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**DATA Act**

Report No. OIG-AMR-89-20-01

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## **EXECUTIVE SUMMARY**

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006. The DATA Act, in part, requires that Federal agencies report financial and payment data for publication on USAspending.gov in accordance with Governmentwide financial data standards established by the U.S. Treasury and the Office of Management and Budget. The DATA Act also requires the Office of Inspector General of each Federal agency to report on its agency's DATA Act submission and compliance in the form of three reviews. This is a report of our second review.

The objectives of the audit were to:

- Evaluate whether the National Labor Relations Board's (NLRB or Agency) 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;
- Assess the completeness, timeliness, quality, and accuracy of the NLRB's first quarter Fiscal Year 2019 financial award data submitted for publication on USAspending.gov; and
- Assess the NLRB's implementation and use of the Governmentwide financial data standards established by the Office of Management and Budget and the U.S. Treasury.

For the first objective, we determined that the Agency's internal controls over the DATA Act submission were not sufficient to allow the Senior Accountable Officer, who is the Chief Financial Officer, to provide reasonable assurance that the Agency financial and award data submitted for publication on USAspending.gov were complete, timely, accurate, and of quality. For the second objective, based upon the identified material issues with timeliness, completeness, and accuracy, we determined that the National Labor Relations Board data was of "moderate quality." For the third objective, we determined that the Interior Business Center, the Agency's Federal Shared Service Provider, is responsible for determining the applicable data standards for its customers. Because the findings of this review closely align with the findings of our first review, we determined that the implementation of the remaining open recommendations from the first review should remedy the conditions and causes that resulted in the reported findings.

The Management Comments stated that the Office of the Chief Financial Officer agrees with the Office of Inspector General's findings and that the Office of the Chief Financial Officer will continue to work in resolving the deficiencies and implementing the recommendations from the prior DATA Act audit. The Management Comments are attached as an appendix to the report.

## **BACKGROUND**

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006. The DATA Act, in part, requires that Federal agencies report financial and payment data for publication on USAspending.gov in accordance with Governmentwide financial data standards established by the U.S. Treasury (Treasury) and the Office of Management and Budget (OMB). The data is submitted to Treasury's DATA Act Broker in seven electronic files. The DATA Act also requires the Office of Inspector General of each Federal agency to report on its agency's DATA Act submission and compliance in the form of three reviews.

Our first review was issued in October 2017. We determined that the National Labor Relations Board's (NLRB or Agency) internal controls over the DATA Act submission were not sufficient to allow the Senior Accountable Official (SAO), who is the Chief Financial Officer, to provide reasonable assurance that the Agency's financial and award data submitted for publication on USAspending.gov was complete, timely, accurate, and of quality. We also determined that while the data in the Agency's second quarter Fiscal Year (FY) 2017 DATA Act submission was timely, the data was not complete or accurate. Therefore, the data lacked quality.

This report is our second review. The third review will be completed in November 2021.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

The objectives of this audit were to

- Evaluate whether the NLRB'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;
- Assess the completeness, timeliness, quality, and accuracy of the NLRB's first quarter FY 2019 financial award data submitted for publication on USAspending.gov; and

- Assess the NLRB’s implementation and use of the Governmentwide financial data standards established by OMB and Treasury.

We reviewed laws, regulations, and Governmentwide policies related to the DATA Act. We interviewed staff in the Office of the Chief Financial Officer to learn about internal controls over the DATA Act submission. We reviewed the quarterly assurance statement provided as part of the submission and the final matching/validation reports to determine whether the Agency’s internal controls identified issues with the DATA Act submission and took steps to remedy those issues.

We obtained the Agency’s DATA Act submission from the DATA Act broker for the first quarter FY 2019, which consisted of the following files:

- File A – Appropriations Account;
- File B – Object Class and Program Activity;
- File C – Award Information – Financial;
- File D1 – Awards and Awardee Attributes – Procurement Awards;
- File E – Additional Awardee Attributes; and
- File F – Sub-award Attributes.

For Files A, B, C, and D1, we performed analytical tests on the files to determine the accuracy, completeness, timeliness, and quality of the data. We compared File A and File B to each other and to the Agency’s Report on Budget Execution and Budgetary Resources (SF-133) submission for first quarter FY 2019 to determine whether they equaled and whether all Treasury Account Symbols were included. We compared the Program Activity Names and Codes in File B with the President’s Budget Program and Financing Schedule. We assessed the linkages between File B and File C by tracing the Treasury Account Symbols, Program Activity, and Object Class from File C to File B. We determined whether all applicable procurement awards in File C were included in File D1, and whether all awards in File D1 were in File C. We reviewed Oracle, the Agency’s Financial System, to determine whether any obligations in first quarter FY 2019 were not included in File C and File D1. We obtained the contract files for all awards in File D1 and compared them to the DATA Act submission to

determine the accuracy of the data in File C and File D1. We determined whether the DATA Act submission was submitted on a timely basis and whether contract actions were being reported into the Federal Procurement Data System-Next Generation (FPDS-NG) timely. On the basis of the accuracy, completeness, and timeliness of the data, we concluded on the quality of the data using the CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act (CIGIE DATA Act Guide).

File E and F data is the responsibility of the awardee in accordance with the terms and conditions of Federal Agreements. Therefore, we did not test the quality of the data in these files.

We conducted this performance audit in accordance with generally accepted government auditing standards during the period from May 2019 through October 2019. 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.

## **EVALUATION OF INTERNAL CONTROLS**

The Agency's internal controls over the DATA Act submission were not sufficient to allow the SAO, who is the Chief Financial Officer, to provide reasonable assurance that the Agency financial and award data submitted for publication on USAspending.gov were complete, timely, accurate, and of quality.

### **Policies and Procedures**

OMB Memorandum 17-04 states that agencies should have internal controls in place over all the data reported for display on USAspending.gov. We determined that the Agency did not have documented policies and procedures for internal controls over the data entry into FPDS-NG and over the DATA Act submission.

This was also a finding in the 2017 review. Therefore, we determined that the related recommendation from the 2017 review has not been implemented.

### **Data Quality Plan**

OMB Memorandum 18-16, dated June 6, 2018, requires that agencies subject to the DATA Act reporting develop and maintain a Data Quality Plan that considers the incremental risk to data quality in Federal spending data and any controls that would manage such risks in accordance with OMB Circular A-123. This memorandum was effective upon publication.

Management stated that a Data Quality Plan has not been created. Management also stated that the target date was the end of the third quarter FY 2020.

### **Certification of DATA Act Submission**

OMB Management Procedures Memorandum (MPM) 2016-03 states that SAOs or their designees must provide a quarterly assurance that their agency's internal controls support the reliability and validity of the agency account-level and award-level data reported for display on USAspending.gov.

OMB Memorandum 17-04 states that the SAO assurance will be submitted through the DATA Act broker process and requires the SAO to assure that:

- The alignment among Files A-F is valid and reliable; and
- The data in each DATA Act file submitted for display on USAspending.gov are valid and reliable.

To provide this assurance, the SAO was required to attest to the validity and reliability of the complete DATA Act submission, including the interconnectivity/linkages across all the data in the DATA Act files and confirm that internal controls over data quality mechanisms are in place for the data submitted in DATA Act files.

The quarterly assurance statement for first quarter FY 2019 was submitted to the DATA Act broker as part of the certification process by Budget Branch personnel. The SAO

quality assurance statement only contained information about when the submission was certified and the files were submitted. There were no statements of assurance by the SAO about the validity and reliability of the complete DATA Act submission, including linkages, or confirmation that the internal controls over data quality mechanisms were in place for data submitted in the DATA Act files.

Additionally, if there are known discrepancies in the data, the SAO is required to note the discrepancies in the quality assurance statement. We observed that there were no comments about any discrepancies that were found during the current review and discussed below. When we reviewed the crosswarning report between the financial award and procurement data, we observed that the discrepancies that we found during this review were reported to the SAO at the time of submission. The discrepancies, however, were neither acknowledged nor corrected.

## **DATA QUALITY**

The quality of data is defined by OMB 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, and integrity refers to the protection of information from unauthorized access or revision. As a measurement of the quality, we looked at the completeness, accuracy, and timeliness of the data.

### **Completeness**

Completeness of data is defined by the Government Accountability Office (GAO) as the extent that relevant records are present and the data elements in each record are populated appropriately. It is measured in two ways: all transactions that should have been recorded are recorded in the proper period, and transactions contain all applicable data elements required by the DATA Act.

The DATA Act Implementation Playbook, last updated June 24, 2016, requires that agencies submit multiple files, including:



- a) File A – appropriation summary level data;
- b) File B – obligation and outlay information at the program activity and object class level;
- c) File C – obligations at the award and object class level;
- d) File D1 – award and awardee attributes for procurement data pulled from the FPDS-NG;
- e) File E – additional prime awardee attributes; and
- f) File F – sub-award attributes (not applicable to the NLRB).

We determined that the each of the files had all the required data elements.

#### *Files A and B*

We determined that Files A and B were complete in that all files have entries in the required data elements.

#### *Files C and D1*

The DATA Act Implementation Playbook states that the data in File D1 is pulled from FPDS-NG. The award and awardee details for File D1 are to be linked to File C using the Unique PIID and Parent PIID for procurement awards in File D1.

Section 4.606 of the Federal Acquisition Regulation (FAR) discusses reporting in FPDS-NG, stating that at a minimum, agencies must report the following contract actions over the micro-purchase threshold [\$10,000], regardless of solicitation process used, and agencies must report any modification to these contract actions that change previously reported contract action data, regardless of dollar value:

- (i) Definitive contracts, including purchase orders and imprest fund buys over the micro-purchase threshold awarded by a contracting officer.
- (ii) Indefinite delivery vehicle (identified as an "IDV" in FPDS).

There were 48 records in File D1, procurement awards reported by NLRB to FPDS-NG, that should have a matching record in File C, award information from NLRB's Oracle financial system. Using our auditing software, we compared File D1 to File C and found that there were 11 awards in File D1 that did not have matching information in File C. For those 11 awards:

- Six awards did not have an entry in File C.
- Five awards had mismatched Parent Award IDs. Two had different Parent Award IDs between File C and D1 and three had a blank Parent Award ID in File C. The two awards with different Parent Award IDs resulted in incorrect reporting in USAspending.gov; the three awards with a blank Parent Award ID in File C did not.

We also identified two awards in File C should have been reported in File D1 in accordance with Section 4.606 of the FAR but were not. Neither of the awards had an entry in FPDS-NG.

These errors in File D1 and File C resulted in 13 (26 percent) of the 50 NLRB procurement awards required to be reported on the USAspending.gov Web site not being reported or being incorrectly reported.

As part of the submission, the Agency received a report of crosswarnings between File C and File D1 from the DATA Act broker. All of the issues identified above were identified on the report of crosswarnings. Therefore, as discussed above, the Agency should have corrected these issues when they were reported to the broker.

This is a repeat finding from the DATA Act review issued in November 2017. The error rate, however, has decreased from 45.83 percent to 26 percent.

#### *Not in File C and File D1*

We identified one obligation from first quarter FY 2019 in Oracle, the Agency's financial system, that was not reported in either File C or File D1. That obligation occurred in October 2018 but was not entered into FPDS-NG until August 2019.

## Accuracy

The accuracy of data is defined by GAO as the extent that recorded data reflect the actual underlying information. We measured the accuracy by testing whether transactions were complete and agreed with the Agency's contract documentation.

### *Analytical Testing*

File A and File B both contain financial data for 6 fiscal years. The files should match each other and the source data that is found in the Agency's Report on Budget Execution and Budgetary Resources (SF-133). To test the accuracy, we compared the data in File A to File B and to the SF-133. We found that the data in File A matched both File B and the SF-133.

OMB MPM 2016-03 states that the authoritative source for Program Activity Codes and Names is the Program and Financing Schedule in the President's Budget. When we compared the Program and Financing Schedule from the FY 2019 President's Budget to File B, we found that three of the six program activity codes and names in File B differed from the FY 2019 President's Budget Program and Financing Schedule, as shown in the table below.

<b>File B</b>		<b>FY 2019 President's Budget Program and Financing Schedule</b>	
Program Activity Code	Program Activity Name	Program Activity Code	Program Activity Name
1	Field Investigation	1	Casehandling
2	Administrative law judge hearing	2	Administrative Law Judges
3	Board Adjudication	3	Board Adjudication
4	Securing Compliance with Board Orders	Not Used	Not Used
5	Internal Review	5	Internal Review
6	Mission Support	6	Mission Support

This is a repeated finding from the 2017 audit.

## Data Element Testing

Files C and D1 contain financial and award data for specific awards. To test the accuracy of the File C and File D1 data, we compared the data to the contract file and to other authoritative documentation for the 62 awards identified in File D1.

### File D1

There were 40 required data elements in File D1. We found no errors in 22 data elements and insignificant errors in 8 data elements.

We also found 10 data elements with error rates greater than 10 percent, an error rate that we considered significant, as shown in the table below:

	Correct		Incorrect	
	Number	Pct	Number	Pct
<b>Ultimate Parent Legal Entity Name</b>	50	80.65	12	19.35
<b>Current Total Value of Award</b>	47	75.81	15	24.19
<b>Potential Total Value of Award</b>	36	58.06	26	41.94
<b>NAICS Code</b>	43	69.35	19	30.65
<b>NAICS Description</b>	55	88.71	7	11.29
<b>Parent Award ID Number</b>	39	62.90	23	37.10
<b>Period of Performance Start Date</b>	10	16.13	52	83.87
<b>Period of Performance Potential End Date</b>	53	85.48	9	14.52
<b>Primary Place of Performance Address</b>	48	77.42	14	22.58
<b>Primary Place of Performance Congressional District</b>	53	85.48	9	14.52

For the significant data errors above, we observed the following:

- For 13 of the 19 NAICS Code errors, the NAICS code in File D1 does not currently exist.
- The Parent Award ID Number errors were due to the entry in File D1 lacking hyphens.

- For the Period of Performance Start Date data element, we observed that the date entered into FPDS and then brought into File D1 was generally the same date as the Action Date. As defined in the Data Standards, the Period of Performance Start Date is “the date on which, for the award referred to by the action being reported, awardee effort begins or the award is otherwise effective.” The Action Date is “the date the action being reported was issued / signed by the Government or a binding agreement was reached.” The start of the performance and the award date are not necessarily the same date.
- The Primary Place of Performance Congressional District is derived from the Primary Place of Performance address. If the Primary Place of Performance address is correct, then the Congressional District should have been correct.

*File C*

Of the 62 awards in File D1, 23 awards were not required to have a record in File C because they were either a “no cost modification” or were below the micropurchase threshold. We reviewed the data accuracy for the remaining 39 awards.

There were six required data elements in File C. We found that Program Activity data element had no data in File C. The CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act stated that this data element is optional in File C, so this data element was determined to be not applicable. For the remaining five data elements in File C, the data accuracy is shown in the table below:

<b>Data Element Name</b>	<b>Data Errors</b>	<b>Not in File C</b>	<b>Total</b>	<b>Pct</b>
Parent Award ID Number	9	6	15	24.19
Award ID Number (PIID)	0	6	6	9.68
Object Class	0	6	6	9.68
Appropriation Account	0	6	6	9.68
Obligation	17	6	23	37.10

Regarding the results in the table above:

- Six records in File D1 did not have a corresponding record in File C, so all data elements were inaccurate;

- For 17 records in File D1, involving 5 PIIDs, the obligations in File C were combined when they should have been reported as separate actions. Therefore, the obligation in File C was inaccurate.

**Timeliness**

*First Quarter Submission*

The Agency’s first quarter FY 2019 DATA Act submission was submitted to the DATA Act broker before the due date.

*File D1*

The FAR states that the Senior Procurement Executive in coordination with the head of the contracting activity is responsible for developing and monitoring a process to ensure timely reporting of contractual actions to FPDS. The contract action report must be completed within 3 business days after contract award. FPDS is the source of the data that is submitted to DATA Act broker in File D1.

Of the 62 records in File D1 for the first quarter FY 2019 submission, 22 records (35.48 percent) were entered in FPDS-NG more than 3 business days after award and were therefore untimely. The number of business days to enter into FPDS-NG is shown in the table:

Number of business days to enter	
4-5 days	8
6-10 days	8
11-15 days	1
16-20 days	2
21-36 days	3

**Quality**

To determine the overall quality of the first quarter FY 2019 DATA Act submission, we used Appendix 7 – Testing Spreadsheet Tool, from the CIGIE DATA Act Guide. The CIGIE DATA Act Guide states that quality of the data elements is determined by using the highest of the error rates for completeness, accuracy, and timeliness as the determining factor of quality, with a highest error rate between 0 and 20 percent showing higher quality, a highest

error rate between 21 percent and 40 percent showing moderate quality, and a highest error rate 41 percent or more showing lower quality. The table below shows the error rates using the Testing Spreadsheet Tool:

	<b>Errors</b>	<b>Total Data Elements</b>	<b>Pct</b>	<b>Assessment</b>
<b>Incomplete</b>	47	2,675	1.68	Higher
<b>Inaccurate</b>	269	2,675	10.01	Higher
<b>Untimely</b>	910	2,675	34.95	Moderate

Because the highest error rate is between 21 and 40 percent, the overall assessment is that the FY 2019 first quarter submission is of moderate quality.

## **IMPLEMENTATION AND USE OF FINANCIAL DATA STANDARDS**

We determined that the Interior Business Center, the Agency’s Federal Shared Service Provider, is responsible for determining the applicable data standards for its customers. In our testing for completeness, we determined that the data elements required in OMB’s data standards were in the Agency’s FY 2019, first quarter submission.

## **RECOMMENDATIONS**

Our first DATA Act audit, OIG-AMR-83-18-01, included three recommendations for corrective action. Recommendations 1 and 3 remained open as they have not been fully implemented. Because the findings of this audit closely align with the findings of our first audit, we are not making new recommendations. Rather, we determined that the implementation of the remaining two recommendations should remedy the conditions and causes that resulted in the above-reported findings. Those recommendations are:

1. Develop and implement internal controls to ensure that:
  - a. Parent IDs are uniform in the data reported to FPDS and the Oracle financial system;
  - b. Procurement awards are reported to FPDS as required by Section 4.606 of the FAR; and

- c. File C contains all of the financial data for the procurement awards that are reported in File D1 prior to submitting the files to the DATA Act broker.
3. We recommend that the Chief Financial Officer develop and implement internal controls to identify and correct data errors in the Oracle financial system and in FPDS-NG.



## **APPENDIX**



UNITED STATES NATIONAL LABOR RELATIONS BOARD  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
MEMORANDUM

October 22, 2019

TO: David Berry  
Inspector General

FROM: Isabel Luengo McConnell  
Chief Financial Officer

SUBJECT: Response to Draft DATA Act Report No. OIG-AMR-89-XX-XX

**Purpose:** The Office of the Chief Financial Officer (OCFO) provides a response to the National Labor Relations Board (NLRB), Office of the Inspector General (OIG), Draft Data Act Report No. OIG-AMR-89-XX-XX issued by the OIG on October 10, 2019.

**Management Response:** The OIG did not provide new recommendations in the latest Data Act Report (OIG-AMR-89-XX-XX). However, the OIG stated that the findings in OIG-AMR-89-XX-XX audit report closely aligned with the findings of the OIG-AMR-83-18-01 report. OIG determined that the implementation of the remaining two recommendations identified in the OIG-AMR-83-18-01 report, which was issued on October 30, 2017, should address the findings identified in the (OIG-AMR-89-XX-XX). OCFO agrees with the OIG findings on OIG-AMR-89-XX-XX and will continue to work in resolving the earlier deficiencies and implementing the OIG recommendations.

*Recommendation Number 1:*

*Develop and implement internal controls to ensure that:*

- a. Parent IDs are uniform in the data reported to Federal Procurement Data System (FPDS) and the Oracle financial system;*
- b. Procurement awards are reported to FPDS as required by Section 4.606 of the Federal Acquisition Regulation (FAR); and*
- c. File C contains all of the financial data for the procurement awards that are reported in File D1 prior to submitting the files to the DATA Act broker.*

The OCFO concurs with the recommendations previously provided in OIG-AMR-83-18-01 and is actively working towards developing and implementing policy and procedures to improve data accuracy between the financial system and FPDS.

*Recommendation Number 2:*

*Coordinate with other users of the Oracle financial system to determine if they had similar findings and, if they did, address the issue with IBC.*

*This recommendation was closed in March 2019.*



UNITED STATES NATIONAL LABOR RELATIONS BOARD  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
MEMORANDUM

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*Recommendation Number 3:*

*The OIG recommended that the Chief Financial Officer develops and implements internal controls to identify and correct data errors in the Oracle financial system and in Federal Procurement Data System – Next Generation (FPDS-NG).*

The OCFO concurs with the recommendations previously provided in OIG-AMR-83-18-01 and is actively working towards developing and implementing policy and procedures to improve data accuracy between the financial system and FPDS-NG.

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Isabel Luengo McConnell, Chief Financial Officer