



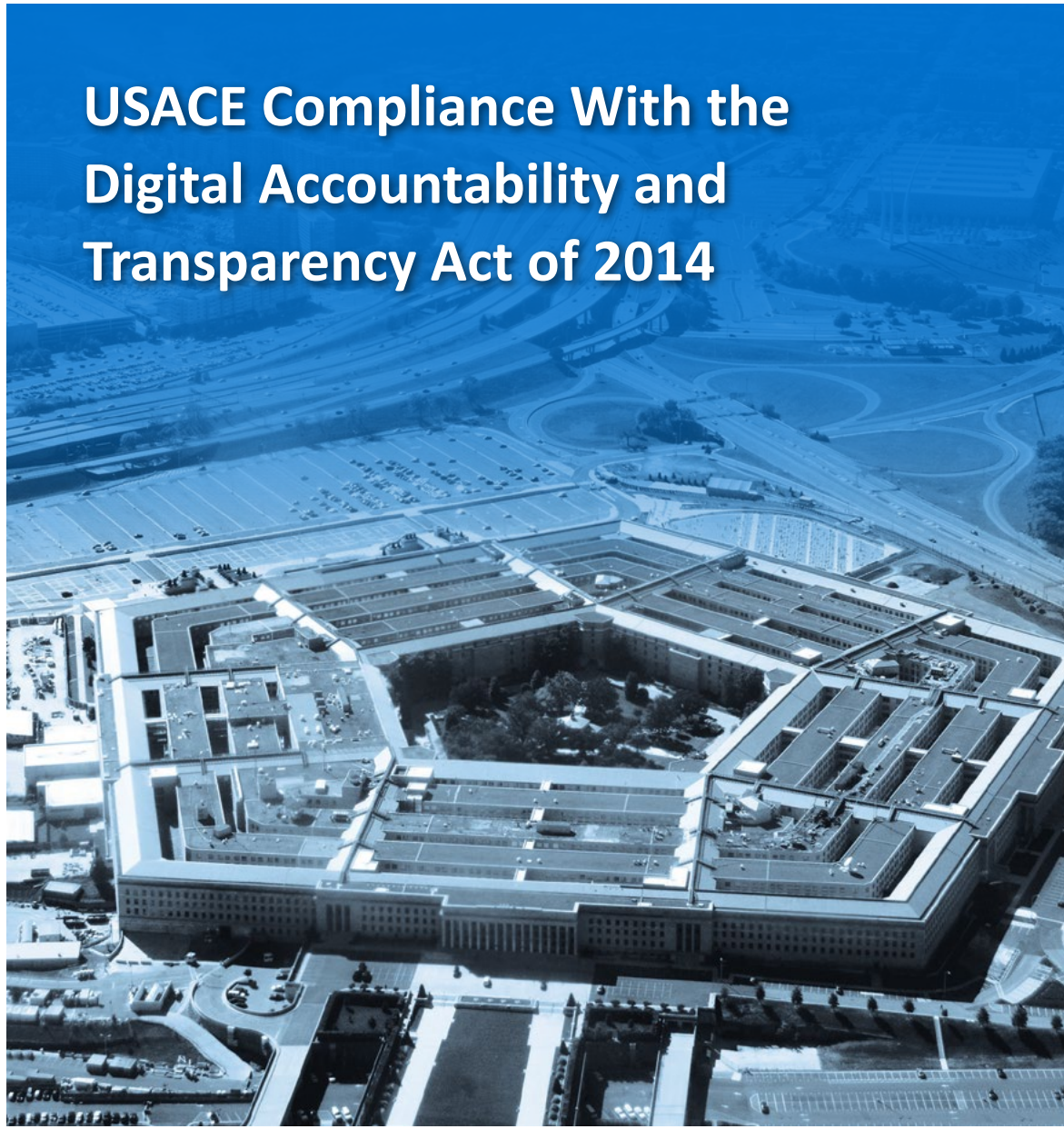
# INSPECTOR GENERAL

*U.S. Department of Defense*

NOVEMBER 8, 2017



## USACE Compliance With the Digital Accountability and Transparency Act of 2014



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# Results in Brief

## *USACE Compliance With the Digital Accountability and Transparency Act of 2014*

November 8, 2017

### Objective

We determined whether the U.S. Army Corps of Engineers (USACE) complied with Public Law 113-101, “The Digital Accountability and Transparency Act of 2014” (DATA Act). Specifically, we assessed the completeness, timeliness, quality, and accuracy of USACE’s second quarter FY 2017 financial and award data submitted for publication on USASpending.gov and USACE’s implementation and use of the Government-wide financial data standards (data elements) established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury).

### Background

The DATA Act was enacted to expand on previous Federal transparency legislation. The purpose of the DATA Act is to disclose and link Federal funds to increase accountability and transparency of Government spending to the public. Specifically, the DATA Act improves the quality of data submitted to USASpending.gov. by holding Federal agencies accountable for the completeness and accuracy of the data submitted. The DATA Act required the OMB and the Treasury to establish Government-wide financial data elements over Federal funds by May 2015. Therefore, in May 2015, the OMB and the Treasury issued standardized data elements with definitions and required Federal agencies to report financial and award data in accordance with these elements for publication on USASpending.gov by May 2017. The OMB also issued OMB Memorandum No. 2016-03 requiring agencies to designate a Senior Accountable Official (SAO), who, on a quarterly basis, must provide reasonable assurance that the

### Background (cont’d)

agency’s internal controls support reliability and validity of the financial and award data submitted to the Treasury for publication on USASpending.gov.

The DATA Act also required agency Inspectors General and the Government Accountability Office to review a statistically valid sample of the data their agencies submitted under the DATA Act and report to Congress on the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the data elements.

### Findings

The USACE SAO did not comply with the DATA Act. Although the USACE SAO certified the second quarter FY 2017 financial data within the required timeframe, the USACE SAO did not certify and submit complete award data, complete financial data related to procurement awards, accurate financial data, and quality financial data for publication on USASpending.gov. These conditions occurred because the:

- Treasury DATA Act Broker System could not identify or separate the USACE procurement award, grant award, awardee and sub-award data from the DoD data;
- Office of the Under Secretary of Defense (Comptroller) (OUSD[C]) instructed USACE to exclude financial data related to procurement awards from the USACE DATA Act certification; and
- USACE SAO lacked adequate internal controls to ensure the completeness, accuracy, and quality of financial data certified and submitted for publication on USASpending.gov.

In addition, the USACE SAO did not implement and use the Government-wide data elements applicable to financial data, established by the OMB and the Treasury. Specifically, the USACE SAO did not submit 2 of 10 Government-wide data elements applicable to financial data related to procurement award. This occurred because the OUSD(C) instructed USACE to exclude financial data related to procurement awards from the USACE DATA Act certification due to a 90-day delay in the Federal Procurement Data System (FPDS) for the DoD procurement award data.





# Results in Brief

## *USACE Compliance With the Digital Accountability and Transparency Act of 2014*

### **Findings (cont'd)**

As a result, USACE spending data displayed on USASpending.gov was inconsistent and unreliable to policymakers and taxpayers. Therefore, taxpayers may not be able to rely on USACE's financial and award data displayed on USASpending.gov to track USACE spending. Additionally, policymakers may not be able to rely on USACE's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

### **Recommendations**

We recommend that the USACE SAO:

- work with the DoD and the Treasury to develop processes and procedures to identify and separate USACE award data from the DoD data to ensure compliance with DATA Act requirements, or combine the DoD and USACE submissions into one DATA Act submission;
- work with the DoD, the OMB, and the Treasury to develop policies, procedures, and criteria to address 90-day delay in FPDS for DoD procurement award data to ensure USACE's financial data related to procurement and grant awards are submitted in accordance with DATA Act requirements;
- develop DATA Act processes and procedures for ensuring USACE's financial data are collected, validated, reconciled, and reported in accordance with OMB guidance; and
- work with the DoD, the OMB, and the Treasury to develop policies, procedures, and criteria to address the 90-day delay in FPDS for DoD procurement award data to ensure all required data elements applicable to USACE's financial data related to procurement and grant awards are reported in accordance with DATA Act requirements.

### **Management Comments and Our Response**

The USACE SAO agreed or partially agreed with our findings and recommendations. Specifically, the USACE SAO agreed to:

- work with the DoD and the Treasury to separate USACE award data from the DoD data or combine the two submissions into one to ensure compliance with the DATA Act requirements;
- work with the DoD, the OMB, and the Treasury to ensure the appropriate acknowledgements of the 90-day reporting delay, which is affecting USACE's financial data related to procurement and grant awards submission, are documented, particularly on the new USASpending.gov site;
- develop DATA Act processes and procedures to ensure USACE's financial data are collected, validated, reconciled, and reported in accordance with the OMB; and
- work with the DoD, the OMB, and the Treasury to ensure the appropriate acknowledgements of the 90-day reporting delay, which is affecting the submission of the required data elements applicable to USACE's financial data related to procurement and grant awards, are documented, particularly on the new USASpending.gov site.

Therefore, these recommendations are resolved, but will remain open. We will close the recommendations once we verify the corrective actions the USACE SAO agreed to implement to address our findings and recommendations.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
U.S. Army Corps of Engineers Senior Accountable Official	None	A.1.a, A.1.b, A.1.c, B.1	None

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

November 8, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/  
CHIEF FINANCIAL OFFICER, DOD  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: USACE Compliance With the Digital Accountability and Transparency Act of 2014  
(Report No. DODIG-2018-021)

We are providing this report for your information and use. We performed this audit in response to Public Law 113-01, "The Digital Accountability and Transparency Act of 2014." The U.S. Army Corps of Engineers (USACE) Senior Accountable Official (SAO) certified timely second quarter FY 2017 financial data. However, the USACE SAO did not certify complete, accurate, or quality second quarter FY 2017 financial and award data for publication on USASpending.gov. In addition, the USACE SAO did not implement and use all required Government-wide financial data elements established by the Office of Management and Budget and the Department of the Treasury. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. Comments from the USACE SAO conformed to the requirements of DoD Instruction 7650.03; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945 (DSN 329-5945).

A handwritten signature in black ink that reads "Lorin T. Venable".

Lorin T. Venable, CPA  
Assistant Inspector General  
Financial Management and Reporting

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# Introduction

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## Objective

We determined whether the U.S. Army Corps of Engineers (USACE) complied with Public Law 113-101, “The Digital Accountability and Transparency Act of 2014” (DATA Act). Specifically, we assessed the completeness, timeliness, quality, and accuracy of USACE’s second quarter FY 2017 financial and award data submitted for publication on USASpending.gov and USACE’s implementation and use of the Government-wide financial data standards (elements) established by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury). See Appendix A for a discussion of the scope, methodology, and Appendix B for a discussion of prior audit coverage.

## Background

The Government Accountability Office’s (GAO) prior work on Federal data transparency found persistent challenges related to the completeness and accuracy of data agencies reported to USASpending.gov.<sup>1</sup> Therefore, Congress enacted the DATA Act on May 9, 2014, to expand on previous Federal transparency legislation.<sup>2,3</sup> The purpose of the DATA Act is to disclose and link Federal funds to increase accountability and transparency of Government spending to the public. The DATA Act enables taxpayers and policy makers to track these funds at multiple points in the Federal spending life cycle.

The DATA Act also required Federal agencies to report financial and award data in accordance with Government-wide data elements by May 2017. Federal agencies are not required to report classified or sensitive data. However, agencies are required to provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policymakers on USASpending.gov. In addition, the DATA Act is intended to improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted.

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<sup>1</sup> GAO Report No. GAO-14-476, “Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website,” June 2014, and GAO Report No. GAO-15-241T, “Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight,” December 3, 2014.

<sup>2</sup> Digital Accountability and Transparency Act of 2014. May 9, 2014, Pub. L. No. 113-101, 128 Stat. 1146, (codified at 31 U.S.C. 6101 note).

<sup>3</sup> Federal Funding Accountability and Transparency Act of 2006. §§ 1 to 4, September 26, 2006, as amended Pub. L. No. 110-252, § 6202(a), June 30, 2008 (31 U.S.C. § 6101 Note)

## ***OMB and Treasury***

The DATA Act requires the OMB and the Treasury to establish standardized data elements and requires agencies to comply with the elements when reporting financial and award information. Those elements specify the items to be reported under the DATA Act and define what is to be included in each element with the intention of ensuring that information will be consistent and comparable.

On May 8, 2015, the OMB issued Memorandum No. M-15-12 “Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable,” requiring agencies to designate a Senior Accountable Official (SAO). The DoD designated the Deputy Chief Financial Officer in the Office of Under Secretary of Defense (Comptroller), as the USACE Senior Accountable Official.

On May 8, 2015, the OMB and the Treasury also issued Federal Spending Transparency Data Standards for reporting Federal spending information and additional guidance to implement selected elements and clarify agency reporting requirements. Subsequently, on August 31, 2015, the OMB and the Treasury finalized the 57 standardized data elements. See Appendix C for complete list of data elements.

On April 29, 2016, the Treasury released the DATA Act Information Model Schema guidance for submitting data for display on USASpending.gov. Agencies are required to report summary-level congressional funding data and detail-level financial data.<sup>4,5</sup> This guidance requires data to be submitted in the following file format to the Treasury DATA Act Broker System (Treasury Broker) (See the Figure for the Treasury Broker Flowchart):

### *Financial data submitted by the agencies*

1. File A – Appropriation summary-level data
2. File B – Obligation and disbursement information at program activity and object class levels
3. File C – Financial data related to procurement and grant awards

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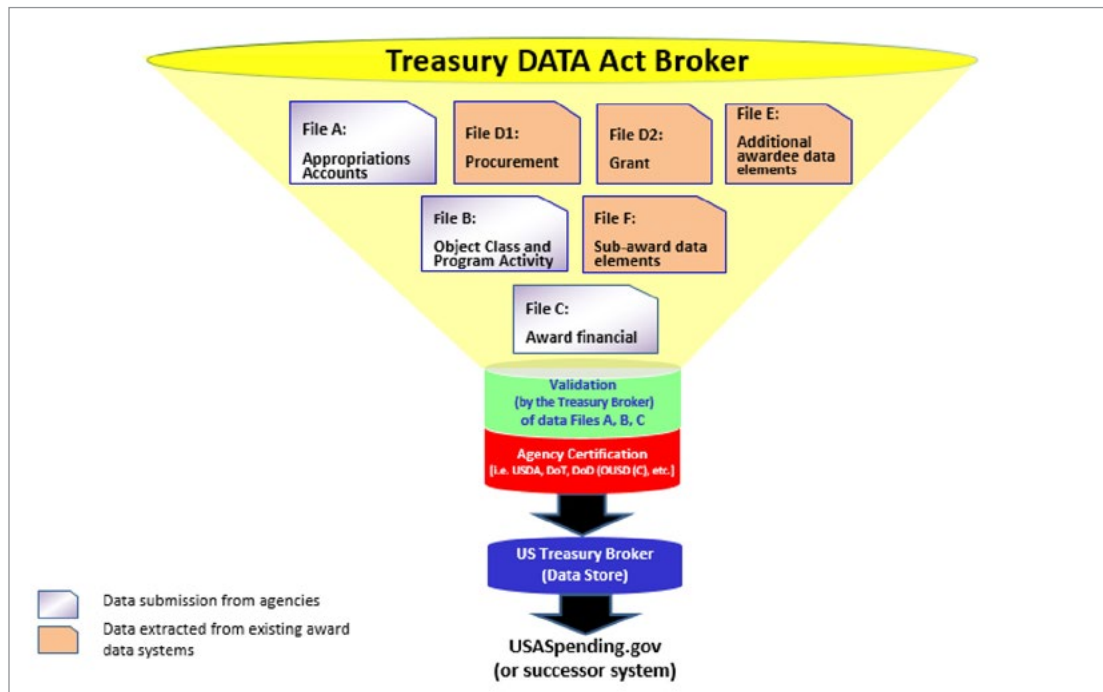
<sup>4</sup> Summary-level congressional funding data include appropriation account, object class, and program activity data. Appropriation account data include data categorized by activities and projects and placed in an account for a specific purpose. Object class data include data categorized by the items or services purchased by the Federal Government. Program activity data include data categorized by the specific activities or projects listed in the Federal budget.

<sup>5</sup> Detail-level financial data include detailed financial data specific to a contract or grant award.

*Award data extracted from existing award data systems*

1. File D1 – Procurement award data
2. File D2 – Grant award data
3. File E – Additional awardee data
4. File F – Sub-award data

*Figure. Operation of the Treasury Broker*



Source: GAO Report GAO-17-176, December 2016

On May 3, 2016, the OMB issued Memorandum No. 2016-03, “Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information,” requiring the SAO, on a quarterly basis, to provide reasonable assurance that the agency’s internal controls support the reliability and validity of the financial and award data submitted to the Treasury Broker for publication on USASpending.gov.

On November 4, 2016, the OMB issued Memorandum No. M-17-04, “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability,” which provides additional guidance for reporting intragovernmental transfers, personally identifiable information, and SAO submission to USASpending.gov.



## ***SAO Certification***

In accordance with OMB Memorandum No. M-17-04, a Federal agency's SAO assurance is submitted quarterly through an electronic certification process within the Treasury Broker. Specifically, the Federal agency uploads the appropriations summary-level data, obligation and disbursement at program activity and object class levels data, and financial data related to procurement and grant awards (if applicable). The Treasury Broker then extracts the procurement award data, grant award data, additional awardee data, and sub-award data from existing award systems. After all data are populated, the Treasury Broker performs individual and cross-file validations of all agency data. Once validations are complete and all critical errors are cleared, the SAO provides a narrative to explain any issues affecting the timeliness, accuracy, and completeness of the data. Once all submissions, validations, and narratives are complete, the SAO electronically certifies the data and submits the data for publication on USASpending.gov.

## ***Inspectors General Guide to Compliance Under the DATA Act***

To help improve the quality of the data reported on USASpending.gov, the DATA Act also required agency Inspectors General and the GAO to review a statistically valid sample of spending data and submit to Congress a report assessing the completeness, timeliness, quality, and accuracy of the data submitted by Federal agencies and the implementation and use of the data elements. To support the Inspector General community with DATA Act requirements, the Federal Audit Executive Council, a subcommittee of the Council of the Inspectors General on Integrity and Efficiency, established the DATA Act Working Group, consisting of nearly 140 auditors representing 35 Inspectors General. The Working Group developed the "Inspectors General Guide to Compliance Under the DATA Act," to assist the Inspector General community by developing a common methodology and reporting approach in accordance with the DATA Act.

## ***Treasury's Data Submission Guidance***

According to the Treasury, there should be one consolidated data submission per agency. However, if the agency has more than one Common Government-wide Accounting Classification agency code, the agency may submit separately. USACE has its own code that is separate from the rest of the DoD. On August 12, 2016, USACE issued its own DATA Act Implementation Plan detailing processes, systems, and controls that it planned to implement to report financial and award data in accordance with the DATA Act.<sup>6</sup>

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<sup>6</sup> U.S. Army Corps of Engineers Civil Works Digital Accountability and Transparency Act of 2014 Implementation Plan, August 12, 2016.

## Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.<sup>7</sup>

We reviewed USACE's documentation describing internal controls that the USACE SAO relied on for the DATA Act certification. As a result, we identified that the USACE SAO established internal controls over USACE's second quarter FY 2017 financial data. However, the internal controls were not adequate to ensure the completeness, accuracy, and quality of USACE's second quarter FY 2017 financial data certified and submitted for publication on USASpending.gov. Specifically, USACE's processes and procedures for the DATA Act submission did not ensure the collection, validation, reconciliation, and reporting of USACE financial data in compliance with OMB guidance. Furthermore, USACE did not independently validate or reconcile the financial data before the certification or after the submission of certified data. We will provide a copy of the report to the senior official responsible for internal controls over USACE's DATA Act submission.

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<sup>7</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding A

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### USACE Did Not Comply With the DATA Act

The USACE SAO did not comply with the DATA Act. Although the USACE SAO certified the second quarter FY 2017 financial data within the required timeframe, the USACE SAO did not certify and submit complete award data, complete financial award data related to procurement awards, accurate financial data, and quality financial data for publication on USASpending.gov.

These conditions occurred because the:

- Treasury Broker could not identify or separate the USACE procurement award, grant award, awardee and sub-award data from the DoD data;
- OUSD(C) instructed USACE to exclude financial data related to procurement awards from the USACE DATA Act certification; and
- USACE SAO lacked adequate internal controls to ensure the completeness, accuracy, and quality of financial data certified and submitted for publication on USASpending.gov.

As a result, taxpayers may not be able to rely on USACE's financial and award data displayed on USASpending.gov to track USACE spending. Additionally, policymakers may not be able to rely on USACE's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

### Financial Data Submitted in a Timely Manner

The USACE SAO certified the second quarter FY 2017 financial data within the required timeframe. The DATA Act requires Federal agencies and their components to report Federal funds made available or expended no later than 3 years after May 9, 2014. Therefore, the USACE was required to submit DATA Act financial data by May 9, 2017. The USACE SAO certified and submitted the financial data on April 28, 2017, in accordance with the DATA Act.

### Financial Data Related to Procurement Awards and Award Data Were Not Complete

The USACE SAO did not certify award data and financial data related to procurement awards for publication on USASpending.gov for its second quarter FY 2017 DATA Act submission. The DATA Act requires Federal agencies and entities receiving Federal funds to report financial and award data for publication

on USASpending.gov. The GAO financial audit manual defines completeness as the measure of whether all transactions and events that should have been recorded are recorded in the proper period.<sup>8</sup> Per the Treasury guidance, there should be one consolidated submission per agency, but if the agency has more than one Common Government-wide Accounting Classification agency code, the agency may certify and submit DATA Act data separately.<sup>9</sup> Because USACE has its own code, on August 12, 2016, USACE issued its own DATA Act Implementation Plan detailing processes, systems, and controls to implement the reporting under the DATA Act. Subsequently, the USACE SAO certified the USACE DATA Act submission separately from the DoD submission. However, the USACE SAO did not certify award data, including procurement award data, grant award data, additional awardee data, and sub-award data. In addition, USACE certified incomplete financial data. For example, the USACE SAO certified only financial data related to 10 grant awards transactions for the second quarter DATA Act submission. However, USACE personnel stated that they did not submit approximately 7,500 financial data related to procurement awards transactions.

The USACE SAO certification also did not include all required data elements for the financial award data transactions included in our testing. The DATA Act requires Federal agencies and entities receiving Federal funds to report OMB and Treasury-established common data elements for financial and award information. The OMB and the Treasury established 57 Government-wide standard data elements, of which 8 were applicable for the financial data, related to procurement and grant awards.<sup>10</sup> We reviewed the eight data elements for completeness. We determined the USACE SAO submitted six data elements applicable to the financial data related to grant awards. However, the SAO did not submit two data elements applicable to the financial data related to the procurement awards. Specifically, the USACE SAO certified all required data elements for the financial data related to grant awards; however, the SAO did not submit the Parent Award Identification Number and Award Identification Number data elements, two required elements that applied only to the financial data related to procurement award.

<sup>8</sup> GAO Report No. GAO 08-585G, "Financial Audit Manual," July, 2008.

<sup>9</sup> DATA Act Question of the Week, issued by DATA Act Treasury Program Management Office, "Common Government-wide Accounting Classification agency code Frequently Asked Question", July 28, 2016.

<sup>10</sup> Federal Spending Transparency Data Standards, issued by the OMB and the Treasury, August 31, 2015.

## Financial Data Were Not Accurate

The USACE SAO did not submit accurate financial data in accordance with the DATA Act. Specifically, program activity data were not consistent with the Program and Financing Schedule in the President's Budget (Program and Financing Schedule). OMB Memorandum No. M-17-04 requires the SAO to provide assurance that program activity data match the President's Budget. However, USACE submitted 35 of 79 program activity names or codes that were not consistent with the Program and Financing Schedule. Specifically, USACE certified:

- 28 program activity names and codes that were not found in the Program and Financing Schedule; and
- 7 program activity names or codes that did not match the program activity names and codes in the Program and Financing Schedule.

As a result, out of 1,006 program activity records certified, 260 records contained program activity names or codes inconsistent with the Program and Financing Schedule.

## Financial and Award Data Did Not Meet Quality Standards

The USACE SAO did not certify financial and award data that met quality standards. The OMB defines "quality" as including the elements of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity includes whether the information is being presented in an accurate, clear, complete, and unbiased manner. Lastly, the OMB defines integrity as the protection of information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification.<sup>11</sup>

The USACE SAO certified financial data within the required timeframe. However, the financial and award data did not meet OMB quality standards because the USACE SAO did not certify complete or accurate data. For example, the USACE SAO did not certify financial award data related to procurement awards, procurement award data, grant award data, additional awardee data, and sub-award data. In addition, the USACE program activity data were not consistent with the Program and Financing Schedule.

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<sup>11</sup> OMB "Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies; Republication," 67 Fed. Reg. 8452 (2002).



USACE protected the financial data from unauthorized access or revision to ensure that the information was not compromised through corruption or falsification within the Treasury Broker.

## **Treasury System Could Not Separate USACE and DoD Award Data**

The Treasury Broker could not identify and separate USACE award data from DoD award data. Specifically, the Treasury Broker recognized only DoD-level award data and not individual agencies within the DoD. Therefore, the OUSD(C) submitted the award data files on behalf of USACE under the DoD DATA Act submission.<sup>12</sup> As a result, USACE did not comply with the DATA Act because USACE's submission did not include the required award data. The USACE SAO should work with the DoD and the Treasury to develop processes and procedures to identify and separate USACE award data from the DoD data to ensure compliance with DATA Act requirements, or combine the DoD and USACE submissions into one DATA Act submission including both DoD and USACE data.

## **DoD Instructed USACE To Exclude Financial Procurement Award Data**

The OUSD(C) instructed USACE to exclude data from the second quarter FY 2017 USACE DATA Act submission. Specifically, the OUSD(C) instructed USACE to exclude approximately 7,500 financial data related to procurement awards transactions because the DoD procurement data, which includes USACE, had a 90-day delay. As a result, USACE did not comply with the DATA Act because USACE's submission did not include the required financial data related to procurement awards. Unless the 90-day delay is addressed, USACE will not be able to comply with the DATA Act, which requires USACE to report complete data on USASpending.gov. The USACE SAO should work with the DoD, the OMB, and the Treasury to develop policies, procedures, and criteria to address the 90-day delay in FPDS for DoD procurement award data to ensure USACE's financial data related to procurement and grant awards are submitted in accordance with DATA Act requirements.

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<sup>12</sup> The OUSD(C) is responsible for the DoD DATA Act submission for publication on USASpending.gov.

## **USACE Lacked Adequate Controls Over DATA Act Submission**

The USACE SAO established internal controls over USACE's second quarter FY 2017 financial data. However, the internal controls were not adequate to ensure the completeness, accuracy, and quality of USACE's second quarter FY 2017 financial data certified and submitted for publication on USASpending.gov. OMB Memorandum No. M-17-04 requires agency DATA Act SAOs or their designees to provide a quarterly assurance that their agency's internal controls support the reliability and validity of the agency account-level and award-level data reported for display on USASpending.gov.<sup>13</sup> USACE's processes and procedures for the DATA Act submission did not ensure the collection, validation, reconciliation, and reporting of USACE financial data complied with OMB Memorandum No. M-17-04. USACE personnel relied on Treasury Broker internal controls to identify problems with the DATA Act data submitted. In addition, USACE personnel did not independently validate or reconcile the financial data either before the certification or after the submission of certified data. The USACE SAO should develop DATA Act processes and procedures ensuring USACE financial data are collected, validated, reconciled, and reported in compliance with OMB Memorandum No. M-17-04.

## **USACE Financial and Award Data on USASpending.gov May Be Unreliable**

The purpose of the DATA Act was to increase the availability, accuracy, and usefulness of Federal spending information. However, USACE did not submit award data, financial data related to procurement awards, accurate financial data, and quality financial data. Because of USACE's incomplete and inaccurate DATA Act reporting, USACE reported unreliable second quarter FY 2017 financial and award data for publication on USASpending.gov. Until weaknesses identified in this report are addressed, any efforts to assess the quality of USACE's data submitted for publication on USASpending.gov will be limited due to uncertainties as a result of inaccuracies. Unless data quality is improved, taxpayers may not be able to rely on the USACE's financial and award data displayed on USASpending.gov to track USACE spending. Additionally, policymakers may not be able to rely on USACE's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

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<sup>13</sup> OMB Memorandum No. M-17-04, "Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability", November 4, 2016.

## Recommendations, Management Comments, and Our Response

### **Recommendation A.1**

**We recommend that the Senior Accountable Official responsible for the U.S. Army Corps of Engineers' Digital Accountability and Transparency Act compliance:**

- a. Work with the DoD and the Department of the Treasury to develop processes and procedures to identify and separate U.S. Army Corps of Engineers award data from the DoD data to ensure compliance with Digital Accountability and Transparency Act requirements, or combine the DoD and U.S. Army Corps of Engineers submissions into one Digital Accountability and Transparency Act submission including both DoD and U.S. Army Corps of Engineers data.**

#### *U.S. Army Corps of Engineers Senior Accountable Official Comments*

The USACE SAO agreed with the recommendation, stating that in August, the DoD and USACE renewed dialog with the Treasury to separate USACE award data from the DoD award data. The DoD and USACE will continue to champion the separation of USACE and DoD award data with the Treasury. The estimated completion date is March 31, 2018.

#### *Our Response*

Comments from the USACE SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify additional DoD or Treasury policies and procedures addressing the identification and separation of USACE's award data from the DoD data or combination of the two submissions into one to ensure compliance with DATA Act requirements. We expect to receive the information applicable to the separation of the USACE and DoD award data or the combination of the DoD and USACE DATA Act submissions into one no later than April 30, 2018.

- b. Work with the DoD, the Office of Management and Budget, and the Department of the Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure U.S. Army Corps of Engineers' financial data related to procurement and grant awards are submitted in accordance with Digital Accountability and Transparency Act requirements.**

*U.S. Army Corps of Engineers Senior Accountable Official Comments*

The USACE SAO partially agreed with the recommendation, stating that the 90-day delay in releasing FPDS data to the public has been in place for over 10 years, with OMB and Treasury knowledge, and is documented on the FPDS website. However, the DoD will work with the OMB and the Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site. The estimated completion date is March 31, 2018.

*Our Response*

Comments from the USACE SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify additional DoD, OMB, or Treasury policies and procedures addressing the 90-day delay in FPDS for DoD procurement award data to ensure USACE's financial data related to procurement and grant awards are submitted in compliance with the DATA Act requirements. We expect to receive the information applicable to the 90-day delay in FPDS for procurement award data no later than April 30, 2018.

- c. Develop Digital Accountability and Transparency Act processes and procedures for ensuring the U.S. Army Corps of Engineers financial data are collected, validated, reconciled, and reported in accordance with Office of Management and Budget Memorandum No. M-17-04.**

*U.S. Army Corps of Engineers Senior Accountable Official Comments*

The USACE SAO agreed with the recommendation, stating that USACE will continue to work with the OMB to standardize the reporting of program activity codes and program activity titles. This will include requesting that the OMB provide clarification regarding OMB Memorandum No. M-17-04, relative to the authoritative source to validate program activity codes and titles for specific fiscal year transactions. The OMB is developing a process to allow agencies to make more frequent/real-time updates to the program activity code validation listings used in the Treasury Broker. The results of these future, more frequent/real-time updates should be considered the authoritative source for validating program activity codes and titles associated with FY 2017 and beyond Treasury Account Symbols. The estimated completion date is March 31, 2018.

*Our Response*

Comments from the USACE SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify USACE's financial data are collected, validated, reconciled, and reported in accordance with OMB guidance to comply with the DATA Act requirements. We expect to receive the information applicable to the USACE DATA Act processes and procedures, based on OMB updated process/guidance, to standardize the reporting of program activity codes and program activity titles no later than April 30, 2018.



## Finding B

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### **USACE Did Not Implement and Use Government-Wide Financial Data Elements**

USACE did not implement and use the Government-wide data elements applicable to the financial data. Specifically, USACE did not submit 2 of 10 Government-wide data elements applicable to the financial data.

This occurred because the OUSD(C) instructed USACE to exclude financial data related to procurement awards.

As a result, USACE spending data displayed on USASpending.gov was inconsistent and unreliable to policymakers and taxpayers.

### **USACE Did Not Implement and Use Government-Wide Data Elements Applicable to the Financial Data**

USACE did not implement and use all required Government-wide data elements applicable to the financial data as established by the OMB and the Treasury. Specifically, the USACE SAO did not submit 2 of 10 Government-wide data elements applicable to the financial data related to procurement and grant awards. The OMB and the Treasury established the following 10 Government-wide financial data elements:

1. Parent Award Identification Number,
2. Award Identification Number,
3. Object Class,
4. Appropriation Account,
5. Budget Authority Appropriated,
6. Obligation,
7. Unobligated Balance,
8. Other Budgetary Resources,
9. Program Activity, and
10. Outlay.<sup>14</sup>

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<sup>14</sup> See definitions of these 10 Government-wide financial data elements in Appendix C.

USACE implemented and used 8 of the 10 Government-wide data elements applicable to the financial data. However, USACE did not submit the Parent Award Identification Number and Award Identification Number required data elements.

### **OUSD(C) Instructed USACE to Exclude Financial Procurement Award Data**

The OUSD(C) instructed USACE to exclude the second quarter FY 2017 financial data transactions related to procurement awards due to the 90-day delay in FPDS for the DoD procurement data. As a result, USACE did not comply with the DATA Act because USACE's submission did not include two data elements applicable to the financial data related to procurement awards. Unless the 90-day delay is addressed, USACE will not be able to comply with the DATA Act, which requires USACE to report complete data on USASpending.gov. The USACE SAO should work with the DoD, the OMB, and the Treasury to develop policies, procedures, and criteria to address the 90-day delay in FPDS for DoD procurement award data to ensure all required data elements applicable to USACE's financial data related to procurement and grant awards are submitted in accordance with DATA Act requirements.

### **USACE Financial and Award Data on USASpending.gov Are Inconsistent and Unreliable**

The purpose of the DATA Act was to increase the availability, accuracy, and usefulness of Federal spending information. However, the USACE SAO did not certify complete financial data related to procurement and grant awards. As a result, USACE reported inconsistent and unreliable second quarter FY 2017 financial and award data for publication on USASpending.gov. Unless data is complete and quality is improved, taxpayers may not be able to rely on USACE's financial and award data displayed on USASpending.gov to track USACE spending. Additionally, policymakers may not be able to rely on USACE's financial and award data to make decisions and effectively plan for mission-critical programs and operations.

## Recommendations, Management Comments, and Our Response

### ***Recommendation B.1***

**We recommend that the Senior Accountable Official work with the DoD, the Office of Management and Budget and the Department of the Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure all required data elements applicable to the U.S. Army Corps of Engineers financial data related to procurement and grant awards are submitted in accordance with Digital Accountability and Transparency Act requirements.**

### *US Army Corps of Engineers Senior Accountable Official Comments*

The USACE SAO partially agreed with the recommendation, stating that the 90-day delay in releasing FPDS data to the public has been in place for over 10 years, with OMB and Treasury knowledge, and is documented on the FPDS website. However, the DoD will work with the OMB and the Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site. The estimated completion date is March 31, 2018.

### *Our Response*

Comments from the USACE SAO addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify additional DoD, OMB, or Treasury policies and procedures addressing the 90-day delay in FPDS for DoD procurement award data to ensure all required data elements applicable to the USACE financial data related to procurement and grant awards are submitted in compliance with the DATA Act requirements. We expect to receive the information applicable to the 90-day delay in FPDS for procurement award data no later than April 30, 2018.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from March 2017 to November 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit focused on second quarter FY 2017 financial and award data the USACE submitted for publication on USASpending.gov and any applicable procedures, certifications, documentation, and controls to achieve this process. To understand USACE's systems, processes, and internal controls over data management, we interviewed personnel at USACE Finance Center in Millington, Tennessee. We also interviewed USACE personnel to understand USACE's systems, processes, and internal controls over financial and award data reported to USASpending.gov. We reviewed policy and criteria, including guidance issued by the OMB and the Treasury, to understand any regulatory criteria related to USACE's responsibilities to report financial and award data under the DATA Act. Furthermore, we collaborated with the DATA Act Working Group from the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council to develop the Inspectors General Guide to Compliance Under the DATA Act. We adopted the common methodology and reporting approach detailed in the Inspectors General Guide to Compliance Under the DATA Act to perform this audit.

We obtained the second quarter FY 2017 financial data USACE submitted for publication on USASpending.gov. Subsequently, we compared the appropriation summary-level data and obligation and disbursement information at program activity and object class levels to the U.S. Treasury balances derived from the DoD SF-133 reports to determine any variances. We also assessed USACE's implementation and use of the applicable 57 data elements established by the OMB and the Treasury.

We selected and tested all 10 financial data related to grant award transactions from the second quarter FY 2017 financial data USACE submitted for publication on USASpending.gov. We determined the completeness, timeliness, quality, and accuracy of the financial and award data and assessed USACE's implementation and use of the applicable 57 data definition elements established by the OMB and the Treasury.

## **Use of Computer-Processed Data**

We used second quarter FY 2017 financial data submitted for publication on USASpending.gov that we extracted from the Treasury Broker. We compared financial information, such as appropriation summary-level data and obligation and disbursement data at the program activity and object class levels, with such balances reported in the U.S. Treasury Central Accounting and Reporting System and identified variances. In addition, we tested financial data against source documentation derived from the USACE financial management system. We assessed reliability of the financial data to accomplish our audit objectives. We determined that we could rely on the financial data to draw audit conclusions.



## Appendix B

### Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the DoD Office of Inspector General (DoD OIG) issued 10 reports discussing DATA Act efforts. Unrestricted GAO reports can be accessed at <http://www.gao.gov>. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

### GAO

Report No. GAO-17-496, “DATA ACT: As Reporting Deadline Nears, Challenges Remain That Will Affect Data Quality,” April 2017

Internal control weaknesses and other challenges pose risks to data quality. Specifically, Inspector General readiness review reports identified several widespread and longstanding issues: (1) accounting and financial management, (2) financial management systems, and (3) information technology security and controls. The GAO has also reported weaknesses and challenges in Government-wide financial management systems used for DATA Act reporting.

Challenges with guidance will impact data quality. Specifically, challenges related to how agencies report certain intragovernmental transactions, reconcile recipient address information, and align required DATA Act files with missing data continue to present risks to the quality of data displayed on USASpending.gov. According to the OMB and the Treasury, these challenges will not be resolved before the May 2017 reporting deadline. Unresolved challenges affecting data quality could lead policymakers and the public to draw inaccurate conclusions from the data.

Report No. GAO-17-460, “DATA ACT: Office of Inspector General Reports Help Identify Agencies Implementation Challenges,” April 2017

As of January 31, 2017, 30 Inspectors General (IGs) had completed DATA Act readiness reviews. The IGs reported on their agency’s readiness to meet the DATA Act requirements as follows.

- Three of the 30 IGs reported that their agency was not on track to meet DATA Act requirements.
- Two of the 30 IGs reported that their agency would not submit complete data by May 2017 reporting deadline.

- Twelve IGs did not specifically reported whether their agency would meet requirements and reported that its agency faces challenges.
- Thirteen IGs reported that their agency would meet DATA Act requirements.

Report No. GAO-17-156, “DATA ACT: OMB and Treasury Have Issued Additional Guidance and Have Improved Pilot Design but Implementation Challenges Remain,” December 2016

The OMB and the Treasury have taken the initial step of convening a committee to maintain established standards and identify new standards. Although this represents progress, more needs to be done to establish a data governance structure. The lack of a data governance structure for managing efforts going forward jeopardizes the ability to sustain progress as priorities shift over time.

The GAO identified four categories of challenges reported by agencies that may impede their ability to implement the DATA Act: (1) systems integration issues, (2) lack of resources, (3) evolving and complex reporting requirements, and (4) inadequate guidance.

The OMB issued additional guidance; however, this guidance does not provide sufficient detail in areas such as the process for providing assurance on data submissions or addresses how agencies should operationalize the definitions for data elements. The Treasury also released a new version of the DATA Act Broker and made minor adjustments to its functionality.

Report No. GAO-16-698, “DATA ACT: Improvements Needed in Reviewing Agency Implementation,” July 2016

The OMB and the Treasury have not designed and implemented controls or fully documented processes related to the review and use of agency implementation plans for the DATA Act. In addition, as of July 2016, the OMB had not determined the complete population of agencies that are required to report spending data under the DATA Act and submit implementation plans to the OMB. Lacking fully documented controls and processes as well as a complete population of agencies increases the risk that the purposes and benefits of the DATA Act may not be fully achieved, and could result in incomplete spending data being reported.

Based on OMB and Treasury guidance, the GAO identified 51 plan elements in four separate categories—timeline, cost estimate, narrative, and project plan—to be included in agency implementation plans. None of the 42 implementation plans the GAO received and reviewed contained all 51 plan elements described in OMB and Treasury guidance. Due to the lack of consistent and complete agency implementation plans, it may be difficult for the OMB and the Treasury to determine whether agencies will be able to implement the data standards finalized by the OMB and the Treasury in August 2015.

Report No. GAO-16-438, “DATA ACT: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden,” April 2016

As required by the DATA Act, the OMB is conducting a pilot program, known as the Section 5 Pilot, aimed at developing recommendations for reducing recipient reporting burden for grantees and contractors. OMB collaborated with the Department of Health and Human Services to design and implement the grants portion of the pilot, and with the General Services Administration (GSA) to implement the procurement portion. The OMB launched the Section 5 Pilot in May 2015 and expects to continue pilot-related activities until at least May 2017. If implemented according to the Department of Health and Human Services proposed plan, the grants portion of the pilot will likely meet the requirements established under the DATA Act. In contrast, the GAO has concerns with how the procurement portion of the pilot will contribute to the Section 5 Pilot’s design requirements.

Report No. GAO-16-261, “DATA ACT: Data Standards Established but More Complete and Timely Guidance is Needed to Ensure Effective Implementation,” January 2016

The OMB and the Treasury issued definitions for 57 Federal spending data elements. The GAO found that most definitions adhered to leading practices derived from international standards for formulating data definitions. Specifically, 12 of the 57 definitions met all 13 leading practices, and none met fewer than 9 leading practices. However, the GAO found several definitions that could lead to inconsistent reporting. In addition, the OMB and the Treasury have not issued the final technical guidance. If guidance is not aligned with agency implementation timelines, agencies may delay taking key steps or need to revise existing plans once final technical guidance is released, thereby hindering their ability to meet DATA Act requirements and timelines.

Report No. GAO-15-241, "Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight," December 2014

Initial implementation efforts are focused on obtaining public input, developing data standards and establishing plans to monitor agency compliance with DATA Act provisions. These efforts include a data transparency town hall meeting co-hosted by the Treasury and the OMB to obtain public stakeholder input on the development of data standards, and the Treasury Inspector General's efforts, in consultation with the GAO, to develop a comprehensive audit framework to assess agency compliance and ensure new standardized data elements are effective once implemented. Effective implementation will need to address key technical issues including developing and defining common data elements across multiple reporting areas and enhancing data transparency while protecting individual privacy and national security.

Effective implementation would help promote transparency to the public and address ongoing government management challenges by expanding the quality and availability of Federal spending data. Having better data also will make it possible to gauge the magnitude of the Federal investment, help agencies make fully informed decisions about how Federal resources should be allocated, and provide agencies and the audit community with additional data analytic tools to detect and prevent improper payments and fraudulent spending.

Report No. GAO-14-476, "Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website," June 2014

Although agencies generally reported required contract information, agencies did not properly report information on assistance awards (for example, grants or loans), totaling approximately \$619 billion in FY 2012. Specifically, 33 of 37 agencies with a budget authority of at least \$400 million reported at least one contract. In addition, agencies reported required information for at least one assistance award for 1,390 of 2,183 programs listed in a federal catalog. Another 451 programs did not make an award subject to USASpending.gov reporting. However, agencies did not appropriately submit the required information for the remaining 342 programs, although many reported the information after the GAO informed them of the omission. The data element that identifies the name of the award recipient was the most consistent, while the elements that describe the award's place of performance were generally the most inconsistent. Due to incomplete or inadequate agency

records, it is difficult to determine consistency of data elements. Four data elements in particular (for example, program source information and the state of performance) had inadequacies that were significant. This means that for each of the four data elements, at least 10 percent of awards contained unverifiable information.

Report No. GAO-13-758, "Federal Data Transparency – Opportunities Remain to Incorporate Lessons Learned Availability of Spending Data Increases," September 2013

Several Federal entities, including the Government Accountability and Transparency Board (GAT Board), the Recovery Accountability and Transparency Board (Recovery Board), and OMB, have initiatives underway to improve the accuracy and availability of Federal spending data. The initiatives include standardizing data elements, linking financial management systems with award systems, and leveraging existing data to help improve oversight. While the GAT Board and the OMB are developing plans for the initiatives from Federal stakeholders, they have not developed mechanisms for obtaining input from non-Federal fund recipients. Lessons from implementing the transparency objectives of the Recovery Act could help inform the following new initiatives:

- Standardize data to integrate systems and enhance accountability.
- Obtain stakeholder involvement as reporting requirements are developed.
- Delineate clear requirements and lines of authority for implementing transparency initiatives.

## **DoD OIG**

Report No. DODIG-2017-022, "Independent Attestation Review on the DoD's Progress to Comply With the Digital Accountability and Transparency Act of 2014," November 17, 2016

The DoD incorporated 8 steps established by the OMB and the Treasury into its DATA Act Implementation Plan and completed steps 1, 2, and 4 of the 8 steps; however, the DoD partially complied with the standards established by the Treasury and the OMB for step 3. In addition, the DoD planned to extend the reporting deadline for the transaction-level financial data by 1 year, or until second quarter 2018. Nothing came to the DoD OIG's attention to indicate that the DoD did not make efforts to comply with the DATA Act.

## Appendix C

### DATA Act Elements and Definitions

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
<b>Awardee and Recipient Entity Data Standards</b>			
These data elements describe the recipients/awardees of Federal funds.			
Awardee/ Recipient Legal Entity	The name of the awardee or recipient that relates to the unique identifier. For U.S.-based companies, this name is what the business ordinarily files in formation documents with individual states (when required).	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Awardee/ Recipient Unique Identifier	The unique identification number for an awardee or recipient. Currently, the identifier is the 9-digit number assigned by Dun & Bradstreet referred to as the DUNS® number.	Required Derived Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Additional Awardee Data (File E) Sub-award Data (File F)
Ultimate Parent Unique Identifier	The unique identification number for the ultimate parent of an awardee or recipient. Currently, the identifier is the 9-digit number maintained by Dun & Bradstreet as the global parent DUNS® number.	Required Required Required	Procurement Award Data (File D1) Additional Awardee Data (File E) Sub-award Data (File F)
Ultimate Parent Legal Entity Name	The name of the ultimate parent of the awardee or recipient. Currently, the name is from the global parent DUNS® number.	Required Required Required	Procurement Award Data (File D1) Additional Awardee Data (File E) Sub-award Data (File F)
Legal Entity Address	The awardee or recipient's legal business address where the office represented by the Unique Entity Identifier (as registered in the System for Award Management [SAM]) is located. In most cases, this should match what the entity has filed with the State in its organizational documents, if required. The address is made up of five components: Address Lines 1 and 2, City, State Code, and ZIP+4 or Postal Code.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Legal Entity Congressional District	The congressional district in which the awardee or recipient is located. This is not a required data element for non-U.S. addresses.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)

## DATA Act Elements and Definitions (cont'd)

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Legal Entity Country Code	Code for the country in which the awardee or recipient is located, using the ISO 3166-1 Alpha-3 GENC Profile, and not the codes listed for those territories and possessions of the United States already identified as "states."	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Legal Entity Country Name	The name corresponding to the country code.	Required Required	Procurement Award Data (File D1) Sub-award Data (File F)
Highly Compensated Officer Name	<p><b>First Name:</b> The first name of an individual identified as one of the five most highly compensated "Executives."</p> <p><b>Middle Initial:</b> The middle initial of an individual identified as one of the five most highly compensated "Executives."</p> <p><b>Last Name:</b> The last name of an individual identified as one of the five most highly compensated "Executives."</p> <p><b>"Executive"</b> means officers, managing partners, or any other employees in management positions.</p>	Required Required	Additional Awardee Data (File E) Sub-award Data (File F)
Highly Compensated Officer Total Compensation	The cash and noncash dollar value earned by the one of the five most highly compensated "Executives" during the awardee's preceding fiscal year and includes the following (for more information see 17 C.F.R. § 229.402(c) 2)): salary and bonuses, awards of stock, stock options, and stock appreciation rights, earnings for services under non-equity incentive plans, change in pension value, above-market earnings on deferred compensation which is not tax qualified, and other compensation.	Required Required	Additional Awardee Data (File E) Sub-award Data (File F)
<b>Award Amount Data Standards</b> These data elements describe characteristics that apply to amount information for financial assistance and/or procurement awards.			
Federal Action Obligation	Amount of Federal Government's obligation, de-obligation, or liability, in dollars, for an award transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Non-Federal Funding Amount	For financial assistance, the amount of the award funded by non-Federal source(s), in dollars. Program Income (as defined in 2 C.F.R. § 200.80) is not included until such time that Program Income is generated and credited to the agreement.	Optional	Grant Award Data (File D2)



### DATA Act Elements and Definitions (cont'd)

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Current Total Funding Obligation/ Amount of Award	The cumulative amount obligated by the Federal Government for an award, which is calculated by USASpending.gov or a successor site. For procurement and financial assistance awards except loans, this is the sum of Federal Action Obligations. For loans or loan guarantees, this is the Original Subsidy Cost.	Derived Required	Procurement Award Data (File D1) Sub-award Data (File F)
Current Total Value of Award	For procurement, the total amount obligated to date on a contract, including the base and exercised options.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Potential Total Value of Award	For procurement, the total amount that could be obligated on a contract, if the base and all options are exercised.	Required	Procurement Award Data (File D1)
<b>Award Characteristic Data Standards</b>			
These data elements describe characteristics that apply to specific financial assistance and/or procurement awards.			
Award Type	Description (and corresponding code) that provides information to distinguish type of contract, grant, or loan and provides the user with more granularity into the method of delivery of the outcomes.	Required Required	Procurement Award Data (File D1) Grant Award Data (File D2)
North American Industrial Classification System (NAICS) Code	The identifier that represents the North American Industrial Classification System (NAICS) Code assigned to the solicitation and resulting award identifying the industry in which the contract requirements are normally performed.	Required Required	Procurement Award Data (File D1) Sub-award Data (File F)
North American Industrial Classification System (NAICS) Description	The title associated with the NAICS Code.	Required Required	Procurement Award Data (File D1) Sub-award Data (File F)
Catalog of Federal Domestic Assistance (CFDA) Number	The number assigned to a Federal area of work in the Catalog of Federal Domestic Assistance.	Required	Grant Award Data (File D2)
Catalog of Federal Domestic Assistance (CFDA) Title	The title of the area of work under which the Federal award was funded in the Catalog of Federal Domestic Assistance (CFDA).	Required Required	Grant Award Data (File D2) Sub-award Data (File F)

## DATA Act Elements and Definitions (cont'd)

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Treasury Account Symbol (TAS)	<b>Treasury Account Symbol (TAS):</b> The account identification codes assigned by the Department of the Treasury to individual appropriation, receipt, or other fund accounts. All financial transactions of the Federal Government are classified by TAS for reporting to the Department of the Treasury and the Office of Management and Budget.		
Award Description	A brief description of the purpose of the award.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Award Modification/ Amendment Number	The identifier of an action being reported that indicates the specific subsequent change to the initial award.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Parent Award Identification Number	The identifier of the procurement award under which the specific award is issued, such as a Federal Supply Schedule. This data element currently applies to procurement actions only.	Derived Required Required	Award Financial Data (File C)  Procurement Award Data (File D1) Sub-award Data (File F)
Action Date	The date the action being reported was issued/signed by the Government or a binding agreement was reached.	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Period of Performance Start Date	The date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Period of Performance Current End Date	The current date on which, for the award referred to by the action being reported, awardee effort completes or the award is otherwise ended. Administrative actions related to this award may continue to occur after this date. This date does not apply to procurement indefinite delivery vehicles under which definitive orders may be awarded.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Period of Performance Potential End Date	For procurement, the date on which, for the award referred to by the action being reported if all potential pre-determined or prenegotiated options were exercised, awardee effort is completed or the award is otherwise ended.	Required	Procurement Award Data (File D1)

*DATA Act Elements and Definitions (cont'd)*

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Ordering Period End Date	For procurement, the date on which, for the award referred to by the action being reported, no additional orders referring to it may be placed. This date applies only to procurement indefinite delivery vehicles (such as indefinite delivery contracts or blanket purchase agreements). Administrative actions related to this award may continue to occur after this date. The period of performance end dates for procurement orders issued under the indefinite delivery vehicle may extend beyond this date.	Required	Procurement Award Data (File D1)
Primary Place of Performance Address	The address where the predominant performance of the award will be accomplished. The address is made up of six components, Address Lines 1 and 2, City, County, State Code, and ZIP+4 or Postal Code.	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Primary Place of Performance Congressional District	U.S. congressional district where the predominant performance of the award will be accomplished. This data element will be derived from the Primary Place of Performance Address.	Required Derived Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Primary Place of Performance Country Code	Country code where the predominant performance of the award will be accomplished.	Required Required Required	Procurement Award Data (File D1) Grant Award Data (File D2) Sub-award Data (File F)
Primary Place of Performance Country Name	Name of the country represented by the country code where the predominant performance of the award will be accomplished.	Required	Sub-award Data (File F)
Award Identification Number	The unique identifier of the specific award being reported. Federal Award Identification Number (FAIN) for financial assistance and Procurement Instrument Identifier (PIID) for procurement.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Record Type	Code indicating whether an action is an individual transaction or aggregated.	Required	Grant Award Data (File D2)

## DATA Act Elements and Definitions (cont'd)

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Type of Action/ Action Type	Description (and corresponding code) that provides information on any changes made to the Federal prime award. There are typically multiple actions for each award. (Note: This definition encompasses current data elements 'Type of Action' for financial assistance and 'Reason for Modification' for procurement.)	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Business Type	A collection of indicators of different types of recipients based on socio-economic status and organization / business areas.	Required	Grant Award Data (File D2)
<b>Funding Entity Data Standards</b>			
These data elements describe the characteristics of the entity that provided the funding for an award			
Funding Agency Name	Name of the department or establishment of the Government that provided the preponderance of the funds for an award.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Agency Code	Instrument Identifier (PIID) for procurement.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Sub-Tier Agency Name	Name of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Sub-Tier Agency Code	Identifier of the level 2 organization that provided the preponderance of the funds obligated by this transaction.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Office Name	Name of the level n organization that provided the preponderance of the funds obligated by this transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Funding Office Code	Identifier of the level n organization that provided the preponderance of the funds obligated by this transaction.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
<b>Awarding Entity Data Standards</b>			
These data elements describe the characteristics of the entity that made the award.			
Awarding Agency Name	A department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Agency Code	The name associated with a department or establishment of the Government as used in the Treasury Account Fund Symbol (TAFS).	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)

*DATA Act Elements and Definitions (cont'd)*

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Awarding Sub-Tier Agency Name	Name of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Sub-Tier Agency Code	Identifier of the level 2 organization that awarded, executed, or is otherwise responsible for the transaction.	Required Required	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Office Name	Name of the level n organization that awarded, executed, or is otherwise responsible for the transaction.	Required Derived	Procurement Award Data (File D1) Grant Award Data (File D2)
Awarding Office Code	Identifier of the level n organization that awarded, executed, or is otherwise responsible for the transaction.	Required Optional	Procurement Award Data (File D1) Grant Award Data (File D2)
<b>Account Level Data Standards</b>			
These data elements describe the appropriations accounts from which agencies fund Federal awards.			
Object Class	Categories in a classification system that presents obligations by the items or services purchased by the Federal Government. Each specific object class is defined in OMB Circular A-11 § 83.6.	Required Required	Program Activity Data (File B) Award Financial Data (File C)
Appropriation Account	<p>The basic unit of an appropriation generally reflecting each unnumbered paragraph in an appropriation act. An appropriations account <b>is represented by a TAFS</b> created by the Treasury in consultation with the OMB.</p> <p><b>Treasury Appropriation Fund Symbol (TAFS):</b> The components of a Treasury Account Symbol—allocation agency, agency, main account, period of availability and availability type—that directly correspond to an appropriations account established by Congress.</p>	Required Required Required	Appropriation Summary Level Data (File A) Program Activity Data (File B) Award Financial Data (File C)
Budget Authority Appropriated	A provision of law (not necessarily in an appropriations act) authorizing an account to incur obligations and to make outlays for a given purpose. Usually, but not always, an appropriation provides budget authority.	Required	Appropriation Summary Level Data (File A)

*DATA Act Elements and Definitions (cont'd)*

Data Element Name	Data Element Definition	Required <sup>1</sup> / Optional <sup>2</sup> / Derived <sup>3</sup>	Applicable Data File
Obligation	A binding agreement that will result in outlays, immediately or in the future. An agency incurs an obligation when it enters into an agreement to purchase goods or services. The agency pays the provider upon receipt of the goods or services; in Federal budgeting and financial management, that payment is an outlay. There are many actions that trigger obligations; these include procurements, awarding grants, compensating Federal workers, and making social security payments.	Required Required Optional	Appropriation Summary Level Data (File A) Program Activity Data (File B) Award Financial Data (File C)
Unobligated Balance	Unobligated balance means the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts at a point in time. The term “expired balances available for adjustment only” refers to unobligated amounts in expired accounts. Additional detail is provided in OMB Circular A-11.	Required Required Optional	Appropriation Summary Level Data (File A) Program Activity Data (File B) Award Financial Data (File C)
Other Budgetary Resources	New borrowing authority, contract authority, and spending authority from offsetting collections provided by Congress in an appropriations act or other legislation, or unobligated balances of budgetary resources made available in previous legislation, to incur obligations and to make outlays.	Required	Appropriation Summary Level Data (File A)
Program Activity	A specific activity or project as listed in the program and financing schedules of the annual budget of the U.S. Government.	Required Optional	Program Activity Data (File B) Award Financial Data (File C)
Outlay	The spending or disbursement of money. Outlays are the measure of Government spending.	Required Required Optional	Appropriation Summary Level Data (File A) Program Activity Data (File B) Award Financial Data (File C)

<sup>1</sup> Required – Element must be present.

<sup>2</sup> Optional – Element may be included but is not required.

<sup>3</sup> Derived – Element content is obtained from the content of another element. For example, ZIP code is used to derive city and state.



## Management Comments

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### U.S. Army Corps of Engineers



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

NOV 06 2017

MEMORANDUM FOR PROGRAM DIRECTOR, FINANCIAL MANAGEMENT AND  
REPORTING, DEPARTMENT OF DEFENSE OFFICE OF  
INSPECTOR GENERAL

SUBJECT: "USACE Compliance With the Digital Accountability and Transparency Act of  
2014" (Project No. D2017-D000FE-0110.000), November 1, 2017

We received the subject report and reviewed your recommendations to the U.S. Army Corps of Engineers (USACE) Senior Accountable Official. Attached are responses to your specific recommendations.

During the implementation planning phase, numerous discussions occurred with the Department of the Treasury (Treasury) regarding USACE obtaining the ability to generate separate procurement award, grant award, awardee and sub-award data within the Broker. While this delineation may be possible in the future, it was not in place for USACE's initial submission. Therefore, in April 2017, USACE provided an initial submission of three of the seven required DATA Act files. We will continue to work with Treasury to champion the separation of USACE and DoD acquisition data. We will also use feedback from this audit as a baseline for assessing data quality and continuously improving the integrity of submissions.

Although your report may be technically accurate, it lacks useful context that might better inform the average reader or taxpayer. For example, the report does not acknowledge that this is an initial implementation using new and beta versions of tools employed by Treasury, nor does it acknowledge the ongoing evolution of Office of Management and Budget and Treasury guidance specific to data schemas, definitions, and validation processes. In a broader context, while the report directly highlights numerous data quality shortcomings and indirectly highlights shortcomings in the federal software used to report and consolidate the data, it does not highlight the fact that this initial implementation represents a critical milestone in providing greater transparency of federal spending data.

Finally, the government-wide audit testing methodology appears to overstate failure rates, making for potentially misleading results. For example, for each transaction reviewed, if one data element was inaccurate or unsupported, regardless of its significance or materiality, the entire transaction failed. We recommend that future DATA Act audits incorporate testing methodology designed to review and score individual data elements according to their value to users. This would provide the public with a clearer understanding of what portions of the available data may be less reliable than others, as well as provide agencies with a frame of reference to prioritize corrective actions.

We appreciate your audit team's cooperative efforts and rigorous evaluation of this



## U.S. Army Corps of Engineers (cont'd)

program. Thank you for the opportunity to review and comment on the draft audit report. My staff point of contact is [REDACTED]



Mark E. Easton  
Deputy Chief Financial Officer

Attachment:  
As stated

## U.S. Army Corps of Engineers (cont'd)

DOD OIG DRAFT REPORT - DATED November 01, 2017  
Project No. D2017-D000FE-0110.000

### "USACE COMPLIANCE WITH THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014"

#### USACE SENIOR ACCOUNTABLE OFFICIAL RESPONSES TO RECOMMENDATIONS

**Recommendation A.1.** We recommend that the Senior Accountable Official responsible for the U.S. Army Corps of Engineers' Digital Accountability and Transparency Act compliance:

**Recommendation A.1.a.** Work with the DoD and the Department of Treasury to develop processes and procedures to identify and separate U.S. Army Corp of Engineers (USACE) award data from the DoD data to ensure compliance with DATA Act requirements, or combine the DoD and USACE submissions into one DATA Act submission including both DoD and USACE data.

**SAO RESPONSE:** Concur. In August, the DoD and USACE renewed dialog with the Department of Treasury to separate USACE award data from DoD. DoD and USACE will continue to champion the separation of USACE and DoD award data with Treasury. Estimated completion date is March 31, 2018.

**Recommendation A.1.b.** Work with the DoD, Office of Management and Budget, and Department of the Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure USACE financial data related to procurement and grant awards are submitted in accordance with Digital Accountability and Transparency Act requirements.

**SAO RESPONSE:** Partially-Concur. The DATA Act of 2014 and subsequent OMB memos simply state the agencies need to begin reporting in May 2017, and continue reporting no less than quarterly thereafter. Neither the Law, nor official Office of Management and Budget (OMB) memorandums, state that Agencies must submit and certify their monthly or quarterly data within a certain timeframe after a month or quarter close. The 90 day delay in releasing Federal Procurement Data System (FPDS) data to the public has been in place for over 10 years, with OMB and Treasury knowledge and is documented on the FPDS website. A similar reporting delay will also apply to future USACE's DATA Act submissions in their entirety. OMB and Treasury were informed of this expanded decision in a memo for the record, issued in August 2017. DoD will work with OMB and Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site. Estimated completion date is March 31, 2018.

**Recommendation A.1.c.** Develop DATA Act processes and procedures for ensuring the USACE financial data are collected, validated, reconciled, and reported in accordance with the Office of Management and Budget Memorandum No. M-17-04.

**SAO RESPONSE:** Concur. The requirement in OMB M-17-04 (Appendix A), states SAOs "should leverage the existing processes and other assurances listed in the column

## U.S. Army Corps of Engineers (cont'd)

Existing Assurances or Internal Controls over Authoritative Source Data.” The USACE leveraged existing internal controls within our Financial Reporting and compilation processes to ensure accurate, complete, and timely DATA Act reporting for those data elements within our control. In addition, USACE developed specific processes and controls to ensure Data Act submissions were in compliance with OMB M-17-04. Based on the IG findings, USACE will continue to work with OMB to standardize the reporting of Program Activity Codes and Program Activity Titles. This will include requesting OMB provide clarification regarding M-17-04, relative to the authoritative source to validate Program Activity Codes and Titles for specific fiscal year transactions. Per the current M-17-04, the DoD OIG validated USACE’s program activity codes and titles using the President’s Budget (Program and Financing Schedule) developed two years prior to the year of execution. Program Activity Codes and Titles change across, and throughout, fiscal years. The authoritative source(s) for this information should be more current and appropriately applied across transactions by fiscal year. OMB is developing a process to allow Agencies to make more frequent/real time updates to the Program Activity Code validation listings used in the Broker. The results of these future, more frequent/real-time updates should be considered the authoritative source for validating Program Activity Codes and Titles associated with FY17 and beyond Treasury Account Symbols. Estimated completion date is March 31, 2018.

It is important to note that warning messages in DATA Act submissions are intended as flags for agency review, not as an indication of a critical error, or that something must be corrected before submission. Data submissions that generate a warning message prior to submission are accepted by Treasury for publication, while data that generate a critical error message will not be accepted. Program Activity Codes and Titles are often only warnings.

**Recommendation B.1.** We recommend that the Senior Accountable Official work with the DoD, the Office of Management and Budget, and the Department of Treasury to develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure all required data elements applicable to the U.S. Army Corp of Engineers financial data related to procurement and grant awards are submitted in accordance with DATA Act requirements.

**SAO RESPONSE:** Partially-Concur. The DATA Act of 2014 and subsequent OMB memos simply state the agencies need to begin reporting in May 2017, and continue reporting no less than quarterly thereafter. Neither the Law, nor official Office of Management and Budget (OMB) memorandums, state that Agencies must submit and certify their monthly or quarterly data within a certain timeframe after a month or quarter close. The 90 day delay in releasing Federal Procurement Data System (FPDS) data to the public has been in place for over 10 years, with OMB and Treasury knowledge and is documented on the FPDS website. A similar reporting delay will also apply to future USACE’s DATA Act submissions in their entirety. OMB and Treasury were informed of this expanded decision in a memo for the record, issued in August 2017. DoD will work with OMB and Treasury to ensure the appropriate acknowledgements of this reporting delay are documented, particularly on the new USASpending.gov site. Estimated completion date is March 31, 2018.

## Acronyms and Abbreviations

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<b>DATA Act</b>	Digital Accountability and Transparency Act of 2014
<b>GAO</b>	U.S. Government Accountability Office
<b>OMB</b>	Office of Management and Budget
<b>OUS(D)</b>	Office of the Under Secretary of Defense (Comptroller)
<b>SAO</b>	Senior Accountable Official
<b>USACE</b>	U.S. Army Corps of Engineers

# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

*The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal. The DoD Hotline Director is the designated ombudsman. For more information, please visit the Whistleblower webpage at [www.dodig.mil/Components/Administrative-Investigations/DoD-Hotline/](http://www.dodig.mil/Components/Administrative-Investigations/DoD-Hotline/).*

**For more information about DoD OIG  
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