



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

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Chief Financial Officer (B)

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SUBJECT: The Office of Inspector General's Readiness Review of GSA's
Implementation of the Digital Accountability and Transparency Act
Audit Memorandum Number A150150-2

This audit memorandum summarizes the results of our readiness review of GSA's implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act).

We conducted this review between December 2015 and October 2016. The objective of our readiness review was to assess GSA's efforts and formal implementation plans (at the Agency and component levels) to report financial and payment data in accordance with the requirements of the DATA Act.

Background

The DATA Act was enacted on May 9, 2014. The Act expands Section 3 of the Federal Funding Accountability and Transparency Act of 2006, which set forth requirements for increased accountability and transparency in federal spending. Under the DATA Act, federal agencies are required to report financial and payment data in accordance with governmentwide data standards established by the United States Department of the Treasury (Treasury) and the Office of Management and Budget (OMB). The DATA Act has two main requirements. First, it requires agencies to report standardized spending data by May 9, 2017. Agencies report this spending data to the USASpending.gov website, which is administered by Treasury's Bureau of the Fiscal Service. Second, the DATA Act requires Treasury and OMB to publish this spending information for free access and download by the public on the USASpending.gov website by May 9, 2017.

The DATA Act also requires Inspectors General (IGs) to report whether their agencies are complying with the DATA Act's data standards for federal spending. However, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the DATA Act. That is, the first IG

reports are due to Congress in November 2016; however, as previously mentioned, federal agencies are not required to report spending data until May 2017. To address this reporting date anomaly, on December 22, 2015, CIGIE informed the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform that the IGs would provide Congress with their first required reports in November 2017, a 1-year delay from the statutory due date, with subsequent reports following on a 2-year cycle. Given the delay for the IG reports, CIGIE encouraged IGs to undertake DATA Act readiness reviews at their agencies. The GSA Office of Inspector General participated in CIGIE’s DATA Act Working Group and performed this readiness review using the guidance provided by that group.

In performing the readiness review, we reviewed GSA’s DATA Act implementation plan and assessed the Agency’s efforts and progress in implementing Treasury and OMB’s eight key steps to fulfilling the requirements of the Act. While our audit memorandum does not contain recommendations, we have outlined risks and challenges GSA must address to position itself for successful DATA Act implementation.

Eight Key Steps to Implement the DATA Act

In the DATA Act Playbook, Treasury and OMB have recommended eight key steps to assist agencies with their implementation of the DATA Act (see *Figure 1*). According to the DATA Act Playbook, the eight steps can help agencies fulfill the requirements of the DATA Act by leveraging existing capabilities and streamlining implementation efforts.

Figure 1 – Treasury and OMB’s Eight Key Steps

Agency Step	Description
(1) Organize Team	Create an Agency DATA Act work group including impacted communities and identify a Senior Accountable Official.
(2) Review Elements	Review list of DATA Act elements and participate in data definition standardization.
(3) Inventory Data	Perform inventory of Agency data and associated business processes.
(4) Design & Strategize	Plan changes to systems and business processes to capture data; and prepare cost estimates for fiscal year 2017 budget projections.
(5) Execute Broker	Implement system changes and extract data iteratively. This includes mapping and validating agency data to DATA Act standards.
(6) Test Broker	Test Broker outputs iteratively to ensure data are valid.
(7) Update Systems	Implement system changes iteratively. For example, establish links between program and financial data, and capture any new data.
(8) Submit Data	Update and refine the process, repeating steps 5-7 as needed.

DATA Act Reporting Model

Treasury has developed a model of how agency spending data will be submitted to Treasury's DATA Act Broker. The DATA Act Broker is a specially developed information system that translates spending information produced by existing agency systems into standards that conform to the DATA Act. According to the DATA Act implementation guidance, agencies will report, and the DATA Act Broker will extract, data in the following specified files (see **Appendix A** for further description of each file type):

- File A – Appropriations Account Detail;
- File B – Object Class and Program Activity Detail;
- File C – Award Financial Detail;
- File D – Award and Awardee Attributes for Procurement (File D1) and Financial Assistance (File D2);
- File E – Additional Awardee Attributes; and
- File F – Sub-award Attributes.

Each agency will submit the data for the Appropriations Account Detail, Object Class and Program Activity Detail, and Award Financial Detail files (Files A, B and C) to the DATA Act Broker. The DATA Act Broker will extract the data for the Award and Awardee Attributes, Additional Awardee Attributes, and Sub-award Attributes files (Files D, E, and F) from feeder information systems that hold the data for other reporting purposes. For example, the Federal Procurement Data System – Next Generation (FPDS-NG) is a feeder system from which the DATA Act Broker will extract agency spending data. Once Treasury's DATA Act Broker validates the Appropriations Account Detail, Object Class and Program Activity Detail, and Award Financial Detail files, agencies will certify the reliability and validity of the data output for all the files before submitting it to Treasury using the DATA Act Broker. The data is subsequently posted to the USASpending.gov public website.

Status of GSA's DATA Act Implementation

As of October 21, 2016, GSA has been making progress in implementing the DATA Act. GSA has developed a DATA Act implementation plan and has been using it to manage its implementation efforts. OMB directed federal agencies to submit DATA Act implementation plans by September 14, 2015, and required updated implementation plans by August 12, 2016. GSA submitted both implementation plans to OMB on time as required. According to information provided by GSA, it has been meeting the milestones dates in the implementation plan and expects to be fully compliant with the DATA Act's May 2017 deadline.

In addition, GSA has been making progress in implementing Treasury and OMB's eight key steps for DATA Act implementation. GSA has completed the first four steps that include its work to organize the Agency's DATA Act team, review the data elements, inventory the data, and design changes to its systems and business processes. GSA is

also currently working to implement changes for the DATA Act Broker and updating systems (Steps 5 through 7), while planning to process refinements needed for the data submission (Step 8). See **Appendix B** for GSA's progress implementing each of the eight steps.

Challenges and Risks Remain for GSA's Implementation Efforts

Although it has made progress in its implementation efforts, GSA still faces challenges and risks that could affect its ability to meet the May 2017 data submission deadline. During the readiness review, Agency officials expressed awareness of the challenges and risks and were working to address them. We have outlined the risks below as well as the actions being taken by the Agency.

A Required Data Element is not Available in GSA's Financial System

A required data element for File C, the Parent Award ID, is not available in GSA's financial system, Pegasys. The Parent Award ID is the identification number used for a procurement award. This term currently applies to procurement actions only. One example applicable to GSA is the Blanket Purchase Agreement (BPA). A BPA is a simplified method used to fill anticipated repetitive needs for supplies and services by establishing charge accounts with qualified sources of supply (*i.e.*, contractors). A BPA is given a Parent Award ID that GSA records in FPDS-NG. However, there is no field for the Parent Award ID in Pegasys.

The Parent Award ID is an element required in the Award Financial Detail file (File C), one of the files which each agency is required to submit to Treasury. Because GSA will not be able to obtain the Parent Award ID from Pegasys, it has developed an alternate plan to retrieve the data. GSA plans to extract the Parent Award ID from the Award and Awardee Attributes for Procurement file (File D1) after Treasury creates the file from information in USASpending.gov and FPDS-NG. According to GSA, this extra step will add complexity to its creation of File C. As of October 31, 2016, though GSA continues to test its files through the DATA Act Broker, GSA had not yet been able to download and test its plan for obtaining the Parent Award ID from the Award and Awardee Attributes file.

Challenges with Certifying Reliability and Validity of Data Submissions

Agency DATA Act Senior Accountable Officials are required to certify the reliability and validity of data submissions. According to its implementation plan, while GSA may be able to rely on current financial processes to certify the accuracy of the Appropriations Account Detail and the Object Class and Program Activity Detail files (Files A and B), it will be more challenging to certify the reliability and validity of the Award Financial Detail and the Award and Awardee Attributes files (Files C and D) and the link between them. The Appropriations Account Detail and the Object Class and Program Activity Detail files represent GSA's total spending, subtotaled in various ways, making it straightforward to compare total spending between the two files, and other financial data reported to Treasury. The Award Financial Detail file contains totals from Pegasys,

while the Award and Awardee Attributes file represents only those transactions reportable to FPDS-NG at the detailed transaction level. GSA records transactions differently in Pegasys and FPDS-NG, which makes it more challenging for GSA to certify the reliability and validity of those files.

There are many legitimate reasons why data recorded in FPDS-NG will not match GSA's financial reporting. For instance, certain types of transactions are exempt from reporting in FPDS-NG, such as those associated with leases, payroll, and travel. To address this risk, GSA is documenting the known differences between the data and attempting to quantify the differences. As of October 31, 2016, GSA had not compiled a complete list of known differences, nor had it gained assurance from Treasury and OMB as to whether such differences would be considered compliant with the DATA Act.

New OMB Guidance Complicates Intra-Governmental Transfers for GSA

As a part of its agile approach to implementing the DATA Act, Treasury and OMB provide frequent updates to agencies, including recent guidance, OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*. This memorandum provides guidance for intra-governmental transfers. GSA, as a service provider to other agencies, handles a large number of intra-governmental transfers from customer agencies. For example, GSA uses Reimbursable Work Authorizations to handle intra-governmental transfers for repair, alteration, and other services for customer agencies in GSA facilities. A Reimbursable Work Authorization is a formal agreement between GSA and a customer agency whereby GSA agrees to provide goods or services, and the customer agency agrees to reimburse GSA's costs.

Because GSA receives many intra-governmental transfers, GSA faces challenges with its initial methodology for reporting such transactions. According to the new guidance, for the first data submission, the agency that receives the funds (in the case of Reimbursable Work Authorizations, GSA) will be required to submit that data in accordance with the DATA Act. After the first data submission, OMB calls for the funding agency (GSA's customer agency) to determine which agency, funding or awarding, will submit data to USASpending.gov. If the funding agency decides it wants to submit the data, GSA will have to develop a way to exclude this data from its future submissions. According to GSA, this will further complicate its reporting process after the first DATA Act submission in May 2017.

Internal Control Procedures to Ensure Reliability and Validity of Data Remain under Development

Finally, as of October 31, 2016, internal control procedures to ensure the reliability and validity of data submitted by GSA under the DATA Act are still under development. We deem this a risk and current challenge to GSA because OMB Memorandum 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, directs DATA Act Senior

Accountable Officials to provide reasonable assurance that their agencies' internal controls support the reliability and validity of the agency account-level and award-level data they submit to Treasury for publication on USASpending.gov. This requirement is effective beginning with data submitted in May 2017.

Other Considerations

One concern regarding DATA Act implementation is GSA's reliance on a shared service provider for its financial management services and system. As of October 1, 2015, GSA outsourced its financial management functions, including Pegasys, to a federal shared service provider, the United States Department of Agriculture (Agriculture). GSA is working closely with Agriculture on its DATA Act implementation and does not consider the use of Agriculture as a risk to the success of its efforts. For instance, GSA's DATA Act Senior Accountable Official informed us that a representative from Agriculture participates on GSA's integrated project team.

However, according to GSA's DATA Act implementation plan, GSA is reliant on Agriculture for future enhancements to Pegasys, including requiring completion of the Award ID field. As required by OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, all federal agencies must use the Award ID so that award-level and financial data may be linked for each federal award. To comply with this requirement, in June 2016, GSA issued an Agency-wide directive requiring the use of the Award ID field in Pegasys.

Other risks and challenges GSA faces in its DATA Act implementation include:

- Potential misinterpretation of certain data definitions;
- Rounding and formatting issues with Agency data;
- Potential for misinterpretation of data by users in the general public;
- Competing priorities and availability of GSA resources to ensure continued progress of DATA Act implementation; and
- Inability to link data accurately across systems.

GSA has documented strategies to address each of the above challenges. While we found GSA's strategies to be reasonable attempts to achieve successful implementation of the DATA Act, we reserve concluding whether they are viable because GSA has not yet executed them.

Conclusion

GSA has made positive progress in meeting DATA Act milestones and implementing Treasury and OMB's eight key steps to fulfill the requirements of the DATA Act. However, GSA must address certain risks and challenges in order to achieve successful implementation. For instance, GSA must implement a solution to ensure that a required data element (Parent Award ID) will be reported in its data submission to Treasury. In

addition, GSA must mitigate risks, such as ensuring the reliability and validity of data submissions.

Because testing of the DATA Act Broker and necessary updates to certain GSA systems is still underway, we cannot definitively state that GSA will successfully implement the DATA Act requirements by the May 2017 statutory deadline. However, we will assess GSA's success in submitting data in accordance with the DATA Act during our first required audit, the results of which will be reported in November 2017. In the interim, GSA should continue its risk mitigation efforts, including the development of an appropriate system of internal controls to ensure compliance with the DATA Act. Additionally, the Agency should continue its proactive engagement and participation in routine meetings sponsored by Treasury and OMB to maintain awareness of DATA Act implementation guidance and other key information related to the Act.

GSA Comments

GSA did not have any comments regarding the results of our readiness review.

I would like to thank you and your staff for your assistance during this review. If you have any questions regarding this audit memorandum, please contact Porsha P. Brower, Audit Manager at (202) 273-7329, or me at (202) 273-7241.

Appendix A – Description of Files Submitted by Agencies and Extracted by Treasury under the DATA Act

Data Files Agencies are to Submit to the DATA Act Broker	
File	Description
A	Appropriations Account Detail: Contains appropriation summary level data
B	Object Class and Program Activity Detail: Includes obligation and outlay information at the object class and program activity level.
C	Award Financial Detail: Reports the obligations at the award and object class level.
Data Extracted from Feeder Systems via DATA Act Broker	
File	Description
D1	Award and Awardee Attributes for Procurement: Reports the award and awardee details that are linked to the Award Financial Detail file (File C).
D2	Award and Awardee Attributes for Financial Assistance: Reports the award and awardee details that are linked to the Award Financial Detail file (File C).
E	Additional Awardee Attributes: Includes the additional prime awardee attribute.
F	Sub-award Attributes: Includes sub-award information.

Source: Treasury's DATA Act Information Model Schema and DATA Act Overview Documents, retrieved from OMB's MAX.gov website

Appendix B – GSA’s Progress Implementing Treasury and OMB’s Eight Key Steps

Steps for Agencies	Recommended Timeline	GSA Status
(1) Organize Team Create an agency DATA Act work group including impacted communities (e.g., Chief Information Officer, Budget, Accounting, etc.) and identify Senior Accountable Official	Spring 2015	Completed
(2) Review Elements Review list of DATA Act elements and participate in data definition standardization	Spring 2015	Completed
(3) Inventory Data Perform inventory of agency data and associated business processes	February 2015 – September 2015	Completed
(4) Design & Strategize (a) Plan changes to systems (e.g., adding Award IDs to financial systems) and business processes to capture data that are complete multi-level (e.g., summary and award detail) fully-linked data; (b) Prepare cost estimates for fiscal year 2017 budget projections	March 2015 – September 2015	Completed
(5) Execute Broker Implement system changes and extract data iteratively (includes mapping of data from agency schema to the DATA Act schema as well as validation)	October 2015 – February 2016	In-Progress Scheduled Completion: November 2016
(6) Test Broker Implementation Test Broker outputs iteratively to ensure data are valid	October 2015 – February 2016	In-Progress Scheduled Completion: March 2017
(7) Update Systems Implement other system changes iteratively (e.g., establish linkages between program and financial data, capture any new data)	October 2015 – February 2017	In Progress Scheduled Completion: May 2017
(8) Submit Data Update and refine process (repeat steps 5-7 as needed)	March 2016 – April 2017*	Not Started Scheduled Completion: May 2017

* In order to meet the May 2017 DATA Act statutory deadline to publish appropriations account summary-level spending data on USASpending.gov, federal agencies are required to submit fiscal year 2017 second quarter summary-level data no later than April 30, 2017.

Appendix C - Memorandum Distribution

GSA Administrator (A)

Chief Financial Officer (B)

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