FAEC DATA Act Working Group

Inspectors General Guide to Compliance Under the DATA Act

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<td>Award ID</td>
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<td>CIGIE</td>
<td>Council of the Inspectors General on Integrity and Efficiency</td>
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<td>DATA Act</td>
<td>Digital Accountability and Transparency Act of 2014</td>
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<td>FAEC</td>
<td>Federal Audit Executive Council</td>
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<td>Financial Assistance Identifier Number</td>
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<td>FFATA</td>
<td>Federal Funding Accountability and Transparency Act of 2006</td>
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<td>FFMIA</td>
<td>Federal Financial Management Improvement Act of 1996</td>
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<td>FPDS-NG</td>
<td>Federal Procurement Data System – Next Generation</td>
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<td>Government Accountability Office</td>
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<td>Inspector General</td>
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<td>Intra-governmental Transfer</td>
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<td>Loan Financing Accounts</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<td>Procurement Instrument Identifier Number</td>
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<td>SAM</td>
<td>System for Award Management</td>
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<td>SAO</td>
<td>Senior Accountable Official</td>
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<td>SBR</td>
<td>Statement of Budgetary Resources</td>
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<td>TAS</td>
<td>Treasury Account Symbol</td>
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<td>Treasury</td>
<td>Department of the Treasury</td>
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<td>Working Group</td>
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100 INTRODUCTION

.01 This Inspectors General (IG) Guide to Compliance Under the Digital Accountability and Transparency Act of 2014 (DATA Act) presents a common methodological and reporting approach for the IG community to use in performing its mandated work. The DATA Act was enacted May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA). To meet the needs of the IG community, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) established the DATA Act Working Group (Working Group). The Working Group’s mission is to assist the IG community in understanding and meeting its DATA Act oversight requirements by (1) serving as a working level liaison with the Department of the Treasury (Treasury), (2) consulting with the Government Accountability Office (GAO), (3) developing a common approach and methodology, and (4) coordinating key communications with other stakeholders. The Working Group consists of nearly 140 auditors representing 35 IGs.

.02 Each Federal agency presents a unique set of implementation methodologies, challenges, and risks. This guide is intended to provide the IG community with a baseline framework for the reviews required by the DATA Act. As such, the engagement team, to the extent possible, should adhere to the overall methodology, objectives, and review procedures outlined in this guide. The engagement team should not hesitate to modify this guide based on specific systems and controls in place at its agency, but must use professional judgment when designing alternative review procedures. This guide will be updated based on feedback from the IG community after the initial reports are issued.

110 BACKGROUND

.01 The DATA Act, in part, requires Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. In May 2015, the Office of Management and Budget (OMB) and Treasury published 57 data definition standards and required Federal agencies to report financial data in accordance with these standards for DATA Act reporting, beginning January 2017. Once submitted, the data will be displayed on USAspending.gov for taxpayers and policy makers.

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1 Public Law 113-101 (May 9, 2014)
2 Public Law 109-282 (September 26, 2006)
3 Under FFATA, Federal agencies report 259 data elements to USAspending.gov. However, Treasury and OMB identified 49 existing elements, deemed controversial in nature, and 8 new data elements requiring standardization. This guide describes review procedures for these 57 Government-wide financial data standards.
4 The 57 data elements including definitions can be found at https://fedspendingtransparency.github.io/data-elements/
The DATA Act also requires the IG of each Federal agency to review a statistically valid sample of the spending data submitted by its Federal agency and to submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the Government-wide financial data standards by the Federal agency. Completeness is measured in two ways, (1) all transactions\textsuperscript{5} that should have been recorded are recorded in the proper reporting period\textsuperscript{6} and (2) as the percentage of transactions containing all applicable data elements required by the DATA Act.\textsuperscript{7} Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.\textsuperscript{8} Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources. Quality is defined as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.\textsuperscript{9}

As written in the DATA Act, the first set of IG reports were due to Congress in November 2016. However, Federal agencies are not required to submit spending data in compliance with the DATA Act until May 2017. As a result, IGs were not able to report on the spending data submitted under the DATA Act, as this information would not exist until 2017. For this reason, CIGIE developed an approach to address the reporting date anomaly. The IGs plan to provide Congress with the first required reports by November 8, 2017, 1-year later than the due date in the statute, with subsequent reports following on a 2-year cycle, in November 2019 and November 2021. To manage stakeholder expectations regarding IGs compliance with the DATA Act, we suggest including the following standard statement in work products issued in response to the Act.

\textit{The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the Digital Accountability and Transparency Act of 2014. That is, the first Inspector General (IG) reports were due to Congress in November 2016; however, Federal agencies are not required to report spending data until May 2017. To address this reporting date anomaly, the IGs plan to provide Congress with their first required reports by November 8, 2017, a 1-year}
delay from the statutory due date, with two subsequent reports each following on a 2-year cycle. On December 22, 2015, CIGIE’s chair issued a letter memorializing the strategy for dealing with the IG reporting date anomaly and communicated it to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform. Appendix 1 contains a copy of this letter.

.05 In consultation with GAO, as required by the DATA Act, the Working Group developed this guide to set a baseline framework for the required reviews performed by the IG community and to foster a common methodology for performing these mandates. Under the DATA Act, each IG is required to issue three reports on its agency’s data submission and compliance with the DATA Act. This guide has been developed for the first required report due November 8, 2017 and will be updated for subsequent reports due November 2019 and 2021 based on feedback from the IG community and GAO after the first reports have been issued.

120 OBJECTIVES

.01 The objectives of this engagement are to assess the (1) completeness, timeliness, quality, and accuracy of fiscal year 2017, second quarter financial and award data submitted for publication on USAspending.gov and (2) Federal agency’s implementation and use of the Government-wide financial data standards established by OMB and Treasury.10

130 SCOPE AND METHODOLOGY

.01 The FAEC DATA Act Working Group, in consultation with GAO, agrees that the engagement to be performed to satisfy the reporting requirements under the DATA Act should be either an attestation examination engagement or a performance audit in accordance with the requirements of Generally Accepted Government Auditing Standards (GAGAS) as described in Chapter 5 (attestation examination engagements) or Chapters 6 and 7 (performance audits).

.02 The scope of this first engagement will be fiscal year 2017, second quarter financial and award data the Federal agency submitted for publication on USAspending.gov and any applicable procedures, certifications, documentation, and controls to achieve this process. According to OMB’s Management Procedures Memorandum No. 2016-03,11 data reported by Federal agencies in fiscal year 2017, second quarter will be displayed on USAspending.gov by May 2017.

10 Federal agencies are not required to begin reporting under the DATA Act until fiscal year 2017, second quarter. For this reason, the earliest available data that will be displayed on USAspending.gov under the DATA Act in May 2017 are from fiscal year 2017, second quarter.

.03 To accomplish the objectives, the engagement team should:

- obtain an understanding of any regulatory criteria related to its agency’s responsibilities to report financial and award data under the DATA Act. Appendix 2 contains a list of suggested criteria to review;

- assess its agency’s systems, processes, and internal controls in place over data management under the DATA Act;

- assess the general and application controls pertaining to the financial management systems (e.g. grants, loans, procurement) from which the data elements were derived and linked;

- assess its agency’s internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123;

- review a statistically valid sample from fiscal year 2017, second quarter financial and award data submitted by the agency for publication on USASpending.gov;

- assess the completeness, timeliness, quality, and accuracy of the financial and award data sampled; and

- assess its agency’s implementation and use of the 57 data definition standards established by OMB and Treasury.

.04 The procedures provided herein are designed to foster a consistent methodology and reporting approach across the IG community, not restrict an auditor from pursuing issues or concerns related to his or her agency’s implementation of the DATA Act. If additional areas of concern are identified, the auditor should proceed according to his or her professional judgment. The engagement team should design and perform procedures to assess the agency’s ability to detect fraud, noncompliance with provisions of laws and regulations such as the DATA Act, or abuse that are significant within the context of the engagement objectives.

200 PLANNING

.01 In planning this engagement, the engagement team should gain and document an understanding of the systems, processes, and internal controls

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12 For the purposes of this guide, data management refers to the policies and procedures an agency has in place to manage the flow of Federal and spending award data throughout its entire lifecycle.

13 OMB Circular A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control (July 15, 2016)
that its agency put in place to facilitate reporting financial and award data in accordance with the requirements of the DATA Act.

.02 On June 2, 2016, the FAEC DATA Act Working Group issued its DATA Act Readiness Review Guide version 2.0. The objective of the readiness reviews was to encourage the IG community in gaining an understanding of the processes, systems, and controls their agencies implemented, or planned to implement, to report financial and award data in accordance with the requirements of the DATA Act, OMB’s M-15-12,14 and Treasury’s DATA Act Implementation Playbook version 2.0.15 This understanding was helpful to the IG community in developing an informed methodology for the procedures outlined in this document. In addition, conducting a readiness review enabled an IG to provide recommendations or comments on how to improve the likelihood of its agency’s compliance with the requirements under the DATA Act. Each IG that conducted a readiness review should leverage the understanding it gained in that review to plan the current engagement, while keeping in mind its agency’s implementation efforts may have evolved over time.

.03 Gain an understanding of:

• applicable laws, legislation, directives, and any other regulatory criteria (guidance) related to the agency’s responsibilities to report financial and award data under the DATA Act;
• OMB’s M-15-12, MPM 2016-03, M-17-04,16 M-10-06,17 and Open Government Directive – Framework for the Quality of Federal Spending Information;18
• Treasury’s DATA Act Implementation Playbook version 2.0
• DATA Act Information Model Schema (DAIMS) version 1.0.19 The layout of the data files are listed below:
  1. File A: appropriations Account,
  2. File B: Object Class and Program Activity,
  3. File C: Award Financial,
  4. File D1: Award and Awardee Attributes - Procurement Awards,
  5. File D2: Award and Awardee Attributes - Financial Assistance Awards,

15 Treasury’s DATA Act Implementation Playbook version 1.0 was issued in May 2015, and version 2.0 was issued in June 2016.
16 OMB M-17-04, Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability (November 4, 2016)
17 OMB M-10-06, Open Government Directive (December 8, 2009)
19 The DAIMS v 1.0 depicts how Federal dollars are spent. It includes, in part, technical guidance describing the submission file formats Federal agencies are required to follow.
6. File E: Additional Awardee Attributes, and
7. File F: Sub-Award Attributes.
• the agency’s financial and award information and environment, such as the:
  o roles, responsibilities, and reporting relationships of the Federal agency, and its major components and/or bureaus;
  o roles, responsibilities, and reporting relationships with all Federal shared service providers used by the agency and its major reporting components and/or bureaus;
  o source systems for all financial and award data reported under the DATA Act;
  o the impact of sensitive or classified information on these source systems;
  o controls over these source systems, the nature and extent of control testing performed over the source systems, and the results of that testing; and
  o processes, systems, and controls the agency has in place to manage and report financial and award data under the DATA Act.

.04 Files A, B, and C are submitted by the Federal agency’s internal financial system(s). Files A and B are summary-level financial data. File C is reportable award-level data. Files D1 through F contain detailed demographic information for award-level transactions reported in File C. Files D1 through F are submitted by external award reporting systems to Treasury’s DATA Act Broker. The senior accountable official20 (SAO) for each Federal agency is required to certify these seven data files for its agency’s financial and award data to be published on USASpending.gov. The DATA Act Information Flow Diagram is shown in Appendix 3.

.05 Performing this engagement may require specialized techniques or methods that require a specialist. Specialists include, but are not limited to, statisticians and information technology experts. If auditors intend to use the work of specialists, they should assess the specialists’ professional qualifications and independence.

300 ASSESSMENT of INTERNAL CONTROLS

.01 The engagement team should perform an assessment of internal controls to determine the nature, timing, and extent of testing. In assessing its agency’s internal controls, the engagement team should consult GAO’s Standards for Internal Control in the Federal Government.21 Specifically, this guidance approaches internal control through a hierarchical structure of five

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20 SAOs are high-level senior officials who are accountable for the quality and objectivity of Federal spending information. These senior leaders should ensure that the information conforms to OMB guidance on information quality and adequate systems and processes are in place within the agencies to promote such conformity.

components and 17 principles. The hierarchy includes requirements for establishing an effective internal control system, including specific documentation requirements. The five components represent the highest level of the hierarchy of standards for internal control in the Federal government. The five components of internal control must be effectively designed, implemented, and operating together in an integrated manner for an internal control system to be effective. Additionally, the 17 principles support the five components and represent requirements necessary to establish an effective internal control system. Accordingly, the engagement team should evaluate whether its agency’s internal controls over spending data have been properly designed, implemented, and operating effectively to manage and report financial and award data in accordance with the DATA Act.

.02 Management, not the engagement team, is responsible for the design, implementation, and operating effectiveness of the agency’s internal controls. The engagement team, however should identify control objectives and potential risks that could threaten the achievement of the control objectives. The engagement team should use professional judgment to document its agency-specific control objectives and its agency’s risks and related controls to mitigate those risks using the example control matrix illustrated in Appendix 4.

310 Assessment of Internal Controls Over Agency Source Systems

.01 The engagement team should assess whether the internal controls over the agency financial and award systems are properly designed, implemented, and operating effectively. The engagement team should determine the extent to which these systems can be relied on as authoritative sources for the information reported by the agency in accordance with the DATA Act.

.02 Depending on the nature of the work performed, the engagement team may also rely on internal control and substantive testing performed by other auditors related to its agency, e.g. financial statement audits. If internal control testing was performed by other auditors, the engagement team should consult GAGAS when devising its approach to rely on the work of others. Determine whether testing is sufficient in scope and the tests performed achieve the objectives of this engagement. The nature and extent of evidence needed will depend on the significance of the other auditor’s work to the current objectives and the extent to which the engagement team will use that work.

22 The engagement team should note that financial statement audits will not likely test all applicable data elements reported under the DATA Act. As such, the engagement team should also determine whether the scope, materiality, and precision of the financial statement audit are appropriate to rely upon in the context of the DATA Act engagement.

.03 Accordingly, for all agency source systems from which financial and award data are derived, the engagement team should:

- determine the extent of internal control testing performed by agency management, per internal control and risk management strategies outlined in OMB Circular No. A-123;
- determine the extent of internal control testing completed on information systems controls, general and application, over financial management systems relevant to reporting under the DATA Act;
- determine if additional testing is needed; if so, design and conduct tests of controls to ensure the audit objectives are achieved;
- identify any control deficiencies or weaknesses and assess the impact of these deficiencies on the reporting of financial and award data in accordance with the DATA Act; and
- state a conclusion on the design, implementation, and operating effectiveness of the internal controls over financial and award data derived from these source systems.

.04 The agency’s source systems may be used as authoritative sources for these tests, only if the engagement team is sufficiently satisfied that the internal controls and related substantive testing over the systems will allow the team to rely on the information therein.24 The engagement team must exercise professional judgment in considering the reliability of financial and award data in source systems when determining the source of support for testing individual attributes in the agency’s DATA Act submission described in section 400. The engagement team should consider the results of any findings in assessing the extent they can rely on internal controls.

.05 The Federal Managers’ Financial Integrity Act of 1982,25 requires that the head of each executive branch agency prepare a statement annually on whether the agency’s systems of internal accounting and administrative controls comply with the requirements of this act. If the operations and systems do not comply, the head of the agency will prepare a report to identify any material weaknesses in the agency’s system of internal accounting and administrative control and describes the plans and schedule for correcting such weaknesses. The engagement team should consider this report when determining its level of reliance on source systems, especially any agency that reported weaknesses in internal controls over operations and financial reporting and conformance with financial management systems requirements.26

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24 As part of this determination, the engagement team should consider the agency’s controls over intra-governmental transactions, particularly how the agency reasonably assures that its accounting for these transactions is accurate as well as consistent with the records of the other agency that is party to the transaction.
25 Public Law 97-255 (September 8, 1982)
26 Public Law 97-255, FMFIA Sections 2 and 4 (September 8, 1982).
.06 The Federal Financial Management Improvement Act of 1996 (FFMIA)\textsuperscript{27} advances Federal financial management by ensuring that Federal financial management systems of agencies covered by the Chief Financial Officers Act\textsuperscript{28} provide accurate, reliable, and timely financial management information to the government’s managers. Compliance with the FFMIA will provide the basis for the continuing use of reliable financial management information by program managers, the President, Congress, and the public. The engagement team should consider their agency’s financial management systems compliance with FFMIA requirements.

.07 Use the following to determine the level of substantive testing (defined in Section 400) required by the engagement team of individual attributes in the agency’s DATA Act submission.

<table>
<thead>
<tr>
<th>Internal control was…</th>
<th>Findings\textsuperscript{28,30}</th>
<th>Reliance</th>
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<tbody>
<tr>
<td>Sufficient in scope</td>
<td>No significant deficiencies, material weaknesses, and/or substantive errors</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>Significant deficiencies, material weaknesses, and/or substantive errors corrected</td>
<td>Use Professional Judgment</td>
</tr>
<tr>
<td></td>
<td>Significant deficiencies, material weakness, and/or substantive errors not corrected</td>
<td>Use Professional Judgment</td>
</tr>
<tr>
<td>Insufficient in scope or non-existent</td>
<td>N/A</td>
<td>Not Reliable</td>
</tr>
</tbody>
</table>

### 320 Assessment of Internal Controls Over the DATA Act Submission

.01 The engagement team should evaluate the design, implementation, and operating effectiveness of the processes, systems, and controls that the agency has in place to extract financial and award data reported under the DATA Act for publication on USASpending.gov. The engagement team should determine the effectiveness of the internal controls implemented to reasonably assure that the data submitted are complete, accurate, timely, and of quality. Prior work related to DATA Act readiness reviews and financial statement audits may satisfy this task.

\textsuperscript{27} Public Law 104-208 (September 30, 1996)
\textsuperscript{28} Public Law 101-576 (November 15, 1990)
\textsuperscript{29} Consider findings related to internal control and substantive testing performed by other auditors.
\textsuperscript{30} Deficiencies in internal control that are not significant to the objectives of the engagement but warrant the attention of those charged with governance, should be included in the report or otherwise communicated in writing to the agency’s management officials.
The engagement team should determine and document whether the design, implementation, and operating effectiveness of the processes, systems, and controls that the agency has in place over data management and reporting reasonably assures that the Government-wide financial data standards are followed by its agency and all reporting components; data reported are complete, accurate, timely, of quality, and in sufficient detail.

The engagement team should determine whether the design, implementation, and operating effectiveness of the processes, systems, and controls the agency has in place over the data management process reasonably assures that the agency maintains clear documentation of the steps it performed to report data under the DATA Act; that data quality challenges are identified and remediation actions to address them are implemented; that procedures to reconcile data, resolve discrepancies, and periodically verify source data are clearly defined and followed.

The engagement team should determine whether the design, implementation, and operating effectiveness of the processes, systems, and controls the agency has in place over data reporting reasonably assures that data reported under the DATA Act comply with requirements established by the DAIMS and OMB’s M-17-04, MPM 2016-03, and M-15-12.

The engagement team should determine whether the SAO, or a designee, has provided quarterly assurance that its agency’s internal controls support the reliability and validity of the agency’s summary-level and award-level data reported for publication on USAspending.gov. OMB’s M-17-04 and MPM-2016-03 specify that this assurance should leverage data quality and management controls established in statute, regulation, and Federal-wide policy and be aligned with the internal control and risk management strategies in OMB Circular No. A-123. SAOs are to assure the following:

- The linkages among Files A through F are valid and reliable. SAOs are required to attest to the validity and reliability of the complete DATA Act submission including linkages across all the data in Files A through F. SAOs should document any discrepancies between the files. If the agency has concerns with the linkages among the data in Files A through F, the engagement team should assess the reasonableness of management’s corrective actions to address the concerns/issues. To provide assurance, agencies should have internal controls in place over all data reported for publication on USAspending.gov.

- The data submitted in Files A through F are valid and reliable. The SAO should confirm that internal controls over data quality mechanisms are designed, implemented, and operating effectively for the data submitted in Files A through F. Existing data controls established in statute, regulation, and Federal-wide guidance described above in 320 are sufficient for SAO reliance on individual data files.
The engagement team should obtain, from the SAO, its agency’s certification, validation, reconciliation reports, and any other relevant supporting documentation used in providing assurance over its quarterly data submission. The engagement team should determine whether its agency’s system(s), processes, and controls are sufficient to allow the SAO to provide reasonable assurance that the financial and award data submitted for publication on USASpending.gov are complete, timely, accurate, and of quality and whether the data complies with the established Government-wide financial data standards.

The engagement team should review the agency’s process for reconciling and validating its DATA Act submission. The engagement team should also review its agency supporting documentation to determine whether it identifies any deficiencies in internal control or other limitations that would prevent the SAO from certifying that the data submitted for publication on USASpending.gov are complete, timely, accurate, of quality, and comply with the established Government-wide financial data standards.

400 TEST of AGENCY’S DATA ACT SUBMISSION

The engagement team should coordinate with its agency SAO to obtain read-only access to Treasury’s DATA Act Broker submission portal.

Once the engagement team has read-only access to Treasury’s DATA Act Broker, it should obtain its agency’s:

- fiscal year 2017, second quarter data submission for Files A through F;
- final matching/validation report; and
- SAO assurance over quarterly agency submission for publication on USASpending.gov

The engagement team should obtain final validation, reconciliation reports, and any other relevant supporting documentation from external award reporting systems used to report the data in Files D1-F.

If the agency has concerns with the completeness, timeliness, quality, and accuracy of the data submitted, the engagement team should assess the reasonableness of management’s corrective actions planned to address concerns/issues and/or management’s justification for accepting the risk.

The engagement team should obtain and test the SAO’s reconciliation and processes for correcting errors or omissions in the quarterly data submission. Specifically, the engagement team should determine whether:

- the data submission met the requirements for completeness, timeliness,

31 OMB’s MPM 2016-03 requires the Federal agency SAOs to (1) provide assurance over the information reported to USASpending.gov; (2) leverage data quality and management controls established in statute, regulation, and Government-wide policies; and (3) align their assurance with internal control and risk management strategies described in OMB’s Circular A-123.
accuracy, and quality;

- the data submission reflects, at a summary-level, all appropriations and outlays recorded on the agency’s quarterly SF-133, Report on Budget Execution and Budgetary Resources (SF-133),\textsuperscript{32} except Loan Financing Accounts (LFA);\textsuperscript{33}

- the totals of data submission Files A and B agree;

- File C reflects and links to reportable award-level transactions via an award identification number (Award ID);

- Files D1 through F link to File C, and contain demographic information for reportable award-level transactions reported in File C; and

- reconciling items, including intra-governmental transfers (IGT), are properly documented, quantified, and complete.

\textbf{410 Test Summary-Level Data (Files A and B)}

.01 File A includes fiscal year cumulative Federal appropriations account summary-level data. The engagement team should compare all Federal appropriations account summary-level data (File A), including obligations and outlays but excluding LFAs, to the information contained in OMB’s SF-133 to determine if all transactions are included for the reporting period. As part of its comparison, the engagement team should assess the agency’s efforts to reconcile the data from the SF-133 to the Statement of Budgetary Resources (SBR).\textsuperscript{34} Any variances should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.02 Determine whether File A includes all Treasury Account Symbols (TAS) from which funds are obligated, except for LFAs, by selecting all summary-level transactions from File A and matching the following elements to the agency’s SF-133: agency identifier; main account code; sub account code; budget authority appropriated amount; budget authority available amount; gross outlay amount by TAS; and unobligated balance. Any variances between File A and the agency’s SF-133 should be clearly documented by the Federal agency. The engagement team should assess the reasonableness

\textsuperscript{32} The SF-133 is a quarterly report that contains information on the sources of budget authority and the status of budgetary resources by individual fund or appropriation.

\textsuperscript{33} LFAs are excluded from budget totals because the net cash flows do not represent a cost to the Government.

\textsuperscript{34} An SBR and related disclosures can provide useful information on the budgetary resources provided to a Federal agency as well as the status of those resources at the end of a fiscal year. An agency’s audited SBR and other disclosures can help assess the reliability of a reported budget execution data.
of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.03 File B includes fiscal year cumulative Federal object class and program activity summary-level data. To assess accuracy, if File A is complete, the engagement team should compare the data in File B to the appropriation accounts listed in File A to determine whether all appropriations found in the SF-133 are accounted for in File B. Confirm that File B includes all TASs by matching the main account codes and sub account codes to records found in File A. In addition, verify that the totals of File A and B equal. Any variances between Files A and B should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.04 Verify that all program activity names, codes, and object classes from File B, match the codes defined in Sections 83 and 200 of OMB Circular A-11 and the Program & Financing Schedule in the President’s Budget. Verify that all program activity names, codes, and object classes in the agency’s SF-133 submission are accounted for in File B. Any variances between File B and Sections 83 and 200 of OMB Circular A-11 and the Program & Financing Schedule in the President’s Budget should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.05 Request the appropriations account summary-level report based on Object Class Codes for the related cumulative fiscal year 2017 data and reconcile this report to File B. Any variances between File B and the summary-level report should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.06 For summary-level data that contain an IGT, determine if the transfer is an allocation transfer or a buy/sell transaction. In circumstances where awards are made using funds from IGTs, the awarding agency will continue to report award-level information (Files D1 and D2) under FFATA and the Federal Acquisition Regulation, however, the responsibility for reporting financial information (Files A-C) depends on the type of IGT being reported. The engagement team should review OMB’s M-17-04 for additional guidance. Any variances with reporting IGTs should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

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35 OMB A-11, Preparation, Submission, and Execution of the Budget (July 1, 2016)
To verify the completeness of Files A and B, determine whether all (1) summary-level financial data that should have been reported was reported for the proper reporting period and (2) transactions contain all applicable data elements required by the DATA Act. To assess the completeness and proper use of the Government-wide financial data standards for the summary-level financial data:

- evaluate whether all summary-level financial data in Files A and B that should have been reported was reported for the proper reporting period;
- evaluate whether the summary-level financial data in Files A and B contain all applicable data elements standardized under the DATA Act; \(^{36}\)
- determine whether each of the required data elements is present and in conformance with the established Government-wide financial data standard for that element; and
- evaluate the agency’s process to review the 57 data standards and associated definitions established by OMB and Treasury. Where applicable, assess the agency’s efforts to communicate and resolve all data definition concerns/issues with OMB and Treasury. Any variances with completeness and/or the 57 data standards and associated definitions with the Federal agency should be clearly documented. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

To verify timeliness for Files A and B, determine whether transactions were reported within 30 days of quarter end. To assess the timeliness of the sample data submitted for Federal appropriations account summary-level financial data, object class, and program activity, the engagement team should evaluate whether the transactions were reported within 30 days of quarter end. Any variances with timeliness should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

Quality focuses on the utility, objectivity, and integrity of disseminated information. \(^{37}\) To assess the quality of the summary-level financial data in the sample, please refer to the internal control assessment in section 320 while keeping the results of the testing for completeness, timeliness, and accuracy in mind. Any variances with quality should be clearly documented.

\(^{36}\) For Federal appropriations account summary-level financial data, verify that the transactions sampled include all TAS from which funds were obligated and associated financial obligations. The submissions to Treasury should be traced to the fiscal year beginning balance and/or current period ending balance in OMB’s SF-133.

\(^{37}\) OMB’s Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies (February 22, 2002)
by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

420 Determine whether File C is complete and suitable for sampling

.01 The DATA Act requires the IG of each Federal agency to review a statistically valid sample of the spending data submitted and to assess the completeness, timeliness, quality, and accuracy of the data sampled and the Federal agency’s implementation and use of the Government-wide financial data standards established by OMB and Treasury.

.02 File C, for fiscal year 2017, second quarter, will only include obligation amounts for each award made and/or modified during that reporting quarter (January 1, 2017 – March 31, 2017). If the agency submitted File C, the engagement team should assess the agency’s reconciliation process between the data in Files B and C, provided the engagement team had no reportable concerns with the File B submission.

- assess the agency’s process to determine which Object Classes (from File B) contain award-level information;

- if the engagement team determines that File C is not suitable for sampling it should derive its sample from Files D1 and D2.38

.03 Assess the agency’s methodology for ensuring that File C contains all the transactions and links that it should, and contains only those transactions that it should.

- Assess the sufficiency of the agency’s method of determining File C’s completeness.

- It is important to note that the burden of this determination falls on the agency to explain both how it ensures File C is complete and how the agency ensures that transactions not required under the DATA Act, but use the same Object Class as DATA Act transactions, are not in File C. For example, File B includes non-award data, such as payroll details, which would not be reported in File C because it is not a Federal award.

430 Select a Statistically Valid, Random Sample of Certified Spending Data Submitted

.01 The engagement team should randomly select a statistically valid sample of certified spending data from the reportable award-level transactions included

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38 File C is the preferred source to select a statistically valid sample of data. Some Federal agencies will experience delays in its ability to report fiscal year 2017, second quarter spending and payment data contained in File C. In this case, Files D1 and D2 should be used as the source to select a statistically valid sample.
in the agency’s certified data submission for File C, or Files D1 and D2 if File C is unavailable. The reportable award-level transactions in File C should be linked to award and awardee attributes contained in Files D1 through F. The engagement team should test the linkages from File C to Files D1 through F. Because File C will only contain awards made and/or modified since January 1, 2017, the engagement team should note that there may be some instances where awards in File C may not contain award and awardee attributes found in Files D1 and D2. Similarly, there may be scenarios when there are award and awardee attributes in Files D1 and D2 not found in File C.

.02 To select a statistically valid sample, the engagement team should use the following criteria:

- **Population Size** – the number of detail award transactions included in the agency’s quarterly certified data submission will be determined by adding the total number of detail award transactions in submission File C, or Files D1 and D2 if File C is unavailable.

- **Confidence level** – the percentage of all possible samples that can be expected to include the true population parameter; set at 95 percent.

- **Expected error rate** – the estimated number of errors in the population to be sampled, set at 50 percent. In subsequent years, the expected error rate can be reduced based on the results of the November 2017 report.

- **Sample Precision** – the expected difference between the true population parameter and a sample estimate of that parameter; set at plus or minus 5 percent.

- **Sample Size** – the number of transactions to be selected for each IG’s review to ensure consistency; 385 transactions. The sample size is based on a 95 percent confidence level, an initial-year expected error rate of 50 percent, and a desired sampling precision of 5 percent.\(^{39,40}\)

### 440 Detail Test – Award-Level Linkages (Files C through F)

.01 If complete, File C will have reportable financial data for awards made and/or modified after January 1, 2017. The engagement team should determine

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\(^{39}\) Given the confidence level and sample precision, using a 50 percent expected error rate results in the maximum sample size. Once the actual error rate is obtained, the agency can use this error rate as the expected error rate to determine the sample size for the following reporting cycles in 2019 and 2021. Whether the actual error rate the agency finds in this review is smaller or larger than 50 percent, the sample size for the next review will be less than 385 transactions.

\(^{40}\) For agencies with a smaller population, where the recommended sample size of 385 represents 5 percent or more of the population, the IG may reduce the sample size by applying the finite correction factor using the following formula to determine the recommended sample size: 385/[1 + (385/N)], where “N” represents the population size.
whether the sample selected from File C includes applicable TASs by matching the main account codes, sub account codes, and object class codes to those found in File B. Any variances should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.02 If the statistically valid sample is selected from File C, confirm that applicable procurement awards in the sample selected from File C are included in File D1, Award and Awardee Attributes for Procurement Awards, by matching the Procurement Instrument Identifier Numbers (PIIDs). Any variances between Files C and D1 should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

- Verify the validity of financial information reported in File D1 by using the PIIDs and matching the following financial elements from File D1 to the agency’s financial system: the amount of award and, to the extent possible, the current and potential total value of the award.

- Match non-financial elements to the information in the Federal Procurement Data System – Next Generation (FPDS-NG).
  
  o Non-financial elements include the awardee/recipient legal entity name; legal entity address; highly compensated officer name; primary place of performance; and congressional district and address.

.03 If the statistically valid sample is selected from File C, confirm that all financial assistance awards in the sample selected from File C match the Financial Assistance Identifier Numbers (FAIN) contained in File D2, Award and Awardee Attributes - Financial Assistance Awards. Any variances between Files C and D2 should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

- Verify the validity of the financial information reported in File D2 by using the FAINs and matching the following financial elements from File D2 to the agency’s financial system: amount of award and, to the extent possible, the current total value of the award.

- Match non-financial elements to the information in the agency’s system

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41 PIIDs are the Award ID for procurement awards.
42 The authoritative source for executive compensation information is the system for award management.
43 FAINs are the Award ID for financial assistance awards.
and System for Award Management (SAM). Non–financial elements include the awardee/recipient legal entity name; legal entity address; highly compensated officer name; primary place of performance; and congressional district and address.

.04 Confirm that the statistically valid sample from File C, or Files D1 and D2 if File C is unavailable, is linked to the Additional Awardee Attributes found in File E. Any variances between the links between File C, or Files D1 and D2 if File C is unavailable, and File E should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

- Match the awardee/recipient unique identifier from File E to File D1 (Procurement Award/Contract) or File D2 (Financial Assistance Award).
- Match the highly compensated officer name total compensation to SAM.

.05 Confirm that the sample selected from File C, or Files D1 and D2 if File C is unavailable, is linked to Sub-award Attributes found in File F. Any variances between the links between File C, or Files D1 and D2 if File C is unavailable, and File F should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

- Match the sample selection from File C, or Files D1 and D2 if File C is unavailable, to non-financial elements in the FFATA Sub-award Reporting System (FFRS). Non–financial elements include the awardee/recipient legal entity name; legal entity address; highly compensated officer name; primary place of performance; and congressional district and address.

450 Detail Test – Award-Level Transaction Data

.01 Completeness is measured in two ways, (1) all transactions that should have been recorded are recorded in the proper reporting period and (2) the percentage of transactions containing all applicable data elements required by the DATA Act. To assess the completeness and proper use of the Government-wide financial data standards of the award-level transaction sample data:

- evaluate whether all transactions and awards, made and/or modified after January 1, 2017, have been recorded and are reported in the proper period.
- evaluate whether each transaction sampled contain all required standardized data elements for that particular transaction.
• determine whether each required data element is presented in conformance with the established data standard for that element.44

• evaluate the agency’s process to review the 57 data standards and associated definitions established by OMB and Treasury. Where applicable, assess the agency’s efforts to communicate and resolve all data definition concerns/issues with OMB and Treasury. Any variances with completeness and/or the agency’s process to review the 57 data standards and associated definitions should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.02 Accuracy is the percentage of transactions that are complete and consistent with the system(s) of record or other authoritative sources. To assess the accuracy of the award-level transaction sample data:

• for each transaction from the sample that contains Federal award-level data, the engagement team should match this information to the accounting records in the originating agency’s financial systems, if the records can be relied upon. Otherwise, the engagement team will need to match this information to the originating agency’s underlying records.

• for each transaction from the sample that contains Federal non-financial procurement award data elements, including awardee data, the engagement team should match this information to the accounting records in the originating agency’s financial systems, to the extent the records can be relied upon. Otherwise, the engagement team will need to match this information to the originating agency’s underlying records.

• for each transaction from the sample that contains Federal financial procurement award data elements, including awardee data, the engagement team should match this information to the originating accounting records in the agency’s financial systems, to the extent the records can be relied upon. Otherwise, the engagement team will need to match this information to the originating agency’s underlying records. While awardee data are reported from external systems, the procurement award obligation, funding agency, and TAS are provided by agencies from their financial systems.

• for each transaction from the sample that contains Federal award-level data, for awardees required to register in SAM, the engagement team should match this information to SAM.

44 For contract awardees, evaluate whether the transactions sampled contain the prime Award ID number linking award-level and financial data for all Federal awards made/modified after January 1, 2017.
• for each transaction from the sample that contains sub-award data, the engagement team should match this information to FSRS.

• for each transaction from the sample that contains executive compensation data, the engagement team should match this information to SAM.

• for each transaction from the sample that contains official entity information, specifically, the legal business name and the physical address, the engagement team should match this information to the originating accounting records in the agency’s financial systems, to the extent the records can be relied upon. Otherwise, the engagement team will need to match this information to the originating agency’s underlying records.

• any variances with accuracy should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.03 To assess the timeliness of the award-level transaction sample data:

• for financial and non-financial assistance award-level data transactions, the engagement team should evaluate whether the transactions sampled were reported within 30 days after the quarter in which they occurred.45

• for procurement award data, the engagement team should evaluate whether the transactions sampled were reported within 30 days after the quarter in which they occurred.46

• Any variances with timeliness should be clearly documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

.04 To assess the quality of the data submitted to Treasury for publication on USASpending.gov by its Federal agency, please refer to the internal control assessment in sections 320 and the results of testing performed under section 440 and 450. Any variances with quality should be clearly documented.

45 The submissions should be compared to the date the award was made/amended in the accounting records of the originating agency financial system(s), to the extent the record can be relied upon. Otherwise, the engagement team will need to match this information to the originating agency’s underlying records.

46 The submissions to FPDS should be compared to the date the award was made/amended in the accounting records of the originating agency financial system(s), to the extent the record can be relied upon. Otherwise, the engagement team will need to match this information to the originating agency’s underlying records.
documented by the Federal agency. The engagement team should assess the reasonableness of the agency’s process to resolve all variances and report on any unusual or unexplained variances it identifies.

460 Results

.01 The error rate for each of the characteristics tested (completeness, timeliness, quality, accuracy, and the implementation and use of the Government-wide financial data standards) in the sample represents the error rate in the entire population of transactions from the agency’s DATA Act submission. The engagement team should report the error rate and sampling error (margin of error) they determined for each characteristic tested.

500 Reporting

.01 The engagement team should produce a report of the results of this engagement, including the error rate and sampling error (margin of error) they determined for each characteristic tested, as well as the agency’s implementation and use of the Government-wide financial data standards, in conformance with GAGAS. The initial report should be issued by November 8, 2017, a 1-year delay from the due date in the statute, with subsequent reports following on a 2-year cycle, in November 2019 and November 2021. The reports should be addressed to the agency SAO, made publicly available, and distributed to the following:

- United States Senate Committee on Homeland Security and Governmental Affairs
  The Honorable Ron Johnson, Chairman
  The Honorable Claire McCaskill, Ranking Member
  340 Dirksen Senate Building
  Washington, DC, 20510
  202-224-4751

- United States House Committee on Oversight and Government Reform
  The Honorable Jason E. Chaffetz, Chairman
  The Honorable Elijah E. Cummings, Ranking Member
  2157 Rayburn House Office Building
  Washington, DC 20515
  (202) 225-5074

- United States Senate Committee on the Budget
  The Honorable Mike Enzi, Chairman
  The Honorable Bernie Sanders, Ranking Member
  624 Dirksen Senate Office Building
  Washington, DC 20510
  202-224-0642
The engagement team should ensure that the report contains the results of the engagement team’s assessment of the:

- internal controls over source systems used to report financial and award data for publication on USASpending.gov;
- internal controls in place over data management and processes used to report financial and award data to USASpending.gov;
- identified control deficiencies that may adversely impact the completeness, timeliness, quality, and accuracy of the data submitted;\(^\text{47}\)
- completeness, timeliness, quality, and accuracy of the data sampled by the Federal agency IG; and
- implementation and use of the Government-wide financial data standards by the Federal agency.

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For additional information regarding this guide, please contact Andrea Smith, Chair of the FAEC DATA Act Working Group at (202) 927-8757 or DATAAct@oig.treas.gov; or John Tomasetti, Common Methodology and Technical Approach Sub-groups, at (202) 927-2665. Other contributors to this guide are listed in Appendix 5.

\(^{47}\) Deficiencies in internal control that are not significant to the objectives of the engagement but warrant the attention of those charged with governance, should be included in the report or otherwise communicated in writing to its agency’s management officials.
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
Page 2

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

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act “readiness reviews” at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation.

We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

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

Sincerely,

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

cc: The Honorable David Mader, Controller, OMB
The Honorable Gene Dodaro, Comptroller General, GAO
Appendix 2

Suggested Criteria for the Inspectors General Guide to Compliance Under the DATA Act

Please note: Due to the change in presidential administration, some links may be inoperable at the time this guide is released. If you need assistance accessing any of the below criteria, please contact DATAAct@oig.treas.gov.

Inspectors General Guide to Compliance Under the DATA Act Suggested Criteria

<table>
<thead>
<tr>
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Appendix 3
DATA Act Information Flow Diagram

Additional Future Reporting Workflow
Quarterly Reporting – DATA Act

Existing Reporting Workflow
Daily/Bi-weekly Reporting - FFATA

Source: Department of the Treasury. Amendments made to the DATA Act information model schema can be found at https://fedspendingtransparency.github.io/data-model/
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<th>Potential Risks</th>
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<td>Agency financial system(s) does not have all awards/transactions for the reporting quarter.</td>
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<td>Data reported does not accurately reflect its authoritative source.</td>
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<td>Data submission does not reconcile to the agency’s source system(s).</td>
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<tr>
<td>Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.</td>
<td>All awards/transactions for the reporting quarter have not been reported.</td>
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<td>All required transactions are not included in the DATA Act Submission.</td>
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<td>Transactions were not reported within 30 days of quarter end.</td>
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<td>Data reported are not objective and useful, and lack integrity.</td>
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Appendix 5
Major Contributors to the Inspectors General Guide to Compliance Under the DATA Act

Major Contributors
Keyawnia Alford, Department of Defense, Office of Inspector General
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Tabitha Hart, Department of Justice, Office of the Inspector General
Chiquita Johnson, Department of Defense, Office of Inspector General
Tracy Katz, Department of Labor, Office of Inspector General
James Lisle, Department of the Treasury, Office of Inspector General (formerly)
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Lusk Penn, Department of Defense, Office of Inspector General
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