, B, and C to determine if the linkages were valid and to identify any significant variances between the files.

Williams Adley's test work did not identify any significant variances between DATA Act Files A, B, and C.

Completeness of the Submission of DATA Act Domestic Data

The CIGIE Guide states that auditors should determine whether the DATA Act submission was complete,³¹ at a summary level. Specifically, the Guide requires auditors to determine the completeness of DATA Act Files A and B.³² Williams Adley tested the completeness of the DATA Act submission at the summary level for DATA Act Files A and B by performing the tests required by the CIGIE Guide,³³ including testing linkages between the different files and comparing data to the President's Budget. Based on the procedures performed, Williams Adley determined that DATA Act Files A and B were complete at the summary level.

As part of assessing the completeness of the overall DATA Act submission, the CIGIE Guide also requires auditors to determine the completeness of DATA Act File C at the summary level.³⁴ Williams Adley tested the completeness of DATA Act File C as required by the CIGIE Guide,³⁵ including assessing linkages. Based on the procedures performed, Williams Adley determined that the Data Act submission of DATA Act File C was substantially complete and determined that DATA Act File C was sufficient for sample selection.

Timeliness of the Submission of DATA Act Domestic Data

The CIGIE Guide³⁶ states that auditors should determine whether the DATA Act submission was timely.³⁷ Specifically, the Guide states that auditors should verify that the certification date complies with the deadline established by Treasury.³⁸ Treasury required that agencies' submissions for the first quarter of FY 2019 be certified by March 20, 2019.³⁹ Williams Adley determined that the Department's SAO certified the DATA Act files for the first quarter of FY 2019 on March, 20, 2019, which complied with the deadline established by Treasury. The

³¹ The CIGIE Guide defines the completeness of an agency's submission as "transactions and events that should have been recorded are recorded in the proper period," § 510.01, at 11.

³² "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 540, at 13–14.

³³ Ibid.

³⁴ Ibid., § 550, at 15–16.

³⁵ Ibid.

³⁶ Ibid., § 530, at 13.

³⁷ The CIGIE Guide defines the timeliness of an agency's submission to be "when the submission by the Agency to the DATA Act Broker is in accordance with the reporting schedule established" by Treasury, § 510.02, at 11.

³⁸ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 530, at 13.

³⁹ According to Treasury's "Schedule for the DATA Act Reporting," normally, a DATA Act submission is required to be certified within 45 days of the end of the quarter. However, due to the partial lapse in appropriations that occurred during FY 2019, the due date for the certification of the Department's submission for the first quarter of FY 2019 was extended to March 20, 2019.

Department recertified⁴⁰ its first quarter of FY 2019 data on April 1, 2019. According to Treasury’s “Schedule for the DATA Act Reporting,” agencies “may recertify their data at any time.” Therefore, the recertification complied with Treasury guidance. Based on the procedures performed, Williams Adley determined that the Department’s submission and certification of DATA Act information for the first quarter of FY 2019 was timely.

Record-Level DATA Act Domestic Data

Using guidance in the CIGIE Guide,⁴¹ Williams Adley selected a sample⁴² of 350 domestic records (i.e., transactions originating domestically) and tested 57 data elements for completeness, accuracy, and timeliness. By applying the CIGIE guidance for projecting the error rate to the universe,⁴³ Williams Adley determined the Department had a projected error rate⁴⁴ related to completeness of 6.14 percent, related to accuracy of 10.03 percent, and related to timeliness of 24.15 percent. On the basis of the CIGIE Guide,⁴⁵ because the highest of the three projected error rates that Williams Adley determined is between 21 percent and 40 percent, Williams Adley concluded that the quality of the Department’s submission of domestic data is considered “moderate.”

Completeness of the Record-Level DATA Act Domestic Data

Completeness of a data element is defined by the CIGIE Guide as a situation in which, if a data element was required to be reported, the data element was reported in the appropriate DATA Act Files (A through D2).⁴⁶ To assess the completeness of the Department’s domestic DATA Act information for the first quarter of FY 2019 at the record level, Williams Adley determined if each data element for the 350 records selected for testing was required and, if so, determined if the data element was included in the appropriate Files. Appendix B provides details on the results of testing for each data element.

During its testing, Williams Adley identified high error rates related to the Parent Award Identification Number data element in DATA Act File C. Specifically, Williams Adley found that 72 percent of the items tested in DATA Act File C should have included the Parent Award

⁴⁰ According to Department officials, the recertification was necessary due to the removal of micro-purchase transactions from File C and the update of Budget Object Classification and program activity codes for various line items in File B.

⁴¹ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 560, at 16.

⁴² See Appendix A for additional details on the sample.

⁴³ Because each record had numerous data elements, to determine the projected error rate, Williams Adley first calculated an average error rate for each record on the basis of the number of required data elements for that record and the number of exceptions. Williams Adley then averaged the error rates of all the items that were tested for each category—completeness, accuracy, and timeliness—to calculate the overall projected error rates for each category.

⁴⁴ Based on a 95-percent confidence level, the projected error rate for each is ± 5 percent. Additional details on the sample are included in Appendix A.

⁴⁵ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 580.07, at 23.

⁴⁶ *Ibid.*, § 510.03, at 11.

Identification Number, but did not.⁴⁷ Department officials stated that the missing data element was caused by a system error. Specifically, the Department's Global Business Intelligence application did not consistently extract the Parent Award Identification Number from GFMS when populating File C. Williams Adley also identified data elements included in 18 records from DATA Act File C (16 procurements and 2 financial assistance awards) that should have been included in DATA Act Files D1 or D2, but were not. According to Department officials, these exceptions were due to errors in the data entry process.

By applying the CIGIE guidance for projecting the error rate to the universe,⁴⁸ Williams Adley determined the Department had a projected error rate related to completeness at the record level of 6.14 percent.⁴⁹

Recommendation 2: OIG recommends that the Bureau of the Comptroller and Global Financial Services correct the system error in Global Business Intelligence that causes the Parent Award Identification Number data element fields to be blank in the Digital Accountability and Transparency Act File C submission.

Management Response: CGFS concurred with the recommendation, stating that it will continue to work to address identified deficiencies.

OIG Reply: On the basis of CGFS's concurrence with the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that CGFS corrected the system error in Global Business Intelligence that causes the Parent Award Identification Number data element fields to be blank in the DATA Act File C submission.

Accuracy of the Record-Level DATA Act Domestic Data

Accuracy of a data element is defined by the CIGIE Guide as a situation in which "amounts and other data relating to recorded transactions have been recorded" in accordance with Treasury guidance (including DAIMS) and "agree with the authoritative source records."⁵⁰ To assess the accuracy of the Department's domestic DATA Act information for the first quarter of FY 2019 at the record level, for the 350 items selected for testing, Williams Adley determined whether information included in DATA Act Files C, D1, and D2 were recorded in accordance with Treasury guidance (including DAIMS). Williams Adley also determined whether DATA Act File C

⁴⁷ According to Treasury, "DATA Act Information Model Schema (DAIMS) Version 1.3.1," if a contract record in File D1 includes a Parent Award Identification Number, that number also should be included in File C.

⁴⁸ Because each record had numerous data elements, to determine the projected error rate for completeness, Williams Adley first determined the percent of data elements that were incomplete for each sample. For example, if one sample record had 40 required data elements and 4 of them were incomplete, that record had an error rate of 10 percent. Williams Adley then averaged the error rates of all the items that were tested to arrive at a final projected error rate for completeness.

⁴⁹ Based on a 95-percent confidence level, the projected error rate for the completeness of the data elements is between 1.64 and 11.64 percent. Additional details on the sample are included in Appendix A.

⁵⁰ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 510.04, at 11.

data matched data from the Department's financial systems and were supported by documentation. Furthermore, for DATA Act Files D1 and D2, Williams Adley determined whether the selected items were supported by documentation. Appendix B provides details on the results of testing for each data element.

Many of the exceptions identified by Williams Adley related to data entry errors. However, during its testing, Williams Adley identified numerous exceptions related to blanket purchase agreements (BPA)⁵¹ issued by the Bureau of Administration, Office of Operations, Office of Language Services. The Office of Language Services issued the BPAs, which typically last 1 year, to individuals or organizations to provide translation and interpretation services. As the need arises, new task orders can be issued through each BPA.

Williams Adley found that the Action Date data element for the Office of Language Services BPAs often did not comply with Treasury guidance.⁵² Specifically, of the 58 awards from the Office of Language Services with a corresponding record in File D1,⁵³ Williams Adley found all 58 incorrectly identified the Action Date to be the first day of the fiscal year, even though that was not the date that the award was issued or signed. Similarly, Williams Adley found other data elements, including Period of Performance Start Date, Period of Performance Current End Date, and Period of Performance Potential End Date, that were incorrectly recorded as the first or last day of the fiscal year. In addition, Williams Adley found numerous errors in the Federal Action Obligation data element.

According to Department officials, the Office of Language Services has a high volume of tasks issued through the BPAs each year. Therefore, for efficiency, the Office of Language Services made a business decision to record the Period of Performance Start Date data element for each task to be the first day of the fiscal year and the Period of Performance Current End Date and Period of Performance Potential End Date data elements to be the last day of the fiscal year. To implement the business decision, the Office of Language Services aggregates the different tasks into a single entry, which is done after the end of each quarter. Because of this methodology, the aggregated information is more likely to include award activity that occurred after the end of the quarter, which also caused the Federal Action Obligation amount in File D1 to be overstated in several samples.

Williams Adley also identified 38 items for which the Obligation data element amount reported in File C was not supported with documentation. According to Department officials, the discrepancies were due to the manner in which GFMS, the Department's accounting system,

⁵¹ Of 350 items selected for testing, 61 (17 percent) were Office of Language Services BPAs.

⁵² According to Treasury, "DATA Act Information Model Schema (DAIMS) Version 1.3.1," "Interface Definition Document," the Action Date is the "date the action being reported was issued/signed by the Government or a binding agreement was reached."

⁵³ Williams Adley's sample included 61 awards from the Office of Language Services. However, three of the items selected were not included in File D1; therefore, Williams Adley could not test D1 information for those three items.

automatically calculates exchange rates.⁵⁴ All the Department's accounting transactions are recorded in U.S. currency. Transactions with foreign vendors are commonly in a foreign currency. Therefore, GFMS automatically calculates the dollar value of foreign currency transactions. Because exchange rates can fluctuate, GFMS has been programmed to recalculate the dollar value of a procurement each time a modification is processed, even if it is a no-cost modification. This is done so that GFMS always reflects the current dollar value of a procurement. GFMS is used as a data source for obligations reported in File C. Therefore, the amount recorded in File C does not always reflect the actual modification amount included in supporting documentation.⁵⁵ Furthermore, because foreign exchange revaluations are not contract actions that are entered into FPDS-NG, the Obligation data element amounts in File C may not tie to the amounts reported for the Obligation data element in File D1.⁵⁶ No audit trail was readily available in the accounting system that Williams Adley could use to support the foreign exchange revaluation. Williams Adley considers these exceptions to be inaccuracies for the purposes of its testing.

By applying the CIGIE guidance for projecting the error rate to the universe of transactions,⁵⁷ Williams Adley determined the Department had a projected error rate related to accuracy of 10.03 percent.^{58,59}

According to the CIGIE Guide, "there are instances where errors are caused by an entity other than the agency. For example, if Treasury's DATA Act Broker extracts the wrong field from a source system, this is not an error that was attributable to the agency. The agency may have recorded the correct information in the source system, but due to an external third party extracting the incorrect field, the data was not reported accurately." The CIGIE Guide requires auditors to include errors attributable to a third party in the statistical sampling results. However, the CIGIE Guide suggests providing supplemental information for users on the third-party errors.⁶⁰

⁵⁴ These transactions originated domestically but were for expenditures in other countries. Therefore, the transactions were certified.

⁵⁵ For example, the documentation may reflect a no-cost modification, although File C may reflect a \$10,000 modification because of exchange rate variances.

⁵⁶ Williams Adley generally found that obligation amounts in File D1 agreed with obligating documents, although obligation amounts in File C did not.

⁵⁷ Similar to completeness, because each record had numerous data elements, to determine the projected error rate for accuracy, Williams Adley first determined the percentage of inaccurate data elements for each sample. Williams Adley then averaged the error rates of all the items that were tested to arrive at a final projected error rate for accuracy.

⁵⁸ Based on a 95-percent confidence level, the projected error rate for the accuracy of the data elements is between 5.03 and 15.03 percent.

⁵⁹ The testing required by the CIGIE Guide focuses on the quality of the data overall and focuses specifically on the accuracy of dollar value-related data elements. However, the CIGIE Guide encourages auditors to provide supplemental reporting that highlights the accuracy of dollar value-related data elements. This information is provided in Appendix C.

⁶⁰ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 590.06, at 25.

As described in more detail in Appendix D, Williams Adley identified errors that were not attributable to the Department. Some of these errors related to the Ultimate Parent Unique Identifier, Ultimate Parent Legal Name, Awardee/Recipient Legal Entity Name, and Legal Entity Address data elements. These data are extracted from the System for Award Management by FPDS-NG and then uploaded to the DATA Act Broker. The data are not entered into the system by the Department. In fact, the information in the System for Award Management is entered and maintained by the vendors that receive the award. Other errors identified by Williams Adley related to the current Total Value of Award and Potential Total Value of Award data elements. These data are extracted from FPDS-NG by the DATA Act Broker. The exceptions identified seemed to relate to transactions that included contract modifications that were not included correctly in FPDS-NG.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Operations, Office of Language Services, discontinue its business practice of aggregating information related to multiple task orders under blanket purchase agreements into one transaction when entering data in the Federal Procurement Data System – Next Generation. Specifically, data related to each task order should be entered separately and only actual data should be used for all data elements, including, but not limited to, Action Date, Period of Performance Start Date, Period of Performance Current End Date, and Period of Performance Potential End Date.

Management Response: The Office of Language Services, according to an email to OIG from the Bureau of Administration, Office of the Executive Director, concurred with the recommendation but did not provide an official response to a draft of this report within the time allotted.

OIG Reply: On the basis of the Office of Language Services concurrence with the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the Office of Language Services discontinued its business practice of aggregating information related to multiple task orders under blanket purchase agreements into one transaction when entering data in FPDS-NG. Specifically, data related to each task order should be entered separately and only actual data should be used for all data elements, including, but not limited to, Action Date, Period of Performance Start Date, Period of Performance Current End Date, and Period of Performance Potential End Date.

Recommendation 4: OIG recommends that the Bureau of the Comptroller and Global Financial Services develop and implement a process in the Global Financial Management System that documents modifications of obligation amounts due to exchange rate fluctuations.

Management Response: CGFS concurred with the recommendation, stating that it will continue to work to address identified deficiencies.

OIG Reply: On the basis of CGFS’s concurrence with the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that CGFS developed and implemented a process in GFMS that documents modifications of obligation amounts due to exchange rate fluctuations.

Timeliness of the Record-Level DATA Act Domestic Data

Timeliness of a data element is defined by the CIGIE Guide as a situation in which “for each of the required data elements that should have been reported, the data elements were reported in accordance with the reporting schedules defined by the financial, procurement, and financial assistance requirements.”⁶¹ To assess the timeliness of the Department’s domestic DATA Act information for the first quarter of FY 2019 at the record level, Williams Adley determined if each data element for the 350 records selected for testing was required and, if so, determined whether financial data elements in DATA Act File C were reported within the quarter in which they occurred, whether procurement award data elements in DATA Act File D1 were reported in FPDS-NG within 3 business days after contract award, and whether financial assistance award data elements in DATA Act File D2 were reported no later than 30 days after award. Appendix B provides details on the results of testing for each data element. During its testing, Williams Adley noted that most exceptions were the result of awards that were not entered into FPDS-NG in a timely manner.

Of the 350 records tested, Williams Adley found that 90 were not timely. Sixty-one of the 90 untimely transactions were related to Office of Language Services BPAs. As discussed, the Office of Language Services made a business decision to aggregate multiple task orders into one FPDS-NG entry. The Office of Language Services performs the aggregation after the end of each quarter. The Federal Acquisition Regulation requires agencies to enter award information into FPDS-NG within 3 business days of the award.⁶² The decision by the Office of Language Services to aggregate information after the end of the quarter caused all Office of Language Services awards tested to be untimely. The remaining exceptions identified were generally due to data entry errors.

By applying the CIGIE guidance for projecting the error rate to the universe,⁶³ Williams Adley determined the Department had a projected error rate related to timeliness of 24.15 percent.⁶⁴

⁶¹ Ibid., § 510.05, at 11.

⁶² Federal Acquisition Regulation, § 4.604(b)(2), “Responsibilities.”

⁶³ Similar to the other attributes, because each record had numerous data elements, to determine the projected error rate for timeliness, Williams Adley first determined the percentage of data elements that were untimely for each sample. Williams Adley then averaged the error rates of all the items that were tested to arrive at a final projected error rate for timeliness.

⁶⁴ Based on a 95-percent confidence level, the projected error rate for the timeliness of the data elements is between 19.15 percent and 29.15 percent.

Quality of Record-Level DATA Act Domestic Data

Quality of the data selected for testing is defined by the CIGIE Guide as data that are “complete, accurate, and reported on a timely basis.”⁶⁵ Williams Adley used the results of its testing of a statistical sample of 350 domestic transactions to provide a range of results for quality. In accordance with the CIGIE Guide, Williams Adley used the highest of the three error rates, specifically the 24.16 percent error rate for timeliness, to determine the overall factor of quality.⁶⁶ According to the CIGIE Guide,⁶⁷ because the highest of the three projected error rates that Williams Adley determined is between 21 percent and 40 percent, the quality of the Department’s submission of domestic data is considered to be “moderate.”

Several Control Issues Have Led to Deficiencies

It was reported in the previous DATA Act audit report that most of the data errors identified involved DATA Act Files D1 and D2.⁶⁸ With the exception of issues related to the Parent Award Identification Number data element, this current audit also found that most exceptions were related to data elements included in DATA Act Files D1 and D2. FPDS-NG and FABS are the sources of the information included in DATA Act Files D1 and D2. The majority of the information in the source systems must be collected and manually entered by procurement or grant officials.⁶⁹ Therefore, delays in adding information to FPDS-NG and FABS impact the completeness, accuracy, timeliness, and quality of the Department’s DATA Act information.

According to the Department’s DQP, the Department has taken some actions to address delays in recording procurement and grant information. For example, according to the DQP, the Bureau of Administration reiterated to grant managers the policy, training, and reference materials related to entering accurate and complete data. Furthermore, the DQP states that CGFS and the Bureau of Administration continue to coordinate on developing new policies, business practices, and system improvements to further align activities performed by acquisition personnel with DATA Act reporting. Furthermore, the Bureau of Administration procured a software application that automatically reviews FPDS-NG data and notifies Contracting Officers by email of any suspected errors. The email provides guidance and training related to the data element that may be incorrect. In addition, CGFS expanded the reconciliation it performs of DATA Act File C and DATA Act Files D1 and D2. Although the Department has taken some steps, additional actions related to guidance, quality control, and oversight are needed to address the issues identified during the audit. Therefore,

⁶⁵ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 510.06, at 11.

⁶⁶ The CIGIE Guide (§ 580.07, at 23) requires auditors to determine the quality of the data elements “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 should be used to determine the factor of quality.”

⁶⁷ The ranges included in the CIGIE Guide (§ 580.07, at 23) are 20 percent or below – Higher; 21 percent to 40 percent – Moderate; and 41 percent or above – Lower.

⁶⁸ AUD-FM-18-03, at 17.

⁶⁹ Department grant officials enter data into GDMS and SAMS, which is loaded into FABS. Officials do not manually enter financial assistance award data directly to FABS.

Recommendations 2, 3, and 4⁷⁰ from the FY 2017 DATA Act audit report remain open, pending further action.

Once the Department implements additional guidance, quality control, and oversight, it is essential for the Department to communicate that guidance to the correct officials within the Department. According to the Government Accountability Office, management should communicate policies and procedures to personnel so that “personnel can implement the control activities.”⁷¹ The Government Accountability Office also states that “effective information and communication are vital for an entity to achieve its objectives” and that communication is needed to achieve objectives, address risks, and support the internal control system.⁷² According to a CGFS official, most initiatives have been undertaken with the Bureau of Administration, which is the bureau responsible for entering the majority of domestic procurement and grants data into the source systems for DATA Act reporting. However, some other domestic bureaus and offices have procurement or grant authority. For example, the Office of Language Services, which has contracting authority, was responsible for a significant number of exceptions identified during audit testing. Therefore, it is essential for the Department to ensure that sufficient information related to DATA Act requirements is communicated to all responsible bureaus and offices.

Another reason for the deficiencies identified during the audit is that the Department has not classified most of the data elements that the audit identified as having a high error rate as high risk in its DQP. Starting in FY 2019, OMB required agencies to develop and maintain a DQP to identify a control structure tailored to address identified risks.⁷³ According to the Department’s DQP, “based on the testing results of the FY 2017 DATA Act audit,⁷⁴ the Department performed an analysis of the data elements contained in File[s] C, D1 and D2, that were test[ed] during the audit.” The DQP also states that “the analysis included identifying the source of the data element . . . a cause or reason for the related error in each data element and the associated corrective action.” The Department’s DQP testing focused on data elements with higher error rates as identified during the 2017 audit. The testing did not focus on the remaining data elements. As a result of its analysis, the Department identified eight data elements to be at high risk for being inaccurate.⁷⁵ The DQP also described the “root cause” of some errors identified during internal reconciliations and classifies certain of the weaknesses to be critical.

⁷⁰ Ibid., at 21.

⁷¹ Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014), § 12.04.

⁷² Ibid., at 58 and § 14.03.

⁷³ OMB Circular A-123, Appendix A, at 4.

⁷⁴ AUD-FM-18-03.

⁷⁵ The eight data elements are (1) Award Description, (2) Legal Entity Address, (3) Legal Entity Congressional District, (4) Primary Place of Performance Address, (5) Primary Place of Performance Congressional District, (6) North American Industrial Classification System Code, (7) North American Industrial Classification System Descriptions, and (8) Award Type. In an appendix to the DQP, the Department identified all other data elements as either Medium or Low risk.

Although using the results of the prior DATA Act audit was a reasonable starting point for identifying high-risk data elements, this audit identified different data elements that had high error rates. For example, Williams Adley identified high error rates for the Parent Award Identification Number data element (72 percent error rates for accuracy, completeness, and timeliness)⁷⁶ related to contract transactions. As another example, Williams Adley identified a high error rate for the Period of Performance Start Date⁷⁷ related to financial assistance transactions (31 percent error rate for accuracy and 13 percent error rates for completeness and timeliness). If the Department had identified these high-risk data elements, it may have focused more attention on them.

Because of the lack of certified overseas transactions and the issues identified during the audit with the completeness, accuracy, timeliness, and the quality of the data submitted and certified, the Department is not fulfilling the intent of the DATA Act.

Recommendation 5: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, develop and implement a communications strategy that informs officials who are responsible for procurement and grant activities in a timely manner about changes to or updates of policies or procedures that relate to data that are required to comply with the Digital Accountability and Transparency Act.

Management Response: CGFS concurred with the recommendation, stating that it will continue to work to address identified deficiencies. The Bureau of Administration also concurred with the recommendation, noting that it has a standing weekly coordination meeting with CGFS, the Office of Foreign Assistance, and the Office of the Procurement Executive to discuss DATA Act reporting.

OIG Reply: On the basis of CGFS's concurrence with the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that CGFS, in coordination with the Bureau of Administration, has developed and implemented a communications strategy that informs officials who are responsible for procurement and grant activities in a timely manner about changes to or updates of policies or procedures that relate to data that are required to comply with the DATA Act.

Recommendation 6: OIG recommends that the Bureau of the Comptroller and Global Financial Services update the data elements identified as high risk in its Data Quality Plan, at a minimum, deficiencies included in this report should be used as one of the factors used in determining high risk.

Management Response: CGFS concurred with the recommendation, stating that it will continue to work to address identified deficiencies.

⁷⁶ The Department assigned a risk factor of Medium to this data element.

⁷⁷ The Department assigned a risk factor of Medium to this data element.

OIG Reply: On the basis of CGFS’s concurrence with the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that CGFS updated the data elements identified as high risk in its DQP. At a minimum, deficiencies included in this report should be used as one of the factors used in determining high risk.

Finding B: Implementation and Use of Government-Wide Data Standards Need Improvement

The CIGIE Guide⁷⁸ states that auditors should assess Federal agencies’ implementation and use of the Government-wide financial data standards established by OMB and Treasury. On the basis of work it performed for this audit that is presented in Finding A of this report, Williams Adley evaluated the Department’s implementation and use of the Government-wide financial data standards for spending information as developed by OMB and Treasury. Williams Adley concluded that the Department had fully implemented financial data standards for domestic transactions but was not fully using those data standards as defined by OMB and Treasury.⁷⁹

Specifically, Williams Adley reviewed the Department’s policies to determine whether the required data elements and the definition of those data elements were consistently used across the Department and found that the Department had properly designed and mapped data elements in accordance with OMB and Treasury definitions. Furthermore, Williams Adley confirmed that the summary-level data elements included in DATA Act Files A and B were consistently used and complied with the required definitions. For the record-level data elements, Williams Adley found that the common identifiers (i.e., the PIID and FAIN) for domestic data used in the Department’s procurement, financial, and grants systems were appropriately linked and the definitions comply with the requirements.

However, as detailed in Finding A, Williams Adley concluded that the Department has not consistently used the OMB and Treasury data elements. For example, Williams Adley found that the Parent Award Identifier was not consistently used in DATA Act File C. In addition, the Department inconsistently used several data elements related to the Office of Language Services BPAs. As described in Finding A, the Office of Language Services used Period of Performance⁸⁰ and Action Dates that did not comply with DAIMS requirements. For instance, the DAIMS definition for Action Date is the date the action being reported was issued/signed by the Government or a binding agreement was reached. For Office of Language Services BPAs, the Department used the beginning of the fiscal year as the Action Date regardless of the actual signature date. Similarly, DAIMS defines the Period of Performance Start Date as the date on which the awardee effort begins or the award is otherwise effective and defines the Period of Performance Current End Date as the date on which the awardee effort completes or the award

⁷⁸ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 120, at 2.

⁷⁹ The Department did not identify issues with the use of data standards in its DQP.

⁸⁰ Includes Period of Performance Start Date, Period of Performance Current End Date, and Period of Performance Potential End Date.

is otherwise ended. The Department used October 1, 2018, through September 30, 2019, as the period of performance for all Office of Language Services awards, even though this did not agree with the period of performance of the actual award.⁸¹

⁸¹ Williams Adley believes that the recommendations in Finding A of this report will address the issues identified in Finding B, so no additional recommendations are included.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, develop and implement a corrective action plan that addresses the causes attributed to the deficiencies with the overseas transactions.

Recommendation 2: OIG recommends that the Bureau of the Comptroller and Global Financial Services correct the system error in Global Business Intelligence that causes the Parent Award Identification Number data element fields to be blank in the Digital Accountability and Transparency Act File C submission.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Operations, Office of Language Services, discontinue its business practice of aggregating information related to multiple task orders under blanket purchase agreements into one transaction when entering data in the Federal Procurement Data System – Next Generation. Specifically, data related to each task order should be entered separately and only actual data should be used for all data elements, including, but not limited to, Action Date, Period of Performance Start Date, Period of Performance Current End Date, and Period of Performance Potential End Date.

Recommendation 4: OIG recommends that the Bureau of the Comptroller and Global Financial Services develop and implement a process in the Global Financial Management System that documents modifications of obligation amounts due to exchange rate fluctuations.

Recommendation 5: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, develop and implement a communications strategy that informs officials who are responsible for procurement and grant activities in a timely manner about changes to or updates of policies or procedures that relate to data that are required to comply with the Digital Accountability and Transparency Act.

Recommendation 6: OIG recommends that the Bureau of the Comptroller and Global Financial Services update the data elements identified as high risk in its Data Quality Plan, at a minimum, deficiencies included in this report should be used as one of the factors used in determining high risk.

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

The Digital Accountability and Transparency Act of 2014¹ (DATA Act) requires each Federal agency's Office of Inspector General (OIG) to review and assess the spending data submitted by their agencies in compliance with the DATA Act. The objectives of the audit were to assess (1) the completeness, accuracy, timeliness, and quality of the first quarter FY 2019 financial and award data submitted by the Department of State (Department) for publication on USASpending.gov and (2) the Department's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury).² An external audit firm, Williams, Adley & Company-DC, LLP (Williams Adley), acting on OIG's behalf, performed this audit.

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the DATA Act. That is, the first OIG reports were due to Congress in November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, OIGs provided Congress with the first required reports by November 8, 2017, 1 year after the statutory due date, with two subsequent reports to be submitted following on a 2-year cycle (November 2019 and November 2021). On December 22, 2015, CIGIE's chair issued a letter detailing the strategy for dealing with the Inspector General reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform. A copy of CIGIE's letter is included in Appendix E.

Williams Adley conducted audit fieldwork from May through October 2019 in the Washington, DC, metropolitan area. The audit was conducted in accordance with the Government Accountability Office's *Government Auditing Standards*, 2011 revision. These standards require that Williams Adley plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Williams Adley believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

In 2019, CIGIE, Federal Audit Executive Council (FAEC), issued the "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act" (CIGIE Guide) to provide OIGs with a common methodology and reporting approach to use when performing the mandated DATA Act audit for FY 2019. The CIGIE Guide states that it sets "a baseline framework for the required reviews performed by the [Inspector General] community." The Guide also states that the procedures provided "are to foster a consistent methodology and reporting approach across the [Inspector General] community, not restrict an auditor from pursuing issues or concerns related to the implementation of the DATA Act." Generally, Williams Adley conducted this audit

¹ Pub. L. No. 113-101.

² This is the objective that is included in the guide issued by CIGIE, "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," February 14, 2019, 2.

according to procedures in the CIGIE Guide. Williams Adley used professional judgment to customize certain testing procedures based on the Department’s environment, systems, and data. Table A.1 shows the general methodology³ directed by the CIGIE Guide to accomplish DATA Act objectives and the corresponding work, including deviations, Williams Adley performed during its audit.

Table A.1: Required Audit Steps From the CIGIE Guide

Required Procedure To Accomplish Objective	Williams Adley Audit Procedure and Report Location
Obtain an understanding of any regulatory criteria related to the Department’s responsibilities to report financial and award data under the DATA Act	Williams Adley reviewed key laws, regulations, and guidance issued by OMB, the Government Accountability Office, and Treasury related to the DATA Act. (See the Background section of this report.)
Review the Department’s data quality plan (DQP)	Williams Adley reviewed the Department’s DQP and evaluated whether it contained all required elements to implement a DQP, including an overview of the organizational structure and key processes, a testing plan and identification of high risk data, a process for identifying risk related to spending data, and the impact of how risks will be addressed. (See the Audit Results section of this report.)
Assess the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to Treasury’s DATA Act Broker, in order to assess audit risk and design audit procedures.	Williams Adley met with Department officials to gain an understanding of the DATA Act compilation and submission process, including systems used and the implementation and use of the 57 data elements. Williams Adley reviewed the Department’s reconciliations of its DATA Act submission files. This included obtaining an understanding of the use of the Global Business Intelligence application and other systems used in the DATA Act process. (See the “Work Related to Internal Controls” section of Appendix A of this report.)
Review and reconcile the FY 2019 first quarter summary-level data submitted by the Department for publication on USASpending.gov.	Williams Adley reviewed and reconciled summary-level data between the Department’s Standard Form (SF)-133 and its DATA Act File A and reconciled the Department’s DATA Act Files A and B to ensure proper linkages. Williams Adley also verified that all Budget Object Classification codes from DATA Act File B matched the codes defined in Section 83 of OMB Circular A-11, “Preparation, Submission, and Execution of the Budget,” and that all program activity names and codes from DATA Act File B matched the names and codes defined in the Detailed Budget Estimates by Agency Appendix in the President’s Budget. (See the Audit Results section of this report.)
Review a statistically valid sample from FY 2019, first quarter, financial and award data submitted by the Department for publication on USASpending.gov.	Williams Adley selected a statistically valid sample for testing from the Department’s certified first quarter FY 2019 submission for publication on USASpending.gov. ^a (See the Audit Results section and the “Detailed Sampling Methodology” section of Appendix A of this report.)

³ In addition to the general methodology discussed in this section, the CIGIE Guide provides steps to perform during audit work. Williams Adley performed the required steps (or acceptable alternatives to those steps) but is not including the details of all of the steps it performed.

Required Procedure To Accomplish Objective	Williams Adley Audit Procedure and Report Location
Assess the completeness, accuracy, timeliness, and quality of the financial and award data sampled.	Williams Adley completed this testing in accordance with the CIGIE Guide. (See the Audit Results section of this report.)
Assess the Department’s implementation and use of the 57 data elements/standards established by OMB and Treasury.	Williams Adley reviewed the Department’s mapping for DATA Act Files A, B, C, D1, and D2 ^b to ensure that the standardized data elements and OMB and Treasury definitions included in the DATA Act Information Model Schema were used across agency business processes, systems, and applications. Williams Adley also identified source systems where the data resides and determined whether any gaps were present. (See the Audit Results section of this report.)

^a The Department’s Senior Accountable Official (SAO) included a qualification for overseas transactions when certifying the DATA Act submission. Therefore, Williams Adley excluded all overseas transactions when selecting the sample for testing.

^b DATA Act File E includes additional award attribute information that the Treasury DATA Act broker extracts from the System for Award Management. DATA Act File F includes sub-award attribute information the Treasury DATA Act broker extracts from the FFATA Subaward Reporting System. Data included in DATA Act Files E and F remain the responsibility of the awardee, in accordance with terms and conditions of Federal agreements, and the quality of these data remains the legal responsibility of the recipient. Therefore, agency SAOs are not responsible for certifying the quality of Files E and F data reported by awardees. However, SAOs are responsible for assuring controls are in place to verify that financial assistance awardees register in the System for Award Management at the time of the award. The CIGIE Guide (§ 200.05, at 6) states that it is optional for the auditor to assess DATA Act Files E and F because agencies are not responsible for certifying the quality of data in those DATA Act Files. Therefore, Williams Adley did not assess the completeness, accuracy, timeliness, and quality of DATA Act Files E and F. **Source:** Prepared by Williams Adley on the basis of the CIGIE Guide and Williams Adley’s audit planning and reporting procedures.

Prior Audit Report

In the first mandated DATA Act audit report,⁴ OIG reported that the Department had not certified transactions originating at overseas posts, so those transactions were not assessed during the audit. Furthermore, OIG reported that the domestic data in DATA Act Files A and B were accurate, complete, timely, and of an acceptable quality. However, the auditor identified exceptions (that were in the control of the Department) related to accuracy, completeness, timeliness, and quality for domestic data included in DATA Act Files C, D1, and D2. Furthermore, flaws in Treasury’s Broker system led to additional errors in the quality of the Department’s data in DATA Act Files D1 and D2. The auditor attributed errors, in part, to delays in adding information to the Government-wide systems. In addition, the Department did not perform sufficient quality assurance of the data submitted. OIG made four recommendations to improve the quality of the data submitted for publication on USASpending.gov. As of September 2019, all four recommendations are resolved, pending further action. Appendix F includes details of the recommendations from the FY 2017 DATA Act report.

Work Related to Internal Controls

The CIGIE Guide requires auditors to “obtain an understanding of the design of internal and information system controls as it relates to the extraction of data from the source systems and the reporting of data to the DATA Act Broker.” The CIGIE Guide further states that the auditor

⁴ OIG, *Audit of the Department of State’s Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-18-03, November 2017).

should consult with the Government Accountability Office's *Standards for Internal Control in the Federal Government*⁵ and document an understanding gained of the internal control.⁶ As required, Williams Adley performed certain procedures related to internal controls over the Department's DATA Act compilation and submission. For example, Williams Adley met with Department personnel to obtain an understanding of the controls, including IT controls, in place over its DATA Act submission and reviewed the Department's Data Quality Plan (DQP).

Williams Adley also reviewed the Department's DQP to determine, among other things, whether the DQP:

- Documents the organizational structure and key processes providing internal controls for financial and award data reporting.
- Documents a testing plan and the identification of high-risk reported data.
- Identifies the risk of misreported data, the impact of risk, and how those risks will be addressed.

Williams Adley also performed other steps related to the DQP, including determining the Department's process for identifying and assessing risks related to spending data and whether the DQP was considered during the FY 2019 Senior Accountable Official's (SAO) certification.

In addition, Williams Adley considered the Department's Enterprise Risk Management risk profile to determine whether the Department identified any risks associated with controls over the DATA Act source systems and reporting. Furthermore, Williams Adley performed steps to determine whether the SAO provided quarterly assurance that the Department's internal controls support the reliability and validity of the agency's summary-level and record-level data reported for publication on USASpending.gov.

Williams Adley obtained the Department's certification, validation, reconciliation reports, and other supporting documentation that were used to provide assurance over the Department's data submission for the first quarter of FY 2019. For example, Williams Adley obtained and reviewed the Department's reconciliation workbook and assessed the sufficiency of the reconciliation. Williams Adley also reviewed the variances identified by the Department during the reconciliation and assessed the Department's follow-up on variances that were identified. Furthermore, Williams Adley performed steps to determine the extent to which internal controls of information systems and processes related to the DATA Act can be relied upon.

Details of internal control deficiencies identified during the audit are presented in the Audit Results section of this report.

Use of Computer-Processed Data

As described in the Background section of this report, the Department uses several systems to generate the DATA Act submission Files, including Department-owned systems and systems

⁵ GAO-14-704G, September 2014.

⁶ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 300.01, at 6.

used across the Federal Government. To ensure the completeness, accuracy, and timeliness of the DATA Act submission, agencies are required to perform quality control procedures, including ensuring that links between the Files submitted were appropriate.⁷ In addition, SAOs are required to provide assurance about the validity and reliability of the data submitted.⁸

The Department performed a reconciliation of DATA Act information related to the first quarter of FY 2019. For domestic data,⁹ the reconciliation did not identify any differences between DATA Act File A and the Department's SF-133. The Department identified some variances between DATA Act Files A and B and DATA Act Files C, D1, and D2. The variances identified during the Department's reconciliation were below the threshold¹⁰ established by the Department that would allow for certification of the DATA Act Files related to domestic transactions.

Williams Adley independently performed reconciliations between summary-level data (DATA Act Files A and B) and record-level data (DATA Act Files C, D1, and D2). Details of Williams Adley's testing are included in the Audit Results section of this report. On the basis of the steps performed, Williams Adley concluded that the data were sufficiently reliable for the purposes of this audit. In addition, the CIGIE Guide states that auditors should determine the completeness of DATA Act File C, at a summary level, by performing certain steps.¹¹ On the basis of procedures performed, Williams Adley determined that DATA Act File C was sufficient for sample selection.

Detailed Sampling Methodology

In accordance with the CIGIE Guide,¹² Williams Adley selected a statistically valid sample of certified spending data for transaction-level testing from the Department's first quarter of FY 2019 DATA Act submission. The CIGIE Guide states that DATA Act File C is the preferred source to select a statistically valid sample of data.¹³ To determine whether DATA Act File C was suitable for sampling, Williams Adley tested the linkages between DATA Act Files B and C as well as DATA Act File C and DATA Act Files D1 and D2. Furthermore, Williams Adley reviewed

⁷ OMB M-17-04, "Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability," November 4, 2016, 5.

⁸ Ibid.

⁹ As discussed in the Audit Results section of this report, the Department did not certify its overseas data because of variances noted during its internal reconciliation process. Therefore, Williams Adley did not perform testing of data related to overseas transactions.

¹⁰ According to Department officials, the SAO threshold for certification is less than \$10 million for a specific record and less than 1 percent (absolute value) of the total amount in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System or GFMS.

¹¹ "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," § 550, at 15–16.

¹² Ibid., § 560, at 16.

¹³ Ibid., § 560.01, at 16.

the Department’s reconciliation of data between the different DATA Act Files. As a result of its analysis, Williams Adley determined that DATA Act File C was suitable for sampling.¹⁴

The CIGIE Guide states that the auditor should first determine the population size.¹⁵ As discussed in the Audit Results section of this report, the Department did not certify the overseas transactions data included in the DATA Act submission. The CIGIE Guide states that transactions selected for testing should be certified.¹⁶ Accordingly, Williams Adley excluded overseas transactions prior to selecting its sample, as shown in Table A.2.

Table A.2: First Quarter, FY 2019, DATA Act File C Data

Description	Number of Records	Amount of Records
Domestic Records	3,807	\$1,930,098,472
Overseas Records	7,894	\$80,356,394
Total	11,701	\$2,010,454,866

Source: Generated by Williams Adley using information obtained from the DATA Act Broker.

The CIGIE Guide states that the auditor should set the expected error rate on the basis of the results of the FY 2017 DATA Act Audit.¹⁷ Table A.3 provides details of the error rates identified in the FY 2017 DATA Act audit.

Table A.3: FY 2017 Error Rates

Error Rate Accuracy	Error Rate Completeness	Error Rate Timeliness	Error Rate Quality
54.8	15.3	6.0	64.4

Source: AUD-FM-18-03, at 8.

According to the CIGIE Guide, if more than one error rate was determined in the prior audit, “the error rate closest to 50 percent should be used.”¹⁸ Using the CIGIE guidance, Williams Adley selected 54.8 percent as the expected error rate because it was the closest to 50 percent.

¹⁴ The CIGIE Guide does not specify how the auditor should determine the suitability of File C for testing.

Therefore, Williams Adley determined that it would conclude that File C was sufficient for testing if the number of records in File C was within 10 percent of the number of records in Files D1 and D2. Williams Adley identified a difference of approximately 4 percent.

¹⁵ The CIGIE Guide (§ 560.02, at 16) states that the population size is the “number of detail records included in the agency’s quarterly certified data submission determined by adding the total number of detail records in File C.”

¹⁶ Ibid., § 500.10, at 10.

¹⁷ AUD-FM-18-03.

¹⁸ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 560.02, at 16.

Using guidance in the CIGIE Guide, Williams Adley used a confidence level¹⁹ of 95 percent and a sample precision²⁰ of 5 percent. On the basis of these factors, Williams Adley used the instructions in the CIGIE Guide²¹ to determine that a sample size of 350 items, from a population of 3,807 records, was appropriate. Williams Adley used IDEA sampling software²² to select the random sample from the population.

Projection of Errors to the Universe of Transactions

The CIGIE Guide instructs auditors to calculate and project error rates for the results related to completeness, accuracy, and timeliness for each data element.²³ Using CIGIE guidance, Williams Adley calculated an average error rate for each record on the basis of the number of required data elements for that record and the number of exceptions. Williams Adley then calculated the overall error rates by using the average error rates by record to average over the number of records tested. Table A.4 includes the overall error rates calculated by Williams Adley.

Table A.4: Error Rates in the Department’s Submission

Category	Error Rate (Percent)
Completeness	6.14
Accuracy	10.03
Timeliness	24.15

Source: Williams Adley generated on the basis of its testing and CIGIE guidance.

¹⁹ According to the CIGIE Guide (§ 560.02, at 16), confidence level is the probability that a confidence interval produced by sample data contains the true population error.

²⁰ According to the CIGIE Guide (§ 560.02, at 16), sample precision is a measure of the uncertainty associated with the projection.

²¹ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 560.02, at 17.

²² IDEA is a computer program used to analyze data and, on the basis of parameters input by the user, select a sample.

²³ “CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act,” § 580.06, at 21.

APPENDIX B: TESTING RESULTS FOR EACH DATA ELEMENT

Results for Testing Data Elements – Procurement Instrument Identifiers

Of the 350 items selected by Williams, Adley & Company-DC, LLP (Williams Adley) for testing, 335 items were related to domestic procurement records submitted in the Department of State’s (Department) Digital Accountability and Transparency Act of 2014 (DATA Act) submission for the first quarter of FY 2019. Table B.1 provides the projected error rates for each data element based on the results of Williams Adley’s testing of the data elements related to the Procurement Instrument Identifiers from the Department’s DATA Act Files C and D1.

Table B.1: Data Element Projected Error Rates Based on Testing for Procurement Instrument Identifiers

File	Data Element Name (Number)	Error Rate (Percent) ^{a,b}		
		Accuracy	Completeness	Timeliness
C	Parent Award ID Number (24)	72	72	72
D1	Potential Total Value of Award (15)	26	5	26
D1	Current Total Value of Award (14)	24	5	27
D1	Period of Performance Potential End Date (28)	24	5	26
D1	Period of Performance Current End Date (27)	24	5	27
D1	Period of Performance Start Date ^c (26)	23	5	26
D1	Action Date (25)	23	5	26
D1	Federal Action Obligation (11)	16	5	26
D1	Ultimate Parent Legal Entity Name (4)	16	9	27
D1	Ultimate Parent Unique Identifier (3)	13	6	26
C	Obligation (53)	13	0	0
D1	Legal Entity Address (5)	11	5	27
D1	Award Description (22)	7	5	26
D1	Awardee/Recipient Legal Entity Name (1)	7	5	26
D1	Legal Entity Congressional District (6)	6	5	28
D1	Action Type (36)	6	6	21
D1	Award Modification / Amendment Number (23)	6	6	21
D1	Awardee/Recipient Unique Identifier (2)	6	5	9
D1	Primary Place of Performance Address (30)	5	4	30
D1	NAICS Code ^d (17)	5	5	26
D1	Award Type (16)	5	5	26
D1	Primary Place of Performance Congressional District (31)	5	4	29
D1	Primary Place of Performance Country Code (32)	5	5	26
D1	Primary Place of Performance Country Name (33)	5	5	26
D1	NAICS Description ^d (18)	5	5	26
D1	Awarding Sub Tier Agency Name (46)	5	5	26
D1	Legal Entity Country Code (7)	5	5	26
D1	Legal Entity Country Name (8)	5	5	26
D1	Award ID Number (34)	5	5	26
D1	Awarding Office Code (49)	5	5	26
D1	Funding Agency Name (38)	5	5	26
D1	Funding Agency Code (39)	5	5	26
D1	Funding Sub Tier Agency Name (40)	5	5	26
D1	Funding Sub Tier Agency Code (41)	5	5	26

File	Data Element Name (Number)	Error Rate (Percent) ^{a,b}		
		Accuracy	Completeness	Timeliness
D1	Funding Office Name (42)	5	5	26
D1	Funding Office Code (43)	5	5	26
D1	Awarding Agency Name (44)	5	5	26
D1	Awarding Agency Code (45)	5	5	26
D1	Awarding Sub Tier Agency Code (47)	5	5	26
D1	Awarding Office Name (48)	5	5	26
D1	Parent Award ID Number (24)	0	0	28
D1	Ordering Period End Date (29)	0	0	0
C	Appropriations Account (51)	0	0	0
C	Object Class (50)	0	0	0
C	Award ID Number (34)	0	0	0
C	Program Activity (56)	0	0	0

^a Results have a margin of error no greater than ± 5 percent.

^b Results are sorted in descending order on the basis of percentage data in the Accuracy column (that is, the data element with the highest accuracy error rate is listed first).

^c Although not applicable for the exceptions identified with this data element during the audit, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Working Group provided the following information related to this data element. The Department of the Treasury's (Treasury) "DATA Act Information Model Schema (DAIMS) Version 1.3.1," February 8, 2019, defines "Period of Performance Start Date" as the date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective. For modifications of procurement awards, it is not clear whether "the award referred to" is the initial award or the modification and neither the Office of Management and Budget (OMB) nor Treasury has issued guidance with specific instructions on this. Therefore, for procurement awards with modifications, if agencies recorded the initial award date or the date of the modification as the start date, in accordance with their internal policies and procedures/practices, it is not an error for DATA Act reporting purposes.

^d NAICS stands for the North American Industry Classification System.

Source: Prepared by Williams Adley on the basis of the results of testing.

Results for Testing Data Elements – Federal Award Identification Numbers

Of the 350 items selected for testing, 15 were related to domestic financial assistance records submitted in the DATA Act submission for the first quarter of FY 2019. Table B.2 provides the projected error rates for each data element based on the results of Williams Adley's testing of the data elements related to the Federal Award Identification Numbers from the Department's DATA Act Files C and D2.

Table B.2: Data Element Projected Error Rates Based on Testing for Federal Award Identification Numbers

File	Data Element Name (Number)	Error Rate (Percent) ^{a,b}		
		Accuracy	Completeness	Timeliness
D2	Ultimate Parent Unique Identifier (3)	31	31	31
D2	Ultimate Parent Legal Entity Name (4)	31	31	31
D2	Period of Performance Start Date ^c (26)	31	13	13
D2	CFDA ^d Number (19)	19	13	13
D2	CFDA ^d Title (20)	19	13	13
D2	Primary Place of Performance Country Code (32)	19	13	13
D2	Federal Action Obligation (11)	13	13	13
D2	Amount of Award (13)	13	13	13
D2	Awardee/Recipient Legal Entity Name (1)	13	13	13

File	Data Element Name (Number)	Error Rate (Percent) ^{a,b}		
		Accuracy	Completeness	Timeliness
D2	Awardee/Recipient Unique Identifier (2)	13	13	13
D2	Legal Entity Country Code (7)	13	13	13
D2	Legal Entity Country Name (8)	13	13	13
D2	Award Type (16)	13	13	13
D2	Award Description (22)	13	13	13
D2	Award Modification / Amendment Number (23)	13	13	13
D2	Action Date (25)	13	13	13
D2	Period of Performance Current End Date (27)	13	13	13
D2	Primary Place of Performance Country Name (33)	13	13	13
D2	Award ID Number (34)	13	13	13
D2	Record Type (35)	13	13	13
D2	Business Type (37)	13	13	13
D2	Funding Office Name (42)	13	13	13
D2	Funding Office Code (43)	13	13	13
D2	Awarding Agency Name (44)	13	13	13
D2	Awarding Agency Code (45)	13	13	13
D2	Awarding Sub Tier Agency Name (46)	13	13	13
D2	Awarding Sub Tier Agency Code (47)	13	13	13
D2	Awarding Office Name (48)	13	13	13
D2	Awarding Office Code (49)	13	13	13
D2	Legal Entity Address (5)	6	0	0
D2	Primary Place of Performance Address (30)	6	0	0
D2	Action Type (36)	6	6	6
C	Obligation (53)	6	0	0
D2	Face Value of Direct Loan or Loan Guarantee (14)	0	0	0
D2	Non-Federal Funding Amount (12)	0	0	0
D2	Legal Entity Congressional District (6)	0	0	0
D2	Primary Place of Performance Congressional District (31)	0	0	0
D2	Funding Agency Name (38)	0	0	0
D2	Funding Agency Code (39)	0	0	0
D2	Funding Sub Tier Agency Name (40)	0	0	0
D2	Funding Sub Tier Agency Code (41)	0	0	0
C	Object Class (50)	0	0	0

File	Data Element Name (Number)	Error Rate (Percent) ^{a,b}		
		Accuracy	Completeness	Timeliness
C	Appropriations Account (51)	0	0	0
C	Program Activity (56)	0	0	0
C	Award ID Number (34)	0	0	0

^a Results have a margin of error no greater than ± 5 percent.

^b Results are sorted in descending order on the basis of percentage data in the Accuracy column (i.e., the data element with the highest accuracy error rate is listed first).

^c Although not applicable for the exceptions identified with this data element during the audit, the CIGIE Working Group provided the following information related to this data element. Treasury's "DATA Act Information Model Schema (DAIMS) Version 1.3.1," February 8, 2019, defines "Period of Performance Start Date" as the date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective. For modifications of procurement awards, it is not clear whether "the award referred to" is the initial award or the modification and neither OMB nor Treasury has issued guidance with specific instructions on this. Therefore, for procurement awards with modifications, if agencies recorded the initial award date or the date of the modification as the start date, in accordance with their internal policies and procedures/practices, it is not an error for DATA Act reporting purposes.

^d CFDA stands for the Catalog of Federal Domestic Assistance.

Source: Prepared by Williams Adley on the basis of the results of testing.

APPENDIX C: ANALYSIS OF THE ACCURACY OF DOLLAR VALUE-RELATED DATA ELEMENTS

The testing required by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Guide¹ focuses on the quality of the data overall and does not focus specifically on the accuracy of dollar value-related data elements.² However, the CIGIE Guide encourages auditors to provide supplemental reporting that highlights the accuracy of dollar value-related data elements.

Table C.1 provides details of Williams, Adley & Company-DC, LLP, testing of those data elements that were dollar related based on the type of procurement (i.e., Procurement Instrument Identifier [PIID] and Federal Award Identification Number [FAIN]).

Table C.1: Analysis of the Accuracy of Dollar Value-Related Data Elements

Type	Data Element Name (Number)	Number Tested	Number With Errors	Number Not Applicable	Error Rate (Percent)	Absolute Value of Errors ^{a,b}
PIID	Federal Action Obligation (11)	335	53	0	16	\$2,434,848
PIID	Current Total Value of Award (14)	335	82	0	24	\$3,690,201,905
PIID	Potential Total Value of Award (15)	335	87	0	26	\$1,706,551,161
PIID	Transaction Obligation Amount (53)	335	42	0	13	\$687,246
FAIN	Federal Action Obligation (11)	15	2	0	13	\$15,969
FAIN	Amount of Award (13)	15	2	0	13	\$109,625
FAIN	Transaction Obligation Amount (53)	15	2	0	13	\$2,000
TOTAL		1,385	270	0		\$5,400,002,754

^a The CIGIE Guide suggests that the auditor include the absolute value of the dollar-value data elements with errors because it assists readers to understand the magnitude of those errors.

^b The amounts included in the table are not projectable to the universe of transactions because the statistical testing was performed on attributes and not on monetary amounts.

Source: Prepared by Williams Adley on the basis of the results of testing.

¹ CIGIE, Federal Audit Executive Council (FAEC), the "CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act," February 14, 2019.

² Ibid, § 590.06.

APPENDIX D: ANALYSIS OF ERRORS IN DATA ELEMENTS NOT ATTRIBUTABLE TO THE DEPARTMENT

Williams, Adley & Company-DC, LLP (Williams Adley) noted instances in which errors were caused by an entity other than the Department of State (Department). For example, if the Department of the Treasury's (Treasury) Digital Accountability and Transparency Act of 2014 (DATA Act) Broker extracts the wrong field from a source system, this is not an error that was attributable to the Department. Table D.1 provides details of Williams Adley's identification of data elements with errors that were not attributable to the Department on the basis of the type of procurement (i.e., Procurement Instrument Identifier [PIID] and Federal Award Identification Number).

Table D.1: Summary of Errors in Data Elements Not Attributable to the Department

Type	Data Element Name (Number)	Attributed to
PIID	Awardee/Recipient Legal Entity Name (1)	Extracted by Federal Procurement Data System – Next Generation (FPDS-NG) from the System for Award Management
PIID	Ultimate Parent Unique Identifier (3)	Extracted by FPDS-NG from the System for Award Management
PIID	Ultimate Parent Legal Name (4)	Extracted by FPDS-NG from the System for Award Management
PIID	Legal Entity Address (5)	Extracted by FPDS-NG from the System for Award Management
PIID	Current Total Value of Award (14)	Extracted by Treasury DATA Act Broker from FPDS-NG
PIID	Potential Total Value of Award (15)	Extracted by Treasury DATA Act Broker from FPDS-NG

Source: Prepared by Williams Adley on the basis of the results of testing.

APPENDIX E: ANOMALY LETTER

The Council of the Inspectors General on Integrity and Efficiency submitted a letter related to date anomalies that it identified for the Digital Accountability and Transparency Act of 2014.



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

1717 H Street, NW, Suite 825, Washington, DC 20006

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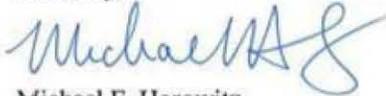
intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

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

APPENDIX F: FY 2017 DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT REPORT STATUS OF RECOMMENDATIONS

The following is information on the status of recommendations, as of October 2019, from the FY 2017 Digital Accountability and Transparency Act report.¹

Recommendation 1: OIG recommends that the Bureau of the Comptroller and Global Financial Services complete the implementation of system interfaces and new procedures that are designed to improve financial data collection overseas.

Status: The Department concurred with the recommendation upon report issuance. This recommendation remains open and is considered resolved, pending further action.

Recommendation 2: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, update and issue guidance for Contracting Officers and Grants Officers related to entering accurate and complete procurement and financial assistance award transaction data into the Federal Procurement Data System – Next Generation and the Award Submission Portal.

Status: The Department concurred with the recommendation upon report issuance. This recommendation remains open and is considered resolved, pending further action.

Recommendation 3: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, modify existing quality control procedures to include a requirement to verify the accuracy of data contained in DATA Act Files D1 and D2 generated from the Federal Procurement Data System – Next Generation and the Award Submission Portal.

Status: The Department concurred with the recommendation upon report issuance. This recommendation remains open and is considered resolved, pending further action.

Recommendation 4: OIG recommends that the Bureau of the Comptroller and Global Financial Services develop and implement procedures to verify that the quarterly DATA Act File C submission includes only transactions that occurred within the applicable quarter.

Status: The Department concurred with the recommendation upon report issuance. This recommendation remains open and is considered resolved, pending further action.

¹ OIG, *Audit of the Department of State's Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-18-03, November 2017).

APPENDIX G: BUREAU OF THE COMPTROLLER AND GLOBAL FINANCIAL SERVICES RESPONSE



United States Department of State
Comptroller
Washington, DC 20520

NOV 4 2019

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MEMORANDUM

TO: OIG – Steve A. Linick

FROM: CGFS – Jeffrey C. Mounts, Acting

Handwritten signature of Jeffrey C. Mounts in blue ink.

SUBJECT: Draft Report on Audit of the Department of State's FY 2019 Implementation of the Digital Accountability and Transparency Act of 2014 (AUD-FM-20-XX)

Thank you for the opportunity to comment on the Draft Report on Audit of the Department of State's Implementation of the Digital Accountability and Transparency (DATA) Act of 2014.

We appreciate and extend our sincere thanks for the professionalism and commitment by all parties including the Office of Inspector General (OIG) and Williams, Adley & Company-DC (Williams Adley), an external audit firm. We appreciate the importance of the audit process and the benefits realized from the improvements that have been made since the first DATA Act audit completed in 2017. The Department operates in over 180 countries and 135 currencies in some of the most challenging environments. The scale and complexity of Department activities and corresponding financial management, procurement and assistance operations and requirements are immense. We account for these challenging environments as we pursue quality financial and award data that is complete, accurate and timely in accordance with Office of Management and Budget (OMB) and Department of Treasury (Treasury) standards and requirements.

We are pleased that the OIG and Williams Adley identified significant improvements in the quality, accuracy and completeness of the Department's financial and award data since 2017. Even though the quality of the Department's submission was considerate at a "moderate" level, the error rates associated for quality, completeness and accuracy were reduced by approximately 40%, 9% and 45%, respectively, between the 2017 and 2019 audits. These marked improvements validate the coordination, collaboration, hard work and dedication of personnel from multiple offices, bureaus and posts over the last two years. Furthermore, the Department is pleased that the OIG and Williams Adley did not identify any significant errors or associated findings with the financial data related to Files A and B for the second consecutive audit cycle.

The Bureau of the Comptroller and Global Financial Services (CGFS) accepts the recommendations provided in the Draft Report. CGFS is committed to continuing to work, in coordination with key stakeholders throughout the Department, to address the identified deficiencies and ensuring that the Department reports complete, accurate and timely financial and award data with the highest quality. If you have any questions, please contact Kevin Jankovits, DATA Act Program Manager within CGFS, at (703) 875-5697.

If you have any questions, please contact Kevin Jankovits, DATA Act Program Manager within CGFS, at (703) 875-5697.

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APPENDIX H: BUREAU OF ADMINISTRATION RESPONSE



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

November 5, 2019

TO: OIG/AUD – Norman P. Brown

FROM: A/LM – David Rodriguez, Acting

A handwritten signature in blue ink, appearing to read "DR", is written over the "FROM" line.

SUBJECT: Response to Draft OIG Audit Report – Audit of the Department of State’s FY 2019 Implementation of the Digital Accountability and Transparency Act of 2014 (AUD-FM-20-XX)

The Office of Program Management and Policy (A/LM/PMP) has reviewed the draft OIG audit report. We provide the following comments in response to the recommendations provided by OIG.

OIG Recommendation 5: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, develop and implement a communications strategy that informs officials who are responsible for procurement and grant activities in a timely manner about changes to or updates of policies or procedures that relate to data that are required to comply with the Digital Accountability and Transparency Act.

Management Response (11-05-2019): The Bureau of Administration concurs with the recommendation. We note that we have already in place a standing weekly coordination meeting with Comptroller and Global Financial Services (CGFS), the Office of Foreign Assistance (F), and the Office of the Procurement Executive (A/OPE) to discuss DATA Act reporting. In a broader context, the overall Integrated Logistics Management System (ILMS) communications strategy includes regular software release notes, twice-yearly training materials updates, quarterly town halls, a monthly newsletter, and other ad hoc communications. Any changes to procedures related to DATA Act reporting are communicated in compliance with this strategy. To cite an example of how we apply our communications strategy, our recent ALDAC to the field ([STATE 109056](#)) highlighted DATA Act variances between ILMS, Federal Procurement Data System (FPDS), and Regional Financial Management System (RFMS) and provided instructions to users on data cleanup and reconciliation procedures.

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ABBREVIATIONS

BPA	blanket purchase agreements
CGFS	Bureau of the Comptroller and Global Financial Services
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
DQP	Data Quality Plan
FABS	Financial Assistance Broker Submission
FAEC	Federal Audit Executive Council
FAIN	Federal Award Identification Number
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System – Next Generation
GDMS	Grants Database Management System
GFMS	Global Financial Management System
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identification
SAMS	State Assistance Management System
SAO	Senior Accountability Official
SF	Standard Form

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If you fear reprisal, contact the
OIG Whistleblower Coordinator to learn more about your rights.

WPEAOmbuds@stateig.gov

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