



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

November 8, 2017

OIG-CA-18-007R\*

MEMORANDUM FOR TREVOR NORRIS, ACTING ASSISTANT SECRETARY FOR  
MANAGEMENT

FROM: Andrea D. Smith /s/  
Director, Fiscal Service Audits

SUBJECT: Audit of Treasury's Reporting of Financial and Payment  
Information Under the DATA Act – Summary Results

\*OIG-18-010R, was revised on March 30, 2018, to reflect changes made on pages 1, 3, 21, 22, 23, and 25. The changes clarify the percent of inaccurate transactions and corresponding accuracy rates for the individual data elements tested by the Office of Inspector General. The addressee of this report has also been updated to reflect the change in the incumbent Assistant Secretary for Management. These corrections did not affect the findings, conclusions, and recommendations previously reported.

In accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act), I am providing the summary audit results of the Department of the Treasury's (Treasury or the Department) efforts to report required financial and payment information. The objectives of the audits were to: (1) assess the completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov, and (2) assess Treasury's implementation and use of data standards. Our audit was performed in collaboration with the Treasury Inspector General for Tax Administration (TIGTA), an entity independent of our office, with jurisdictional oversight for the Internal Revenue Service (IRS). Our office and TIGTA each performed separate audits of our respective jurisdictional oversight areas – IRS for TIGTA and non-IRS offices and bureaus for the Treasury Office of Inspector General (OIG).

To accomplish our objectives, we obtained an understanding of the current laws and guidance related to Treasury's reporting responsibilities under the DATA Act. We conducted interviews with Treasury personnel responsible for implementation of the DATA Act reporting requirements. In collaboration with TIGTA, we selected a statistically valid sample and traced selected transactions

back to underlying agency records. We designed our sample to estimate a rate of reporting errors with a sampling error of no greater than plus or minus 5 percent at the 95 percent level of confidence, with an expected error rate of 50 percent. To select our sample, we divided a population of 7,033 transactions containing financial and payment information, into two strata: 3,956 IRS-related transactions, and 3,077 transactions related to Treasury's remaining reporting entities, or non-IRS transactions. We then selected a statistically valid sample of 366 transactions proportionally allocated between the two strata; 206 IRS transactions and 160 non-IRS transactions. The following are highlights on the results of these efforts.

### **Treasury Summary Results for All Offices and Bureaus**

In total, for our sample of 366 transactions, 23.7 percent are incomplete, 96.2 percent are inaccurate, and 3.0 percent are untimely. Thus, we estimate with 95 percent confidence that the percentage of all transactions in Treasury's FY 2017, second quarter data that are (1) incomplete is between 19.6 and 27.7 percent; (2) inaccurate is between 94.3 and 98.1 percent; and (3) untimely is between 1.3 and 4.7 percent. Additionally, the Department's implementation and use of data standards was not always consistent with the definitions established by OMB and Treasury's Government-wide DATA Act Program Management Office. Until the weaknesses described above are addressed, any efforts to assess the quality of Treasury's data submitted for publication on Beta.USAspending.gov will be limited.

Treasury management acknowledged that the audit methodology for the DATA Act engagements followed OMB guidance; however, management is concerned that this guidance may not have anticipated the complexities of the DATA Act. Consequently, management responded that any audit conclusions related to the accuracy and usefulness of this information may be misleading. Treasury management's response is included, in its entirety, as attachment A to this memorandum.

We acknowledge the progress Treasury continues to make in the Department's efforts to report financial information under the DATA Act. Further, we used OMB and Government Accountability Office criteria in our efforts to assess (1) the completeness, accuracy, timeliness, and quality of FY 2017, second quarter financial and payment information submitted for publication on Beta.USAspending.gov and (2) Treasury's implementation and use of the data standards.

## Non-IRS Results

Our review of the 160 non-IRS transactions found that 25.0 percent are incomplete and 94.4 percent are inaccurate. While Treasury's comprehensive data submission was timely, we noted timing differences between financial data and procurement award data extracted from external award reporting systems in 6.9 percent of the transactions in our sample. Thus, we estimate with 95 percent confidence that the percentage of all non-IRS transactions in the Department's FY 2017, second quarter data that are (1) incomplete is between 18.7 and 32.2 percent; (2) inaccurate is between 90.9 and 97.9 percent; and (3) untimely is between 3.6 and 11.8 percent.

We recommend that Treasury's Assistant Secretary for Management, working with the Department's Senior Accountable Official, reporting entities, and Government-wide Program Management Office, as well as the Office of Management and Budget (OMB), take the following actions: (1) review the list of 57 data elements, including the standardized definitions, to ensure that all reporting entity contracting specialists/officers understand and are trained on how the elements are defined, where these elements are captured in underlying records, and how these elements are reported in procurement and financial systems; (2) ensure that appropriate and complete documentation is maintained and readily available for all procurement awards including, but not limited to, base award documentation and requisitions; (3) continue to evaluate, address, and communicate data quality concerns regarding data inaccuracies attributable to agency supplied information and/or broker extracted information; and (4) continue to monitor the resolution for issues identified in corrective action plans including, but not limited to, Administrative Resource Center's process to report procurement data on behalf of its customer agencies.

Treasury management agreed with our recommendations and outlined its corrective actions. Management described its plan to (1) enhance training of procurement contracting specialists and officers involved in data entry to ensure consistent understanding, interpretation, and standardized use of reported data elements; (2) make improvements to the underlying procurement source documentation by standardizing and making more transparent the supporting documentation in such a manner that better facilitates the auditor's location and review; and (3) continue to execute a strong governance program for periodically evaluating, addressing, and communicating data discrepancies, as well as tracking and monitoring the resolution of issues identified in corrective action plans.

For detailed audit results for the non-IRS offices and bureaus see attachment B of this memorandum for our report OIG-18-010R, dated November 8, 2017.

## IRS Results

TIGTA's review of its 206 IRS transactions found that 22.7 percent are incomplete and 97.6 percent are inaccurate. TIGTA did not note timing differences in its sample. Thus, TIGTA estimates with 95 percent confidence that the percentage of all IRS transactions in the Department's FY 2017, second quarter data that are (1) incomplete is between 17.6 and 27.7 percent; (2) inaccurate is between 95.6 and 99.6 percent; and (3) untimely is between 0.0 and 1.7 percent.

TIGTA recommended that IRS's Chief Financial Officer, in coordination with the Chief, Procurement, and National Taxpayer Advocate, develop and implement policies and procedures that: (1) clarify the definition of DATA Act elements and associated fields where the required data is entered into IRS and external systems; (2) specify documentation which should be maintained in support of these elements in grant and contract files; and (3) provide mandatory training to all contracting officers and grant program staff to ensure understanding. TIGTA also recommended quality assurance procedures be enhanced.

IRS management agreed with TIGTA's recommendations and plans to implement policies and procedures to ensure that correct data is entered into related systems, supporting documentation is maintained, mandatory training is provided to procurement and grant staff, and a quality assurance program is implemented.

For detailed audit results for the IRS see attachment C of this memorandum for TIGTA's report 2018-10-006, dated November 7, 2017.

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

If you have any questions, please contact me at 202-927-8757 or John Tomasetti, Audit Manager, at 202-927-2665.

cc: Carole Banks, Deputy Chief Financial Officer, Department of the Treasury  
U.S. Senate Committee on the Budget  
U.S. Senate Committee on Finance  
U.S. House of Representatives Committee on the Budget  
U.S. House of Representatives Financial Services Committee

Attachment A: Treasury's Management Response

Attachment B: OIG Report OIG-18-010R (November 8, 2017)

Attachment C: TIGTA's Report 2018-10-006 (November 7, 2017)