

DATA ACT

GAO's Implementation Plan Evolves to Include Strategy and Risks Present Beyond Initial Reporting Deadline



Office of Inspector General U.S. Government Accountability Office Report Highlights

December 20, 2016

DATA Act

GAO's Implementation Plan Evolves to Include Strategy and Risks Present Beyond Initial Reporting Deadline

Objective

This report is the first in a series of Office of Inspector General's (OIG) reports that will review GAO's implementation of the DATA Act. It assesses whether GAO's efforts and readiness to report financial and payment data were consistent with the DATA Act's implementation guidance and requirements. Given the current stage of GAO's DATA Act implementation efforts, we limited our assessment to the first four of the eight steps in the Department of the Treasury's (Treasury) *DATA Act Implementation Playbook*.

What OIG Found

GAO developed a DATA Act implementation plan to comply with the Act's requirements by May 2017—the date agencies are required to start submitting their reports to Treasury. GAO, together with its shared service provider, has completed the first four of the eight steps recommended by Treasury for complying with the DATA Act's requirements. These steps consist of (1) organizing the DATA Act team, including designating a senior agency official, (2) reviewing the required data elements, (3) performing a data inventory, and (4) designing and strategizing changes to systems and business processes. We found that GAO's success in complying with the DATA Act depends on its shared service provider. In addition, we noted that GAO's June 2016 DATA Act implementation plan (which was in effect at the time of our review) was limited in scope—it described efforts to comply with the Act's requirements only through the first few reporting periods prior to migration to its new shared service provider and system.

In response to our work, GAO updated its implementation plan in November 2016 to include its long-term approach for complying with the DATA Act. Specifically, GAO acknowledged its decision to migrate to a new shared service provider and integrated financial management and procurement system in October 2017, and identified steps to mitigate risk to DATA Act compliance related to this migration. Given GAO's timely response to our findings, we are not making recommendations for corrective action. We shared our findings with GAO and obtained technical comments that we incorporated, as appropriate.





December 20, 2016

Memorandum For: Gene L. Dodaro
Comptroller General of the United States

From: Adam R. Trzeciak
Inspector General

Subject: Transmittal of Office of Inspector General (OIG) Audit Report

Attached for your information is our report, *DATA Act: GAO's Implementation Plan Evolves to Include Strategy and Risks Present Beyond Initial Reporting Deadline* (OIG-17-3). The audit objective was to assess whether GAO's efforts and readiness to report financial and payment data were consistent with the DATA Act's implementation guidance and requirements.

Our review found that GAO developed and implemented a DATA Act implementation plan and strategy with its current shared service provider to comply with the DATA Act requirements by May 2017—the date agencies are required to start submitting their reports to Treasury. However, GAO's implementation plan did not address its long-term approach to comply with the Act by migrating to a new shared service provider and system in October 2017. In response to our work, GAO updated its implementation plan to include its long-term strategy and identified steps to mitigate the risk to DATA Act compliance related to this migration. Given GAO's timely response to our findings, we are not making recommendations for corrective action.

We are sending copies of this report to the other members of GAO's Executive Committee, GAO's Audit Advisory Committee, and key managers. The report is also available on GAO's website at <http://www.gao.gov/about/workforce/ig.html>.

If you have questions about this report, please contact me at (202) 512-5748 or trzeciaka@gao.gov.

Attachment

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Abbreviations

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| BPA | Blanket Purchase Agreement |
| CIGIE | Council of the Inspectors General on Integrity and Efficiency |
| DATA Act | Digital Accountability and Transparency Act of 2014 |
| DOT | Department of Transportation |
| ESC | Enterprise Service Center |
| FAEC | Federal Audit Executive Council |
| FFATA | Federal Funding Accountability and Transparency Act of 2006 |
| FPDS | Federal Procurement Data System |
| LBFMS | Legislative Branch Financial Management System |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| SAO | Senior Accountable Official |
| SAM | System for Award Management |

Introduction

The Digital Accountability and Transparency Act of 2014 (DATA Act) is intended to increase the availability, accuracy, and usefulness of online federal spending information.¹ To achieve that goal, the Act, among other things, expands the required federal spending information reported online by agencies; mandates that the information appear in a form that is both searchable and downloadable; and requires the establishment of data standards to generate uniform, consistent, and comparable agency data.

The DATA Act requires agencies to begin reporting their financial and payment data by May 2017, consistent with data standards established by the Department of the Treasury (Treasury) and the Office of Management and Budget (OMB). The reported data will be posted by Treasury on a website available to taxpayers and policymakers on a monthly basis if practicable, but not less than quarterly. In addition, the DATA Act requires that agency Inspectors General (IG) review compliance with the Act. While legislative branch agencies are generally not subject to the DATA Act, the mandate does apply to the Government Accountability Office (GAO).²

Objective, Scope, and Methodology

This report is the first in a series of Office of Inspector General's (OIG) reports that will review GAO's implementation of the DATA Act; it assesses whether GAO's efforts and readiness to report financial and payment data were consistent with the DATA Act implementation guidance and requirements. To assess GAO's readiness, we used the Federal Audit Executive Council's (FAEC) guidance, which was developed specifically for the IG community to use when reviewing compliance with the DATA Act. FAEC, in turn, used Treasury's *DATA Act Implementation Playbook* to develop its guidance.³ Given the current stage of implementation efforts, we limited our assessment to steps one through four in the *DATA Act Implementation Playbook*. These four steps consist of (1) organizing the DATA Act team, including designating a senior agency official, (2) reviewing the required data elements, (3) performing a data inventory, and (4) designing and strategizing changes to systems and business processes.

To achieve our audit objective, we identified and interviewed GAO's Senior Accountable Official (SAO) and members of its DATA Act working group. We reviewed GAO's DATA Act implementation plan, dated June 2016, and the underlying documentation that supports its implementation efforts (such as project planning documents and other information on its governance activities). Additionally, we obtained an understanding of GAO's strategy for achieving DATA Act compliance beyond the first reporting deadline (May 2017) by interviewing the SAO and other key GAO acquisition and financial systems staff. We also reviewed documentation related to GAO's intended migration to a new

¹Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA), Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), codified at 31 U.S.C. § 6101 note.

²The definition of federal agency in the DATA Act includes GAO. DATA Act at § (2)(a)(3).

³*DATA Act Implementation Playbook*, Version 1.0 (June 2015), and *DATA Act Implementation Playbook*, Version 2.0 (June 2016).

shared service provider and to an integrated financial management and procurement system.

We conducted this performance audit from July 2016 through December 2016 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 objective. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Background

Over the past decade, Congress and federal agencies have taken steps to improve the transparency of federal spending data. For example, the Federal Funding Accountability and Transparency Act of 2006 (FFATA) is intended to increase the availability of information about federal spending and improve accountability over federal contracts and financial assistance awards.⁴ In response to FFATA, OMB established USAspending.gov to give the public access to information on how tax dollars are spent.

The DATA Act, which became law on May 9, 2014, expanded FFATA to link federal agency spending to federal program activities so that taxpayers and policymakers can more effectively track federal spending.⁵ To improve the quality of reported data, the DATA Act requires that the award and spending information that is reported by agencies comply with new data standards established by OMB and Treasury. The data standards specify the items to be reported under the DATA Act, and define and describe what is to be included in each item (i.e., data element) to ensure that information across federal agencies will be consistent and comparable.

The DATA Act provides for oversight by the IGs and the Comptroller General of the United States by requiring a series of reports that assess the completeness, timeliness, quality, and accuracy of the data submitted. While the first IG reports were due to Congress in November 2016, agencies are not required to submit spending data in compliance with the Act until May 2017. Consequently, the IGs will not be able to report on the spending data until 2017.

Due to this anomaly in reporting deadlines, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) recommended that IGs delay the financial and payment report until November 2017 and undertake DATA Act “readiness reviews” in advance of the November 2017 report.

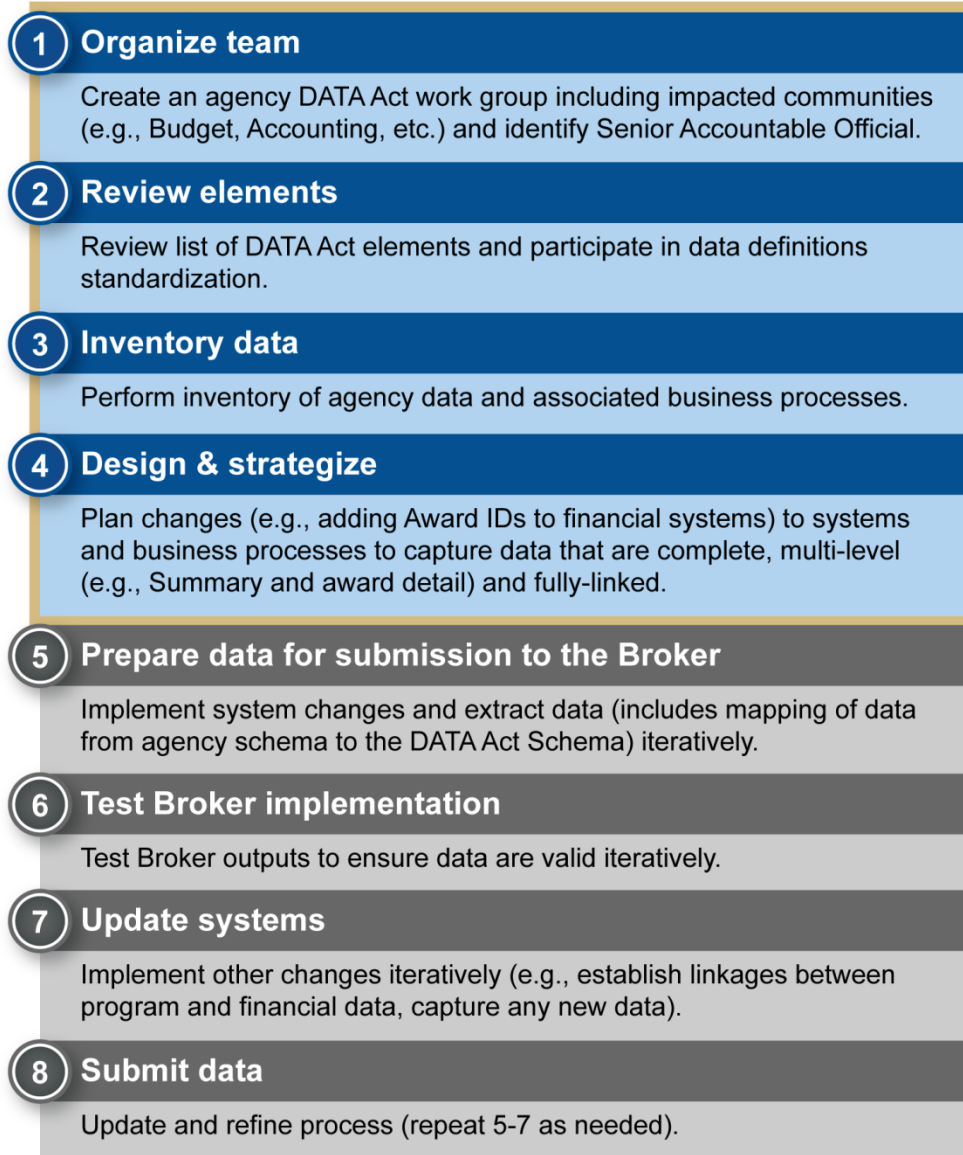
The FAEC,⁶ a working group within CIGIE, developed guidance based on requirements outlined in the *DATA Act Implementation Playbook* for the IG community to use in reviewing compliance. The *DATA Act Implementation Playbook* recommends the following eight key steps to help agencies implement the DATA Act.

⁴31 U.S.C. § 6101 note.

⁵Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

⁶FAEC is a subgroup established by CIGIE to discuss and coordinate issues affecting the federal audit community, with special emphasis on audit policy and operations.

Figure 1: Key DATA Act Implementation Steps



Source: GAO presentation of information from Treasury's DATA Act Implementation Playbook | OIG-17-3

GAO's June 2016 DATA Act Implementation Plan Did Not Reflect its Full Strategy for Achieving and Sustaining Compliance

GAO has developed and implemented a strategy to comply with DATA Act requirements by May 2017—the date agencies are required to start submitting their reports to Treasury. For example, GAO completed its DATA Act implementation plan in June 2016. According to this plan, it has completed the first four of eight steps recommended by Treasury to implement the DATA Act requirements.

We found, however, that GAO's implementation plan was limited to how it planned to achieve DATA Act compliance with its existing shared service provider and systems. The plan and its corresponding efforts did not identify, recognize, or otherwise describe its plan to migrate to a new shared service provider and integrated financial management and procurement system after May 2017. In response to our work, GAO updated its DATA Act implementation plan to address the migration to its new shared service provider and system.

GAO's Strategy to Comply with DATA Act Requirements by May 2017

GAO has begun to implement its strategy to comply with the DATA Act by May 2017. For example, GAO assigned its Controller as the SAO and established a DATA Act team. GAO's SAO is a Senior Executive Service-level official with vast federal experience managing financial operations, audits, and financial systems implementation. GAO's DATA Act team includes subject matter experts from across GAO, including members from its Acquisition Management, Budget, Financial Management, Information System Technology Support, and Office of the General Counsel teams (consistent with Treasury's *DATA Act Implementation Playbook*).

In addition, GAO developed an implementation plan to document its approach for complying with the DATA Act requirements.⁷ Based on our review of GAO's implementation plan and other work, we found that GAO had completed the first four of Treasury's eight steps for implementing the DATA Act requirements. These consist of (1) organizing the DATA Act team, (2) reviewing the required data elements, (3) performing a data inventory, and (4) designing and strategizing changes to systems and business processes.

In its implementation plan, which was provided to GAO's executive committee,⁸ GAO stated that its primary approach for achieving DATA Act compliance is to rely on its shared service provider, the Enterprise Service Center (ESC).⁹ Because ESC hosts and manages GAO's current accounting (DELPHI) and procurement (PRISM) systems, GAO is relying on ESC to perform three of the four implementation steps we reviewed. ESC's implementation plan and DATA Act Coordinator acknowledged this responsibility. ESC performed and documented the review of the required data elements and inventory, and is in the process of implementing the system and business process changes to address identified issues as outlined below.

OMB and Treasury established a set of 57 government-wide data standards that agencies are required to use in generating the DATA Act reports. However, ESC's data inventory

⁷While other agencies implementing the DATA Act were required to submit their implementation plans to OMB for review, GAO determined that (as a legislative agency) it is not required to report to OMB. As a result, GAO did not submit its plan to OMB—its plan, instead, was used to document and communicate its strategy internally for achieving DATA Act compliance.

⁸GAO's Executive Committee consists of the Comptroller General, Chief Operating Officer, Chief Administrative Officer/Chief Financial Officer, and General Counsel.

⁹ESC is a Federal Aviation Administration (FAA) matrix organization within the U.S. Department of Transportation that provides system hosting, transaction processing, and financial reporting support services to federal entities.

and analysis of the required data elements found that DELPHI and PRISM do not account for 20 of the 57 required data elements. ESC plans to obtain the required information for these 20 data elements from government-wide sources, such as the System for Award Management (SAM), and Federal Procurement Data System (FPDS).

ESC also identified gaps in DELPHI regarding the linkage of contracts with a unique Award ID, as required by OMB. OMB requires agencies to link the award-level and financial data information in their financial systems for each federal award using an Award ID by January 2017. According to OMB guidance, the Award ID will serve as the key to associate data across award systems and financial systems. This linkage is intended to facilitate timely reporting of award-level financial data, reduce reporting errors, and serve as the primary mechanism for associating expenditures with federal awards.

ESC is in the process of implementing a series of system changes to address the Award ID gap in its accounting system. While DELPHI does not have an Award ID field, ESC determined that there is a logical link between the non-financial and financial data using the existing purchase order field as the Award ID. However, for two contract types—internal Orders (i.e., Delivery and Task Orders) and Blanket Purchase Agreement (BPA) Calls—the purchase order field does not contain a unique Award ID. ESC expects to implement the necessary system changes by January 2017, as required by OMB. After the necessary system changes are implemented, ESC plans to retest the system (with GAO's assistance) to help ensure that the implemented system changes fully addressed this data gap.

GAO's compliance with the DATA Act (using its existing systems) is dependent on ESC's ability to effectively coordinate with Treasury, and timely and reliably update its systems and processes to ensure consistent, reliable, and searchable spending data consistent with DATA Act requirements.

The Department of Transportation's (DOT) OIG assessed ESC's implementation of the DATA Act requirements as part of its audit of DOT's agency-wide readiness for complying with the Act.¹⁰ In its report, DOT IG concluded that the department is making progress in implementing the DATA Act but is currently experiencing delays in implementing a series of software patches needed for DELPHI to comply with the DATA Act requirements. While these delays may increase the risk that the department will not meet the May 2017 reporting deadline, DOT IG reported that ESC officials asserted that they will be able to use alternative procedures if the required software patches are not implemented on time.

GAO's Implementation Plan Needed to Evolve to Include Long-Term Strategy and Risk to Compliance

While GAO's June 2016 implementation plan laid out its approach to comply with the DATA Act by May 2017, the DATA Act mandate goes beyond that date. Specifically, the Act requires budget and financial information to be reported on a monthly basis if practicable, but not less than quarterly. However, we found that the GAO DATA Act implementation plan in effect at the time of our review reflected only its short-term strategy and dependency on its current shared service provider, ESC, and existing financial

¹⁰Department of Transportation, *DOT's DATA Act Readiness: The Department is on Schedule to Meet the May 2017 Reporting Deadline*, FI-2017-005 (Nov. 4, 2016).

management and procurement systems. GAO's decision to migrate from ESC and its DELPHI and PRISM systems to the Legislative Branch Financial Management System (LBFMS Momentum) by October 2017 was not acknowledged or addressed in its DATA Act implementation plan.

GAO and the LBFMS Momentum's shared service provider¹¹ have identified a number of risks for a successful migration to LBFMS Momentum, such as data conversion.¹² The statement of work associated with the migration also identified data conversion as "a measure of success of the entire data conversion effort." By not acknowledging its decision to migrate to a new shared service provider and system, GAO's DATA Act implementation plan did not fully recognize and capture the foreseeable challenges or risks to the agency's ability to obtain and sustain DATA Act compliance.

Although not included in GAO's implementation plan, we identified and reviewed documentation in support of GAO's migration efforts to obtain an understanding of the timeframes and impact on DATA Act compliance. GAO's migration to LBFMS Momentum will involve a change in GAO's underlying transaction processing, financial management systems, and budget and acquisition management business functions. As a result, GAO will have to determine how its data elements, sources, and processes fit together currently and whether there are any gaps in its existing processes or in LBFMS Momentum that would need to be addressed to maintain DATA Act compliance.

In response to our work, GAO updated its DATA Act implementation plan in November 2016 to include its long-term strategy to comply with the Act by migrating to a new shared service provider and LBFMS Momentum. Specifically, GAO stated in its updated plan that its migration to LBFMS Momentum provides an opportunity to implement and support the DATA Act in a more streamlined and comprehensive manner, and that the version of LBFMS Momentum the agency is migrating to inherently conforms to the DATA Act requirements. As for challenges, GAO identified that potential missing, incomplete, and incorrect data in its current systems, DELPHI and PRISM, may negatively impact the conversion of data into LBFMS Momentum and DATA Act compliance. To mitigate this risk, GAO plans to consider DATA Act requirements in designing the processes that it will follow to extract, transform, and load the data into LBFMS Momentum during its migration.

Recommendations

Given GAO's timely response to our findings, we are not making recommendations for corrective action.

Conclusion

GAO's ability to comply with DATA Act requirements is highly dependent upon the work of its current and future shared service providers to identify and address gaps in systems and processes that affect compliance. GAO's DATA Act implementation plan, which is internal to GAO, was limited in scope—it described efforts to comply with requirements of the Act

¹¹LBFMS Momentum is hosted by CGI Federal Inc.

¹²Data conversion is defined as the automated or manual modification of existing data to enable the data to operate with similar functional capability but in a different environment.

only through the first few reporting periods prior to migration to its new shared service provider and system. In response to our work, GAO updated its implementation plan to document its long-term approach to comply with the Act by migrating to a new shared service provider and integrated financial management and procurement system in October 2017.

Agency Comments and Our Evaluation

The inspector general provided GAO with a draft of this report for review and comment. GAO provided oral comments and suggested technical edits, which we incorporated as appropriate. Management agreed with our findings and, as noted, had implemented our recommendation prior to report issuance.

Appendix I: Major Contributors to This Report

Omar Torres was a key contributor to this report. Legal assistance was provided by Cynthia Hogue.

Appendix II: Report Distribution

U.S. Government Accountability Office

Gene Dodaro – Comptroller General

Patricia Dalton – Chief Operating Officer

Karl Maschino – Chief Administrative Officer/Chief Financial Officer

Susan Poling – General Counsel

William Anderson – Controller/Deputy Chief Financial Officer

Adrienne Walker – Director, Program Analysis and Operations

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Chuck Young – Managing Director, Public Affairs

GAO Audit Advisory Committee

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