



Presentation to the CIGIE/GAO Financial Statement Audit Conference
USDA Jefferson Auditorium
Washington, DC – April 28, 2016

FAEC DATA Act Working Group Update

The screenshot shows the USA SPENDING.GOV website. At the top left is the USA SPENDING.GOV logo with the tagline "An official website of the U.S. Government". To the right is a search bar with "Search Data by Keyword" and "Search Site" options, and a "Go" button. Below the logo is a navigation menu with links: HOME, ABOUT, WHERE IS THE MONEY GOING, REFERENCES, DOWNLOAD CENTER, CONTACT US.

The main content area is divided into two columns. The left column is titled "WHAT IS USASPENDING.GOV?" and contains a paragraph explaining the website's purpose. Below this is a section titled "OVERVIEW OF AWARDS - FY 2015" which includes a bar chart showing the distribution of funding types. The chart data is as follows:

Category	Value
Contracts	\$288,588
Grants	1,720,560
Loans	(Value not specified)
Other Financial Assistance*	(Value not specified)

The right column is titled "AWARDS BY STATE - FY 2015" and features a map of the United States where states are shaded in various colors to represent the amount of awards. A legend below the map shows a color scale from 0 to 2008. Below the map is a "Text View of Awards by State" link.

At the bottom of the page, there are three sections: "SHORTCUTS" with links to FAQs, Data Archives, About the Data, Download Center, and Contact Us; "SEARCH FOR A RECIPIENT" with a "Recipient Name" input field and a "Go" button; and "See Awards in Your Neighborhood" with a "ZIP" input field and a "Go" button. To the right of these sections is a "SPENDING MAP" thumbnail.

Presenters: Bob Taylor and Jim Lisle on behalf of the
Federal Audit Executive Council DATA Act Working Group



What We'll Talk About Today—

- ✓ DATA Act Overview
- ✓ Oversight Requirements
- ✓ IG Community DATA Act Working Group
- ✓ Addressing the IG Date Anomaly
- ✓ Readiness Reviews
- ✓ Developing the IG Required Review Methodology
- ✓ Looking Beyond the First IG Review

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DATA Act Overview

Digital Accountability and Transparency Act of 2014

Purposes, in part:

- expand FFATA by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to programs of Federal agencies
- establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately on USASpending.gov (or a successor system)
- **improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted**



Key Dates

- May 2015 – Treasury/OMB to Issue Guidance on Government-wide Financial Data Standards
- May 2017 – Treasury/OMB to Ensure Financial Data Is Posted on USASpending.gov (or a successor system)
- May 2018 – Treasury/OMB to Ensure Standards Are Applied to Data on USASpending.gov (or a successor system)



So, who must comply?

- ✓ **Federal Agency.** The term “Federal agency” has the meaning given the term “Executive agency” under section 105 of title 5, United States Code.
- ✓ **5 USC §105:** “For the purpose of this title, “Executive agency” means an Executive department, a Government corporation, and an independent establishment.”



Does that include my agency?

- **Executive departments (5 USC § 101):** State, the Treasury, Defense, Justice, the Interior, Agriculture, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation, Energy, Education, Veterans Affairs, Homeland Security



Does that include my agency (cont'd)?

- **Government corporation (5 USC §103):**
 - (1) "Government corporation" means a corporation owned or controlled by the Government of the United States; and
 - (2) "Government controlled corporation" does not include a corporation owned by the Government of the United States."



Does that include my agency (cont'd)?

➤ **Independent establishment (5 USC § 104):**

- (1) an establishment in the executive branch (other than the United States Postal Service or the Postal Regulatory Commission) which is not an Executive department, military department, Government corporation, or part thereof, or part of an independent establishment; and
- (2) the Government Accountability Office.



Oversight Requirements

Agency Inspectors General– 3 reviews

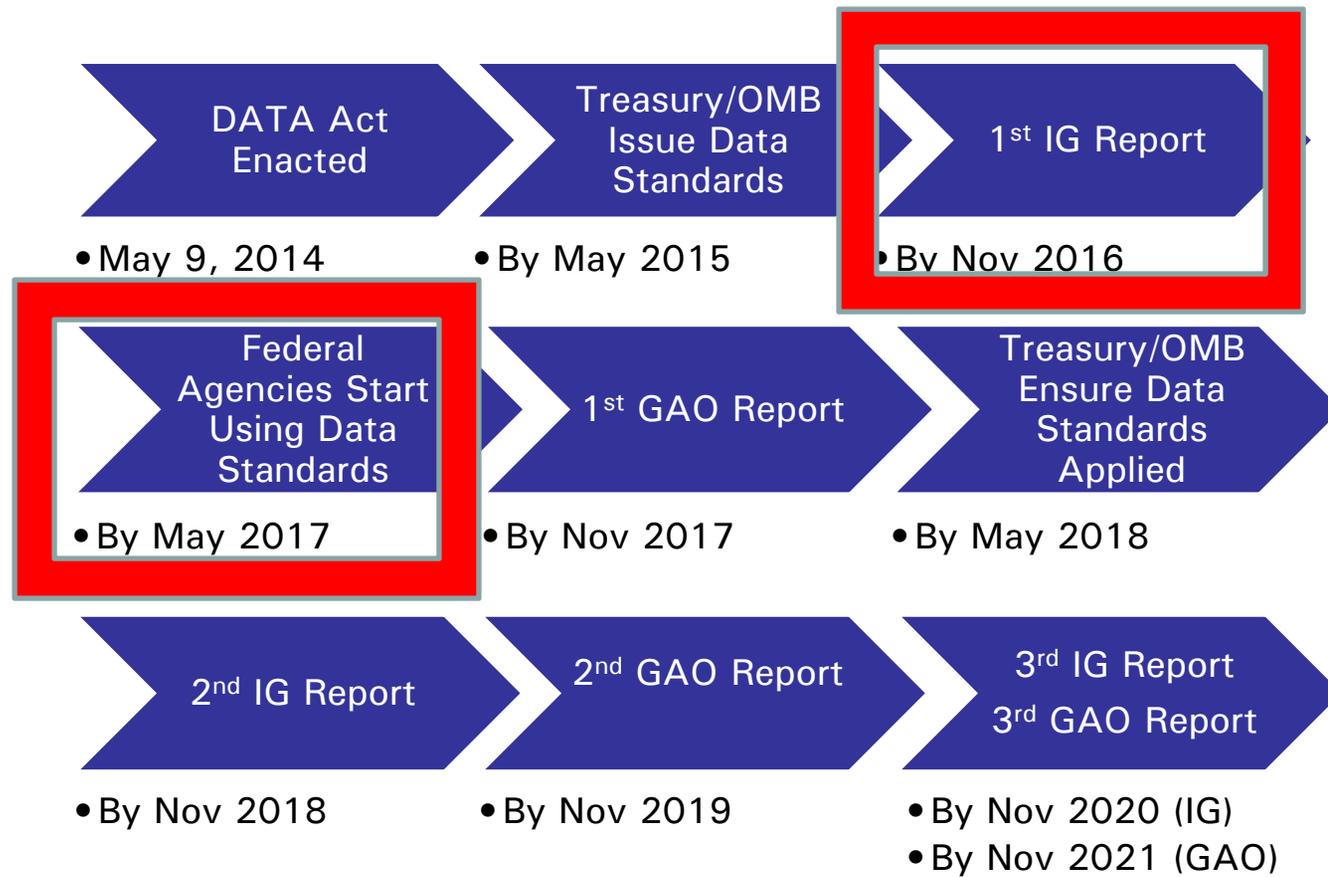
- *In consultation with GAO*, review a statistically valid sampling of the spending data submitted by the Federal agency
- Submit to Congress and make publically available, a report assessing
 - ✓ completeness, timeliness, quality, and accuracy of the data sampled
 - ✓ implementation and use of Data Standards by the Federal agency
- Reviews due November 2016, November 2018, November 2020



➤ **GAO – 3 Reviews**

- *After a review of IG reports*, submit to Congress and make publically available, a report assessing and comparing
 - ✓ data completeness, timeliness, quality, and accuracy of the data submitted by Federal agencies
 - ✓ implementation and use of Data Standards by Federal agencies

- Reviews due November 2017, November 2019, November 2021





IG Community DATA Act Working Group

➤ Mission

Assist the IG Community in understanding and meeting its DATA Act oversight requirements by (1) serving as a working level liaison with Treasury, (2) consulting with the Government Accountability Office, (3) developing a common review approach and methodology, and (4) coordinating key communications with other stakeholders.

➤ Stood up January 2015

➤ 97 members from 29 OIGs

➤ Accomplishments to date

- ✓ Established consultative protocol with GAO (e.g., meet monthly)

- ✓ Defined and communicated strategy for IG reporting anomaly

- ✓ Developed common methodology for “readiness reviews”

➤ Next steps

- ✓ Update common methodology for readiness reviews

- ✓ Develop common methodology for required reviews



OIGs represented on the Working Group

USAID

FDIC

NCUA

USDA

FEC

NSF

FRB/CFPB

FLRA

SEC

Commerce

GSA

SBA

CNCS

HHS

SSA

DoD

DHS

State

IC IG

TIGTA

Transportation

Education

Justice

Treasury

EPA

Labor

VA

FCC

NASA



Addressing the IG Date Anomaly

- **Working Group Activity – CIGIE Letter to Congress (December 22, 2015)**
 - ✓ First agency IG report pushed back 1 year, to **November 2017**. Subsequent reports to follow in November 2019 and November 2021
 - ✓ Encourage IGs to perform DATA Act “readiness reviews”



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

December 22, 2015

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

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

Dear Mr. Chairmen and Ranking Members:

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

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

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

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

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

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

Sincerely,

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

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



➤ **Working Group Activity – OMB Meeting**

- ✓ FEAC Chair and Working Group representatives met with Mark Reger and Karen Lee of OMB on April 6th to discuss the IG community approach to DATA Act oversight
- ✓ Continued meetings are planned
 - Serve as mechanism to surface government-wide issues
 - OMB asked for Working Group help in getting the word out on the importance of internal control
 - Understanding of “completeness” and “reconciliation”



➤ **Working Group Activity – CFO Council**

- CFO Council was briefed April 19th

✓ **CFO Council was told IGs will be looking for:**

- A description of the design, and documentation of the regular execution, of the control procedures and systems through which agency management gains assurance that the data submitted by the agency under the Act is complete, timely, accurate, and compliant with applicable data standards; and
- A description of how systems and processes interact to provide an auditable record of the data submitted under the Act
- In other words – document, document, document



-
- We encouraged agencies to share information with their IG about plans and processes *as they are developed and implemented*
 - ✓ **Management, not the IGs, are responsible for completeness, timeliness, quality, and accuracy of spending data**
 - Controls over agency source systems
 - Controls over non-agency systems
 - Controls over data acquisition and submission
 - Agency certification requirement

How is the SAO getting happy with agency numbers?



Readiness Reviews

- **Readiness review common methodology**
 - ✓ Issued early December 2015
 - ✓ Focus on agency implementation plan that was to be submitted to OMB in September 2015
 - 8-step DATA Act Playbook
 - ✓ Updates planned for May 2016
- **11 Agencies have begun readiness reviews so far**
- **Encourage reports by November 2016**



➤ **Gain an understanding of the processes, systems and controls which your agency has implemented, or plans to implement, to report financial and payment data in accordance with the requirements of the **DATA Act****

- ✓ Project Governance
- ✓ Data Element Review and Mapping
- ✓ Implementation Planning
- ✓ Plan Execution



➤ **Benefits**

- ✓ Assess agency readiness
- ✓ Identify risks to successful implementation
- ✓ Inform your approach to the required IG review
- ✓ Build rapport with Senior Accountable Officials and agency implementation team
- ✓ Early emphasis on internal control



➤ **Preliminary Observations/Risks**

- ✓ Importance of Shared Service Providers
- ✓ Treasury/OMB Guidance still a work in process
- ✓ Resource Constraints
- ✓ Short (and shrinking) Window for Required System Changes
- ✓ Data Quality of Source Systems

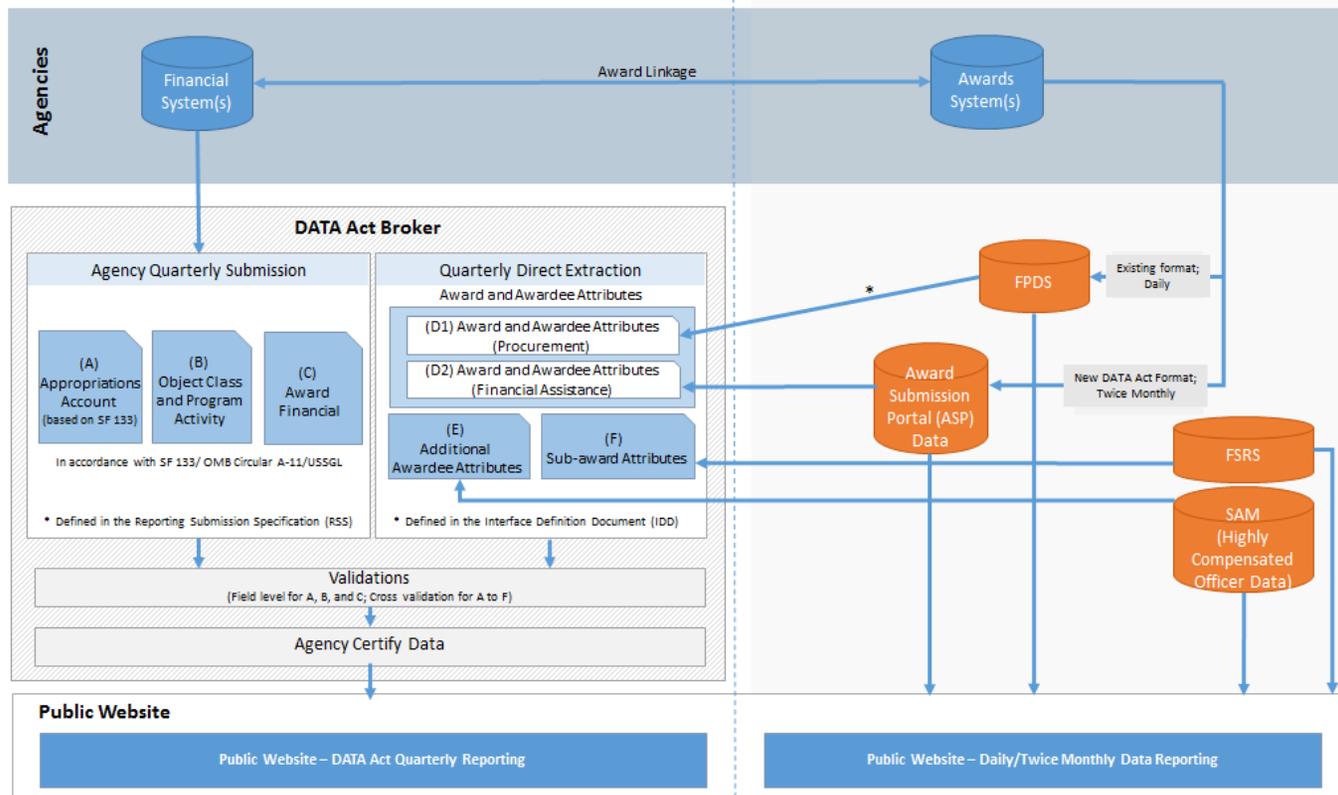


Version 1.0 (Draft)

Additional Future Reporting Workflow
Quarterly Reporting – DATA Act

April 6, 2016

Existing Reporting Workflow
Daily/Bi-weekly Reporting - FFATA



* For May 2017 implementation, D1 will be extracted from the USAspending site which pulls data from FPDS daily. D1 will be pulled from FPDS directly in the long term

Pre-decisional/For Discussion Purposes Only

Source: Draft Data Flow Diagram, Treasury and OMB



Developing the IG Required Review Methodology

- **Principal Working Group focus**
- **We are consulting with GAO**
- **Issues**
 - ✓ Establishing review boundaries
 - ✓ Tests for completeness
 - ✓ Statistical sampling approach
 - Source system risk assessment – impact on sampling parameters and test design
 - Summary financial data testing
 - Intergovernmental transaction testing
 - Award level data testing
 - ✓ Form and content of reporting



Looking Beyond the First IG Review

- The DATA Act allows for the 2nd (November 2019) and 3rd (November 2021) required IG review to be part of the annual financial audit report
 - ✓ This approach, if elected by the IG, will likely entail amending contracts

Questions?



The **Sidney Yates Building**, formerly called the **Auditors Building Complex**, was built as the Bureau of Engraving and Printing in 1878–1880. It is Romanesque in style and was designed by the office of James G. Hill. In 1915, after the Bureau relocated, it was renovated to house the Treasury Department's Auditors Division. It is now part of the complex of buildings that houses the U.S. Department of Agriculture. An 1891 addition to the complex known as the South Annex was demolished in 1988 so that the Holocaust Museum could expand into the space.