NATIONAL ENDOWMENT FOR THE
HUMANITIES'

COMPLIANCE WITH

THE DIGITAL ACCOUNTABILITY AND
TRANSPARENCY ACT

(DATA Act)

OIG-18-01 (IA)

Laura Davis, Inspector General

July 18, 2018

Date
I. INTRODUCTION

The Digital Accountability and Transparency Act of 2014 (DATA Act)\(^1\) aims to make information on Federal expenditures more easily accessible and transparent. The purposes of the DATA Act are to:

- expand the Federal Funding Accountability and Transparency Act of 2006 (FFATA) by disclosing direct Federal agency expenditures and linking Federal contract, loan, and grant spending information to Federal programs to enable taxpayers and policy makers to track Federal spending more effectively;

- establish Government-wide data standards for financial data and provide consistent, reliable, and searchable Government-wide spending data that is displayed accurately for taxpayers and policy makers on USASpending.gov;

- Simplify reporting for entities receiving Federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency;

- Improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted; and

- Apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal Government.

The DATA Act requires the U.S. Department of the Treasury (Treasury) to establish common standards for financial data provided by all government agencies and to expand the amount of data that agencies must provide to USASpending.gov. The goal of the law is to improve the ability of Americans to track and understand how the government is spending their tax dollars.

In May 2015, the Treasury, in association with the Office of Management and Budget (OMB), published 57\(^2\) data definition standards and required Federal agencies to report financial and award data in accordance with these standards, beginning with the second quarter of fiscal year (FY) 2017. Once submitted, the data will be displayed on USASpending.gov for taxpayers’ and policy makers’ use.

The DATA Act also requires the Inspector General of each Federal agency to review spending data submitted by its Federal agency and to provide to Congress a publicly available report assessing the completeness, timeliness, accuracy, and quality of the data 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\(^3\) that should have been recorded are recorded in the proper reporting period and (2) as the percentage of transactions containing all applicable data elements required by the DATA Act. Timeliness is measured as the percentage of transactions reported within 30 days of quarter end. 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

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\(^1\) P.L. 113-101

\(^2\) The 57 data elements including definitions can be found at [https://fedspendingtransparency.github.io/data-elements/](https://fedspendingtransparency.github.io/data-elements/)

\(^3\) In this report, "transaction" refers to summary-level data and/or award-level data.
being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.⁴

II. BACKGROUND

There are two main information systems involved in the collection and storage of National Endowment for the Humanities (NEH) financial and award data: Oracle E-Business Suite (Oracle) – a financial management system that serves as the central repository for financial information related to grant awards and procurement activity; and the Grants Management System (eGMS) – which maintains data related to the grant application review and grant award management processes. Grant funding actions entered into eGMS are automatically transferred to Oracle daily. Procurement information is entered directly into Oracle. According to NEH management, there are no conflicts between the Oracle financial management system and eGMS, and the two systems are capable of providing the information required by the DATA Act.

Initially, the NEH began development of a process to extract and format financial and award information necessary to generate files for DATA Act reporting. However, development efforts were suspended when the Agency was notified of Oracle’s efforts to develop a software patch that would provide Oracle users with an automated tool to generate DATA Act compliant files. Agency management then assumed responsibility for developing a manual process to reconcile the Oracle-generated files, focusing more on correcting, or accounting for, errors and omissions of information, versus file generation.

Agency management planned to use the DATA Act Broker (herein referred to as the “Broker”) as a critical tool to highlight discrepancies and potential issues. As part of the quarterly DATA Act reporting process, the Broker identifies and documents potential issues associated with the information submitted by the Agency. The Broker runs validation tests of file submissions for completeness and consistency before the Agency certifies its submission as meeting DATA Act requirements. The Broker uses both information submitted by the Agency and other authoritative sources to accomplish cross-file validations and generates reports outlining issues that will prevent the Agency from certifying its submission (i.e., “Fatal Errors”) and issues that should be noted by the Agency, but will not prevent certification (i.e., “Warnings”). The Agency must correct all fatal errors before certifying the DATA Act submission.

Agency testing and validation of Broker outputs began in February 2017, after fully installing the Oracle DATA Act patch. When the Agency submitted test DATA Act files to the beta testing version of the Broker, fatal errors were identified concerning all files. Due to the extensive nature of the fatal errors and the impending DATA Act submission deadline, Agency management realized there would not be enough time to evaluate and correct the underlying issues with the Oracle tool in order to generate accurate data files. Therefore, the Agency resumed efforts to compile the DATA Act files using manual techniques.

III. AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit are to assess the (1) completeness, timeliness, quality, and accuracy of financial and award data submitted for publication on USASpending.gov for the second quarter of FY 2017; and (2) Agency’s implementation and use of the Government-wide financial data standards established by OMB and Treasury.

⁴ OMB’s Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies (February 22, 2002)
The scope of this audit is financial and award data submitted by the NEH for publication on USASpending.gov for the second quarter of FY 2017, and any applicable procedures, certifications, documentation, and controls to achieve this process.

To accomplish the audit objectives, we:

- obtained an understanding of regulatory criteria related to the Agency’s responsibilities to report financial and award data under the DATA Act;
- assessed NEH systems, processes, and internal controls in place over data management under the DATA Act;
- assessed the general and application controls pertaining to the NEH financial management systems from which the data elements were derived and linked (e.g., accounting, grants, procurements);
- assessed internal controls in place over financial and award data reported to USASpending.gov per OMB Circular A-123;
- assessed the completeness, timeliness, quality, and accuracy of financial and award data submitted by the NEH for publication on USASpending.gov for second quarter of FY 2017; and
- assessed the Agency’s implementation and use of the 57 data definition standards established by OMB and Treasury.

We obtained from the Broker, the three DATA Act files submitted by the NEH and certified on April 28, 2017, for the second quarter of FY 2017. We compared this information to the remaining DATA Act files, which were generated by the Broker. We traced the information contained in all of the DATA Act files back to the appropriate NEH and Federal source systems.

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5 For the purposes of this report, data management refers to the policies and procedures the NEH has in place to manage the flow of spending and award data throughout its entire life cycle.

6 OMB Circular A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control (July 15, 2016)

7 Since the NEH and the National Endowment for the Arts (NEA) shared a Federal Agency Identification (AID) Code, the NEH and NEA made a combined submission to the DATA Act Broker for the second quarter of fiscal year 2017. The NEH now has its own AID Code, and starting with the third quarter of fiscal year 2017, NEH DATA Act submissions will not be combined with the NEA.

8 The Broker generates the following four DATA Act files based on information extracted from the Federal Procurement Data System (FPDS), USASpending.gov Award Submission Portal (ASP), the System for Award Management (SAM), and the FFATA Subaward Reporting System (FSRS):

File D1 – Award and Awardee Attributes (Procurement)
File D2 – Award and Awardee Attributes (Financial Assistance)
File E – Additional Awardee Attributes
File F – Sub-award Attributes

9 We applied our testing procedures to 100 percent of the procurement and financial assistance transactions recorded in Oracle for the second quarter of FY 2017, as deemed to be reportable pursuant to the DATA Act.
We conducted this performance audit 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.

IV. RESULTS OF AUDIT

We conclude that the quality of the information submitted by the NEH for publication on USASpending.gov for the second quarter of FY 2017 is directly proportional to the Agency’s efforts to develop and maintain comprehensive policies and procedures concerning the reporting of such information to the related external systems and the compilation of the required DATA Act files. Consequently, flawed policies and procedures negatively impacted the completeness, accuracy, and timeliness of spending data certified as part of the Agency’s DATA Act submission for the second quarter of FY 2017.

Review of File A Submission

File A (Appropriations Account Detail) includes cumulative Federal appropriations summary-level data for the fiscal year. We were able to trace all NEH appropriations account summary-level information, including obligations and outlays,\(^{10}\) to the second quarter SF-133: Report on Budget Execution and Budgetary Resources (SF-133)\(^ {11}\) and determined that all underlying transactions are consistently included for the reporting period. Further, as part of the fiscal year 2017 financial statement audit, the independent auditors assessed the Agency’s efforts to reconcile the SF-133 to the Statement of Budgetary Resources\(^ {12}\) (SBR) and concluded that the Agency’s process to resolve discrepancies and report on any unusual or unexplained variances was reasonable. Therefore, we have confidence in the consistency of the data presented in the SF-133, SBR, and the Agency’s File A submission.

Based on our testing of the Agency’s File A submission, we conclude that the data is complete, timely, and accurate.

Review of File B Submission

File B (Object Class and Program Activity Detail) includes cumulative Federal object class and program activity summary-level data for the fiscal year. To assess the accuracy of the Agency’s

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\(^{10}\) Per Council of the Inspectors General on Integrity and Efficiency (CIGIE) guidance we excluded Loan Financing Accounts (LFA) from our testing procedures.

\(^{11}\) The SF-133: Report on Budget Execution and Budgetary Resources fulfills the requirement in 31 U.S.C. 1511-1514 that the President review Federal expenditures at least four times a year. Unless otherwise specified by OMB, all Executive Branch agencies must electronically submit SF-133 information each quarter for each open Treasury appropriation fund symbol. The SF-133 ties an agency’s financial statements to its budget execution. The compilation of an agency’s SF-133 should generally agree with an agency’s Statement of Budgetary Resources.

\(^{12}\) The Statement of Budgetary Resources (SBR) and related disclosures provide information about budgetary resources made available to an agency, as well as the status of those resources at the end of the fiscal year. The SBR and its linkage to the President’s Budget are key components of the Federal financial accounting and reporting framework designed to achieve “budgetary integrity.” Budgetary integrity means that Federal financial reporting should assist in fulfilling the government’s duty to be publicly accountable for moneys raised through taxes and other means and for their expenditure in accordance with related laws and regulations.
File B submission, we compared the data in File B to the appropriation accounts listed in the Agency’s File A submission. We confirmed that File B includes all Treasury Account Symbols (TAS) by matching the main account codes and sub account codes to records found in File A. In addition, we verified that the totals of File A and File B agree and that File B data agree with the appropriation amounts found in the Agency’s SF-133 submission.

Based on our testing of the Agency’s File B submission, we conclude that the data is complete, timely, and accurate.

Review of File C Submission

File C (Award Financial Detail) should include financial data for awards made and/or modified during the respective reporting period, inclusive of new obligations, upward modifications to obligations, and downward modifications/de-obligations. The NEH included 298 transactions (82 procurement transactions and 216 financial assistance transactions) in the File C submission for the second quarter of FY 2017. Our testing of the Agency’s File C submission revealed several issues.

We determined that the Agency’s File C submission does not include procurement-related transactions under $3,000. In compiling File C, NEH followed the assumption that agencies are not required by statute or policy to report on awards below the micro-purchase threshold (as defined by FAR 2.101)13 or any classified, sensitive, or personally identifiable information. This assumption is consistent with the Agency’s policy and procedures concerning reporting to the Federal Procurement Data System – Next Generation14 (FPDS-NG) and was applied to ensure that File C only include transactions that were also reported to FPDS-NG. We acknowledge that Federal acquisition regulations require the reporting of all unclassified contract actions exceeding the micro-purchase threshold. However, such regulations further stipulate that any modifications to previously reported contract action data, regardless of dollar value, must also be reported to FPDS-NG15. Based on our review of contract actions recorded in FPDS-NG, we determined that 35 “micro-purchase” transactions recorded in the Agency’s financial management system during the second quarter of FY 2017 represent modifications to contract actions that were reported to FPDS-NG prior to the second quarter of FY 2017, (18 obligation transactions totaling $23,509 and 17 de-obligation transactions totaling $19,337). Accordingly, we deem these transactions to be improper exclusions from the Agency’s File C submission.

Our testing further revealed that File C does not include de-obligations and select obligations related to financial assistance awards, the majority of which relate to awards made in previous fiscal periods. According to NEH management, the exclusions are based on the understanding that new awards were the only items to be reported through the initial DATA Act submission and therefore, actions related to awards that originated prior to January 1, 2017 should not be included in the second quarter File C submission. We were unable to fully corroborate this explanation since there are obligation transactions related to financial assistance awards made in

13 As of October 1, 2015, 80 FR 38293 increased the micro-purchase base threshold from $3,000 (as stated in FAR 2.101) to $3,500. The NEH continued to use $3,000 as the micro-purchase threshold for FPDS-NG reporting.

14 Government agencies are responsible for collecting and reporting data on Federal procurements through the Federal Procurement Data System – Next Generation. Reported data is used to measure and assess the impact of Federal procurement on the nation’s economy, learn how awards are made to businesses in various socioeconomic categories, understand the impact of full and open competition on the acquisition process, and address changes to procurement policy.

15 FAR 4.606(a)(1)
previous fiscal years included in the second quarter File C submission. Nonetheless, the DATA Act requires all transactions that increase or decrease award amounts during the reporting quarter to be included in the File C submission, regardless of when an agency initiates the related award(s). We determined that the Agency improperly excluded from its File C submission 36 de-obligation transactions ($298,779) and 11 obligation transactions ($1,047,584) related to financial assistance awards.

We identified multiple transactions in the File C submission that occurred prior to the second quarter of FY 2017. We noted one financial assistance transaction ($309,164) and 27 procurement transactions ($422,396) that were recorded in the Agency’s financial management system during the first quarter of FY 2017. According to NEH management, the 27 procurement transactions were included in the File C submission based on the understanding that all fiscal year actions above the micro-purchase threshold should be included in the initial submission to the Broker. Management did not provide a clear explanation as to why the financial assistance transaction from the first quarter of FY 2017 was included in the File C submission.

Finally, we determined that the Agency’s File C submission improperly includes two financial assistance transactions ($84,000) that represent internal accounting changes. We conclude that these transactions are not reportable under the DATA Act since they only modify internal account coding associated with obligation activity and do not impact the total amount obligated for the related awards.

The Broker validated the information provided in the Agency’s File C submission for conformity with the requirements of the DATA Act. The validation process included a comparison of the File C submission to the File B submission in order document any variances. For example, the Broker checked that certain totals provided in File C were a subset of, or equal to, the same combinations in File B. The Broker’s validation testing revealed no variances between the Agency’s File B and File C submissions.

Based on our testing, we conclude that the NEH should have reported 350\(^\text{16}\) transactions in the File C submission for the second quarter of FY 2017, (90 procurement transactions and 260 financial assistance transactions). Concerning the completeness of the Agency’s File C submission, we calculate an overall error rate of 23 percent\(^\text{17}\) and we calculate an overall timeliness error rate of 23 percent\(^\text{18}\). Concerning the accuracy of the Agency’s File C submission, we calculate an overall error rate of 32 percent\(^\text{19}\).


\(^{17}\) Overall Error Rate - Completeness = (Excluded Procurement-Related Transactions below $3,000 [35] + Excluded De-Obligation & Obligation Financial Assistance Transactions [47]) / File C Transactions per OIG [350]

\(^{18}\) Overall Error Rate - Timeliness = (Excluded Procurement-Related Transactions below $3,000 [35] + Excluded De-Obligation & Obligation Financial Assistance Transactions [47]) / File C Transactions per OIG [350]

Review of File D1

File D1 (Award and Awardee Attributes — Procurement) contains detailed demographic information for award-level procurement transactions for the reporting period covered by the Agency’s File C submission. File D1 is generated by the Broker and contains information pulled from FPDS-NG. Each unique Procurement Instrument Identifier (PIID) reflected in File D1 should also be included in the Agency’s File C submission (and vice versa). File D1, as generated by the Broker for the second quarter of FY 2017, presents information pertaining to 33 PIIDs, eleven of which are not included in the Agency’s File C submission.

During our testing, we noted major discrepancies between File D1 and the Agency’s File C submission. As a starting point, we determined that contract action data for 45 percent of the PIIDs represented in File D1 (as generated by the Broker) corresponds to transactional data reported in the Agency’s File C submission. As a result of our efforts to determine the reason(s) for this disparity, we concluded that procurement activity is not tracked in the Agency’s financial management system consistent with FPDS-NG reporting and there is limited alignment between FPDS-NG reporting and the recording of related procurement transactions in the Agency’s financial management system. Consequently, File D1 may not accurately or completely reflect the Agency’s second quarter procurement activities.

According to Federal acquisition regulations, the NEH should use FPDS-NG to maintain publicly available information concerning all unclassified contract actions exceeding the micro-purchase threshold, and any modifications to previously reported contract action data, regardless of dollar value. Federal regulations also specify that complete and accurate data on contract actions must be submitted to FPDS-NG within three (3) workdays of the contract action.

Multiple contract actions for a vendor may be consolidated when it would be overly burdensome to report each action to FPDS-NG individually. However, this type of batch reporting should be done at least monthly.

During our testing concerning the completeness of File D1, we compared the aggregate obligation/de-obligation values associated with PIIDs in File D1 to the aggregate obligation/de-obligation values of the same PIIDs in the Agency’s File C submission. We noted instances where the aggregate values in File D1 are greater than the aggregate values reported in the Agency’s File C submission. We determined through further testing that these discrepancies are attributed to the manner by which de-obligation transactions were entered into FPDS-NG to effect changes to previously reported contract actions. We noted instances where the cumulative obligated amount associated with a PIID (after taking into consideration the net effect of a current period de-

20 The Procurement Instrument Identifier (PIID) is a unique identifier assigned to a Federal contract, purchase order, basic ordering agreement, or blanket purchase agreement. PIIDs can be used to track a procurement instrument and any modifications related to it.

21 The NEH reported procurement transactions associated with 58 unique PIIDs in the File C submission for the second quarter of FY 2017.

22 48 CFR Part 4, Subpart 4.6 - Contract Reporting

23 “Contract action” means any oral or written procurement action that results in the purchase, rent, or lease of supplies or equipment, services, or construction using appropriated dollars over the micro-purchase threshold, or modifications to these actions regardless of dollar value. Contract action does not include grants, cooperative agreements, real property leases, requisitions from Federal stock, training authorizations, or other non-FAR based transactions.

24 The individual contract action report (CAR) must be completed in FPDS within three business days after contract award. For any action awarded in accordance with FAR 6.302-2 or pursuant to any of the authorities listed at FAR subpart 18.2, the CAR must be completed in FPDS within 30 days after contract award. [FAR 4.604(b)(3) and (4)]
obligation transaction(s) recorded in the Agency’s financial management system) was reported to FPDS-NG as a discrete contract action, versus the reporting of the current period “de-obligation” transaction. If properly reported, the current period “de-obligation” action would result in a corresponding decrease in cumulative obligations related to the PIID. However, the misstatement of the “de-obligation” action in the Agency’s FPDS-NG reporting resulted in a corresponding increase to previously reported contract actions and ultimately a gross overstatement of the cumulative obligated amount related to the PIID. Since the Broker extracts obligation information from FPDS-NG to generate File D1, validation testing involving “de-obligation” transactions for a particular PIID reported in the Agency’s File C submission may not trace to information in File D1.

During our limited review of the Agency’s reporting to FPDS-NG, we also noted instances where several months’ worth of recurring obligation activity related to a single PIID were consolidated and reported under one action date. This approach contradicts Federal acquisition regulations which stipulate that batch reporting to FPDS-NG should be done at least monthly. Batch reporting of contract actions that occur over a period of several months could result in procurement activity being reflected in a reporting period other than the period in which the associated transactions are recorded in the Agency’s financial management system. This condition would further complicate the reconciliation of obligation transactions reported in the Agency’s File C submission for a given quarter to information presented in File D1.

As part of the submission process, the Broker attempted to cross-validate the information provided in File D1 to the Agency’s File C submission in order document any variances. For example, the Broker checked that each unique PIID from File C exists in File D1. The final warning report indicates the Agency did not clear 72 variances prior to certification. Agency management determined that these variances are the result of timing differences between the date of the DATA Act submission and when the procurement-related actions were reported to FPDS-NG; or, the variances are attributed to de-obligations that were not reported to FPDS-NG. As such, Agency management believed there was no need to clear the related warnings prior to certification.

Due to the issues and inconsistencies noted concerning the Agency’s FPDS-NG reporting procedures and practices, we were unable to account for the individual variances between information provided in the Agency’s File C submission, as compared to the File D1 generated by the Broker. Alternatively, we developed a list of 90 procurement transactions that, based on our understanding of applicable Federal acquisition regulations, are reportable to FPDS-NG and therefore should be reflected in File D1 (59 obligation transactions and 31 de-obligation transactions). We compiled this “OIG” listing based on obligation and de-obligation transactions recorded in the Agency’s financial management system. We further conclude that File D1 should reflect information pertaining to 62 PIIDs.

The File D1, as generated by the Broker for the second quarter of FY 2017, consistently reflects information related to fifteen of the 90 procurement transactions included in the “OIG” listing. Based on the results of our testing, we conclude that flawed FPDS-NG reporting procedures and practices effected an overall error rate for File D1 of approximately 83 percent\(^\text{25}\) (completeness, timeliness, and accuracy). Furthermore, we are unable to definitively conclude concerning the quality of the information reflected in File D1 due to the substantive nature of the issues associated with the Agency’s FPDS-NG reporting procedures.

\(^{25}\) Error Rate = \( \frac{\text{OIG-Determined File D1 Transactions [90] - Corresponding Transactions in File D1, as generated by the Broker [15]}}{\text{OIG-Determined File D1 Transactions [90]}} \times 100\)
Review of File D2

File D2 (Award and Awardee Attributes - Financial Assistance) contains detailed demographic information for award-level financial assistance transactions (i.e., grant awards and cooperative agreements) for the reporting period covered by the Agency’s File C submission. File D2 is generated by the Broker and contains information extracted from the USASpending.gov Award Submission Portal (ASP). Each Federal Award Identification Number (FAIN) reflected in File D2 should also be included in the Agency’s File C submission (and vice versa). File D2, as generated by the Broker for the second quarter of FY 2017, includes information related to 204 of the 216 financial assistance transactions reported in the Agency’s File C submission.

Our testing of File D2 revealed several discrepancies and we conclude that the discrepancies are attributed to the following conditions.

1. All de-obligations (36 transactions) and select obligation transactions (11 transactions) associated with financial assistance awards are improperly excluded from the Agency’s File C submission. However, information concerning ten of the eleven obligation transactions has been appropriately submitted to the ASP and was therefore available for inclusion in the File D2 generated for the second quarter of FY 2017. Information concerning the 36 de-obligation transactions and one obligation transaction has not been reported to the ASP. This condition adversely affects the accuracy, completeness, and timeliness of File D2.

2. We noted a disparity between the Agency’s procedures to account for actions that do not modify the overall value of a financial assistance award (e.g., funding recodes) and the related ASP reporting of such actions. Accounting transactions that modify internal accounting information related to certain financial assistance awards, but do not change the Agency’s financial obligation concerning the awards, were submitted to the ASP as unique funding actions. This reporting anomaly results in an overstatement of the value of the respective financial assistance awards in the ASP database. During our testing, we identified four extraneous transactions (totaling $180,600) associated with internal accounting changes which are improperly included in the File D2 generated by the Broker for the second quarter of FY 2017. This condition adversely impacts the accuracy of File D2.

3. We identified twelve financial assistance transactions in the Agency’s File C submission for which there is no information in File D2. Agency management acknowledges that all of the transactions took place during the second quarter of FY 2017. However, there is no apparent reason for this discrepancy since some of the transactions were properly reported by the Agency to ASP. This condition adversely impacts the accuracy, completeness, and timeliness of File D2.

4. A financial assistance transaction that occurred prior to the beginning of the second quarter of FY 2017 is erroneously included in the Agency’s File C submission. Information related to this transaction would have been reported to the ASP prior to the

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26 The Federal Funding Accountability and Transparency Act (FFATA) requires Federal agencies to submit monthly assistance data to USASpending.gov. The Award Submission Portal (ASP) is the platform used by Federal agencies to upload assistance files, corrections to records, and to report that an agency has no submissions for a specific month.

27 The Federal Award Identification Number (FAIN) is a unique number assigned to a financial assistance award.

28 File D2, as generated by the Broker, reflects 218 transactions.
second quarter of FY 2017 and therefore would not be included in the File D2 generated by the Broker for the second quarter of FY 2017. This condition has no impact on the accuracy, completeness, or timeliness of File D2.

The Broker attempted to cross-validate the information in File D2 to the Agency’s File C submission in order to document any variances. For example, the Broker checked that each unique FAIN from File C exists in File D2. The final warning report indicates that NEH did not resolve 40 warnings associated with the variances identified. Agency management anticipated the variances and believed there was no need to clear the related warnings prior to certification.

Based on the results of our test procedures, we conclude that information concerning 263 financial assistance transactions should be included in File D2 for the second quarter of FY 2017. We calculated an overall completeness-related error rate for File D2 of approximately 19 percent, an overall timeliness-related error rate of approximately 19 percent, and an overall accuracy-related error rate of approximately 20 percent.

Review of File E

File E (Additional Awardee Attributes) contains attribute information for all entities receiving procurement or grant award funds, mainly data concerning highly compensated officers. File E is generated by the Broker and contains information pulled from the System for Award Management (SAM) related to entities identified in File D1 and File D2. Our testing of File E, as generated by the Broker for the second quarter of FY 2017, revealed one minor issue.

Generally, each Awardee or Recipient Unique Identifier Number included in File D1 and File D2 should correspond to the Awardee or Recipient Unique Identifier Number associated with the entities for which attribute information is presented in File E. However, of the 113

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30 Overall Error Rate – Completeness = (De-Obligation and Obligation Financial Assistance Transactions Improperly Excluded from File C [37] + Missing File C Financial Assistance Transactions [12]) / File D2 Transactions per OIG [263]

31 Overall Error Rate – Timeliness = (De-Obligation and Obligation Financial Assistance Transactions Improperly Excluded from File C [37] + File C Financial Assistance Transactions Not Included in Broker-Generated File D2 [12]) / File D2 Transactions per OIG [263]


33 System for Award Management (SAM) registration (formerly the Central Contractor Registry or CCR) is required for an entity to receive any Federal procurement or grant award funds. An awardee must be registered in SAM and must maintain up-to-date information in the online system.

34 The Awardee or Recipient Unique Identifier Number is an exclusive Federal identification number for an entity. Currently the identifier is an entity’s 9-digit DUNS® number. DUNS® numbers are assigned to an entity by Dun & Bradstreet (D&B).
Awardee/Recipient Unique Identifier numbers reflected in File D1 and File D2, we noted that 35 are missing from File E.

We acknowledge that the NEH has limited power to address discrepancies concerning awardees reflected in File E and those included in File D1 and File D2 since the Agency is not responsible for entering entity information into SAM. Furthermore, the Broker does not perform validation testing of File E prior to the certification of an agency's DATA Act submission. However, the Agency can facilitate validation of File E by ensuring that the Awardee or Recipient Unique Identifier Numbers associated with transactions reported to FPDS-NG and ASP are current and correspond to entities with active SAM statuses.

During our testing of File E, we noted that one of the Awardee/Recipient Unique Identifier Numbers reflected in File D1 does not correspond to an active or inactive SAM entrant. Accordingly, no information would be available in SAM related to the “awardee” that can be extracted for File E. As such, this error is attributable to the NEH. The remaining 34 awardees omitted from File E are beyond the Agency’s control. We determined that the accuracy and completeness error rate for File E is increased by approximately 1 percent\(^\text{35}\) due to the Agency’s reporting of an invalid Awardee/Recipient Unique Identifier Number to FPDS-NG.

**Review of File F**

File F (Sub-award Attributes) contains attribute information for all entities receiving subawards for a given period. File F is generated by the Broker and contains information pulled from the FFATA Subaward Reporting System\(^\text{36}\) (FSRS) related to entities identified in File D1 and File D2. One entry is included in the File F generated by the Broker for the second quarter of FY 2017. Our testing of File F, as generated by the Data Broker, revealed no issues.

**Recommendation**

We recommend that the Agency design and implement procedures to ensure alignment and consistency between data and information reported to external systems (pursuant to the applicable reporting requirements) and data maintained in the Agency’s financial management system. We further recommend that procurement-related transactions are coded (or identified) in the Agency’s financial management system in a manner that facilitates complete and accurate reporting pursuant to DATA Act requirements.

**V. SUMMARY OF MANAGEMENT’S RESPONSE**

The NEH leadership team agrees with the OIG recommendations and asserts that appropriate action will be taken concerning the specific findings. Management currently projects that findings concerning File C and File D1 will take 6-9 months to address, and findings concerning File D2 will take 3 months to address. [See Appendix for Management’s full response.]

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\(^{35}\) Impact to Error Rate = Awardees/Recipients Not in SAM [1]/File D1 and D2 Awardees and Recipients [113]

\(^{36}\) The FFATA Subaward Reporting System is the reporting tool used by Federal prime awardees (i.e. prime contractors and prime grants recipients) to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements.
VI. EXIT CONFERENCE

An exit conference was held on May 11, 2018 to discuss our findings and recommendations. Individuals in attendance included Mr. Sean Doss ~ Director, Accounting Office; Ms. Shemsa Mohamedi ~ Accountant, Accounting Office; Ms. Laura Davis, Inspector General; and Mr. Daniel Gelfand ~ Auditor, Office of Inspector General.
APPENDIX

MANAGEMENT'S RESPONSE
MEMORANDUM

To: Laura Davis, Inspector General
From: Jon Parrish Peede, Chairman
Date: June 25, 2018
Subject: OIG Audit report [OIG-18-01 IA]

This is in response to your memo of June 12, 2018, which invites comments on your office’s report on the agency’s compliance with the DATA Act (OIG-18-01 IA).

First, let me thank you and your staff for your efforts in preparing this report. I am pleased to hear that agency leadership and staff were cooperative during your review.

The NEH leadership team is pleased that your office’s testing of Agency Files A and B submissions found that the “data is complete, timely, and accurate.”

We agree with the recommendations provided in your report and will take appropriate action on the specific findings that were included. We are updating our DATA Act SOP to reflect the type of awards that should be included in our reporting. Additional action is already underway, including the refinement of certain underlying queries, in order to address the deobligation differences identified for File D2.

The findings related to Files C and D1 require a more thorough examination in order for us to fix the identified issues. Likely remedies include additional training and modification of established business processes. Our current projection is that Files C and D1 under Accounting and Administrative Services will take 6-9 months to address, and that File D2 under the Office of Information Resource Management will take 3 months to address.

It is worth noting that more specific guidance from the Department of Treasury would have been helpful to the implementation of the DATA Act. We are pleased that the Financial Assistance Committee for E-Government (FACE) working group is developing a DATA Act Playbook, which has the potential to further clarify the requirements and establish best practices.

Thank you again for this audit of the second quarter of FY 2017 under a previous NEH chairmanship. Our leadership team is committed to clear improvement in response to your office’s thorough work.