

UNITED STATES GOVERNMENT  
National Labor Relations Board  
**Office of Inspector General**



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**DATA Act**

Report No. OIG-AMR-95-21-03

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August 30, 2021

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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 report is our third 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 2021 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 despite having a Data Quality Plan in place, the Agency's internal controls over the DATA Act submission were both not properly implemented and were insufficient to allow the Senior Accountable Official, who is the Chief Financial Officer, to provide reasonable assurance that the Agency's financial award data submitted for publication on USAspending.gov is complete, timely, accurate, and of quality. For the second objective, we determined that the DATA Act submissions were incomplete, untimely, inaccurate, and were 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. We made 2 recommendations for corrective action.

In the Management Comments, the Chief Financial Officer concurred with the recommendations. The Management Comments are attached as Appendix B 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 last review was issued in October 2019. 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 based upon the identified material issues with timeliness, completeness, and accuracy, that the NLRB's data was of "moderate quality."

This report is our third review to determine the Agency's compliance to the DATA Act.

## **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 Fiscal Year (FY) 2021 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 (OCFO) 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 initial and resubmitted DATA Act submissions from the DATA Act broker for the first quarter FY 2021, 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 2021 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 OMB Max Collect Repository and 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 2021 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 Quality Scorecard from 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 March 2021 through July 2021. 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**

Despite having a Data Quality Plan, the Agency's internal controls over the DATA Act submission were both not properly implemented and were insufficient 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.

### **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.

In March 2020, the OCFO issued a policy identified as “Digital Accountability and Transparency Act Policy and Standard Operating Procedures.” We reviewed the policy and determined that it meets the OMB’s Data Act Quality Plan requirements.

### **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 2021 was submitted to the DATA Act broker as part of the certification process by Acquisition Management Branch personnel. In the prior audits we found that the quality assurance statement contained only information about when the submission was certified and the files were submitted. There were no statements of assurance 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. We found that this deficiency occurred again in the FY 2021 first quarter submission, indicating that the apparent error was not addressed.



## **Errors - Submission**

If the OCFO implemented adequate controls, they would have identified significant errors in their DATA Act submissions. For example, they would have found that two months of data was missing from File C (Award Information – Financial). As part of our testing, we compared the linkages between File C and File D1 (Awards and Awardee Attributes – Procurement Awards), we identified that 17 of the 28 applicable entries in File D1 were not in File C. Upon further review, we determined that the OCFO submitted data for only the last month of the quarter. As a result of the error, the Agency’s File C did not include the procurement actions that occurred in October and November 2020.

We determined that 13 of the missing procurement actions occurred because the OCFO was not aware of a change made by the Interior Business Center (IBC), the Agency’s Federal Shared Service Provider (FSSP), in July 2020. The change involved adding a time period reporting parameter that allowed the Agency to select “Monthly” or “Quarterly” reporting. When we reviewed File C for the initial submission, we determined that the agency did not select either “Monthly” or “Quarterly” reporting option.

According to IBC, when the time period reporting parameter is left blank, it defaults to “Monthly” and the data selected by the system is only one month of data. The parameter change was communicated by IBC at a monthly Oracle customer meeting in July 2020, which included a PowerPoint presentation entitled “IBC Customer Update – Status & Updates.” We observed the same error when the Agency submitted the data for two prior quarters – which are outside the scope of this audit.

The Treasury Data Broker generates a list of errors in what known as a “crosswarning report.” When we reviewed the crosswarning report between the financial award and procurement data, we observed that the discrepancies that we found during this review, including the missing 2 months of data, were reported to the SAO at the time of submission. When 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 noted in the crosswarning report. The

discrepancies, however, were not corrected prior to final submission to the DATA Broker.

When we asked about the crosswarning report, we were told by OCFO personnel that they were errors with the broker, and because Treasury accepted the data, the OCFO was not responsible for the errors, and there was nothing the OCFO could do until Treasury fixed the problem. When the OCFO resubmitted the data in March 2021, however, we observed that the OCFO corrected 13 of the missing procurement actions noted in the crosswarning report.

Despite having a data quality plan that met the OMB requirements, the OCFO did not perform a quality review process for its initial first quarter FY 2021 DATA Act submission in a manner that would have identified readily apparent data completeness errors, nor did they take the opportunity to remedy correctable errors that were identified in the crosswarning reports. Additionally, our testing identified other control deficiencies, which are shown in Appendix A. Based on all of the deficiencies, we determined that the OCFO lacked the necessary internal controls over its DATA Act submission.

## **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 to which relevant data records and fields are present and sufficiently populated. 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).

### *Initial Submission*

When we reviewed the two files, we found that there were 17 of the 28 records that could not be matched because of the missing transactions not reported for the October and November 2020. As a result, only 11 of the 28 records that should have been in File C were actually in the file. For those 11 records, there should have been a matching record in File D1. When we compared the 11 records in File C to File D1, we determined that 4 could not be matched because of formatting or missing data. Because of the incomplete submission and data formatting errors, only 7 (25 percent) of the 28 NLRB procurement awards required to be reported on the USAspending.gov Web site were correctly 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 submitted to the broker.

This is a repeat finding from the two previous DATA Act reviews. The error rate of 75 percent, however, is greater than the error rates in the previous two reviews.

### *Resubmission*

After the issue with completeness was brought to the attention of the OCFO, the Agency resubmitted its data for the first quarter. For the resubmission, the error rate dropped to 23.33 percent.

### **Accuracy**

The accuracy of data is defined by GAO as the extent that recorded data reflect the actual underlying information.

### ***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 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.

The authoritative source for Program Activity Codes and Names is the OMB MAX Collect repository. When we compared the OMB Max Collect repository listing to File B, we found that one of the five program activity names in File B were not identical. These are shown in the table below.

	<b>File B (FY 2021)</b>	<b>OMB’s MAX Collect Repository</b>
Program Activity Code	Program Activity Name	Program Activity Name
1	Casehandling	Casehandling
2	Administrative Law Judges	Administrative Law Judge Hearing
3	Board Adjudication	Board Adjudication
5	Mission Support	Mission Support
6	Internal Review	Internal Review

We also found that the Program Activity Name for Program Activity Code 5 and Program Activity Code 6 were interchanged between File B and the FY 2021 President’s Budget Program and Financing Schedule. This is shown in the table below.

	<b>File B (FY 2021)</b>	<b>FY 2021 President’s Budget Program and Financing Schedule</b>
Program Activity Code	Program Activity Name	Program Activity Name
1	Casehandling	Case Handling
2	Administrative Law Judges	Administrative Law Judges
3	Board Adjudication	Board Adjudication
5	Mission Support	Internal Review
6	Internal Review	Mission Support

We observed in the prior years’ audits that the Program Activity Names for Codes 5 and 6 matched the President’s

Budget. The President's Budget describes Program Activities 5 and 6 in the following manner:

- Mission Support —Previously spread across other program activities; includes administrative, personnel, and financial management functions conducted in the Headquarters office.
- Internal Review – Office of the Inspector General.

As a result of the change, the Agency's use of its appropriation by Program Activity was misstated at USASpending.gov. In the FY 2021 President's Budget, the FY 2021 obligations for Mission Support are \$73 million and the obligations for Internal Review are \$1 million. The reporting on USASpending.gov showed that FY 2021 spending for Internal Review was nearly \$50 million, while the FY 2021 spending for Mission Support was \$1.3 million.

### ***Data Element Testing***

Files C and D1 contain financial and award data for specific awards. There are 41 required data elements in File D1 and 7 required data elements in File C. 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 both the initial submission and the resubmission.

#### *File D1*

##### Initial Submission

There were 45 awards identified in File D1 initial submission. We found no errors in 23 data elements and insignificant errors in 9 data elements.

We also found 9 data elements with error rates greater than 10 percent, an error rate that we considered significant in the sense that the data cannot be relied upon if it is not at least 90 percent accurate. For those data elements, our testing results are shown in the table below:

	<b>Correct</b>		<b>Incorrect</b>	
	<b>Number</b>	<b>Pct</b>	<b>Number</b>	<b>Pct</b>
<b>Ultimate Parent Legal Entity Name</b>	36	80.00	9	20.00
<b>Legal Entity Congressional District</b>	27	60.00	18	40.00
<b>Potential Total Value of Award</b>	31	68.89	14	31.11
<b>NAICS Code</b>	32	71.11	13	28.89
<b>NAICS Description</b>	35	77.78	10	22.22
<b>Parent Award ID Number</b>	29	64.44	16	35.56
<b>Period of Performance Start Date</b>	26	57.78	19	42.22
<b>Action Date</b>	36	80.00	9	20.00
<b>Primary Place of Performance Address</b>	38	84.44	7	15.56

### Resubmission

When the Agency resubmitted the File C in March 2021, a new File D1 was generated by the DATA Act Broker. There were 46 awards identified in the resubmitted File D1, including one award that was entered into FPDS-NG after the initial submission, but prior to the Agency learning about the errors in the initial submission.

We found no errors in 23 data elements and insignificant errors in 9 data elements.

We also found that 9 data elements, as in the initial submission, had error rates greater than 10 percent in the resubmission.

	<b>Correct</b>		<b>Incorrect</b>	
	<b>Number</b>	<b>Pct</b>	<b>Number</b>	<b>Pct</b>
<b>Ultimate Parent Legal Entity Name</b>	36	78.26	10	21.74
<b>Legal Entity Congressional District</b>	40	86.96	6	13.04
<b>Potential Total Value of Award</b>	32	69.57	14	30.43
<b>NAICS Code</b>	32	69.57	14	30.43
<b>NAICS Description</b>	35	76.09	11	23.91
<b>Parent Award ID Number</b>	30	65.22	16	34.78
<b>Period of Performance Start Date</b>	27	58.70	19	41.30
<b>Action Date</b>	37	80.43	9	19.57
<b>Primary Place of Performance Address</b>	39	84.78	7	15.22

*File C*

Initial Submission

There were 28 transactions, including the 17 that were not in the initial submission, that should have entries for the seven data elements in File C. To determine the total error rate, the CIGIE DATA Act Guide states that if a transaction exists in File D1, but File C does not include any corresponding data, then the data entries that should have been in File C are incomplete, inaccurate, and untimely and should be included in the error rate. For the seven data elements in File C, the data accuracy is shown in the table below:

<b>Data Element Name</b>	<b>Correct</b>	<b>Pct</b>	<b>Data Errors</b>	<b>Not in File C</b>	<b>Total Incorrect</b>	<b>Pct</b>
Parent Award ID Number	9	32.14	2	17	19	67.86
Award ID Number (PIID)	11	39.29	0	17	17	60.71
Object Class	10	35.71	1	17	18	64.29
Appropriation Account	11	39.29	0	17	17	60.71
Program Activity	3	10.71	8	17	25	89.29
Obligation	11	39.29	0	17	17	60.71
Disaster Emergency Fund Code *	11	39.29	0	17	17	60.71

Resubmission

For the records found in File D1 resubmission, the data accuracy is shown in the table below:

<b>Data Element Name</b>	<b>Correct</b>	<b>Pct</b>	<b>Data Errors</b>	<b>Not in File C</b>	<b>Total Incorrect</b>	<b>Pct</b>
Parent Award ID Number	17	54.84	10	4	14	45.16
Award ID Number (PIID)	27	87.10	0	4	4	12.90
Object Class	25	80.65	2	4	6	19.35
Appropriation Account	27	87.10	0	4	4	12.90
Program Activity	10	32.26	17	4	21	67.74
Obligation	27	87.10	0	4	4	12.90
Disaster Emergency Fund Code *	27	87.10	0	4	4	12.90

\* Although the Agency did not receive Disaster Emergency funds, errors could occur if the Agency incorrectly recorded regular program funds as Disaster Emergency funds.

Regarding the results in the table above:



- Four records in File D1 did not have a corresponding record in File C, so all data elements were inaccurate. These are records that were not included in neither the initial submission nor the resubmission.
- The Parent Award ID for 10 records did not match the contract files. Six records did not match because the entry in File C did not contain hyphens, three did not have an entry in File C, and one was incorrect.
- Seventeen entries on the resubmission had an incorrect Program Activity. All of these involved Program Activity Codes 5 and 6. As noted above, the Agency had changed Program Activity Codes 5 and 6 so that Program Activity Code 5 is now “Mission Support” and Program Activity 6 is now “Internal Review.” For all 17 entries, the Program Activity code did not match what was on the procurement action.

## **Timeliness**

### ***First Quarter DATA Act Submission***

The Agency’s initial first quarter FY 2021 DATA Act submission was submitted to the DATA Act broker before the due date. The Agency resubmitted on March 17, 2021, which was over a month after the due date. Because the resubmission was after the initial due date, it was untimely.

### ***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-NG is the source of the data that is submitted to DATA Act broker in File D1.

Based on the 46 records in File D1 for the first quarter FY 2021 submission, 15 records (32.61 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	1
6-10 days	1
11-15 days	1
16-20 days	0
21-25 days	3
26-30 days	1
More than 30 days	8

## Quality

To determine the overall quality of the first quarter FY 2021 DATA Act submission, we used the CIGIE DATA Act Guide’s Quality Scorecard. Because the Agency resubmitted the data on March 17, 2021, we also did a quality review of that data. The table below shows the overall quality level using the Quality Scorecard:

	<b>Initial Submission</b>	<b>Resubmission</b>	<b>Maximum</b>
<b>Timeliness of Agency Submission</b>	5.00	0.00	5
<b>Completeness of Summary Level Data (Files A &amp; B)</b>	10.11	10.11	13
<b>Suitability of File C for Sample Selection</b>	9.10	10.40	13
<b>Record-Level Linkages (Files C &amp; D1/D2)</b>	2.33	8.22	9
<b>Completeness</b>	13.70	14.80	15
<b>Accuracy</b>	25.52	27.41	30
<b>Timeliness</b>	9.68	10.41	15
<b>Total</b>	75.44	81.36	100
<b>QUALITY SCORE</b>	<b>MODERATE</b>	<b>MODERATE</b>	

Had the resubmission data been initially submitted or resubmitted prior to the due date, the Agency’s score would increase by 5 points in the category of “Timeliness of Agency Submission” and the overall Quality Score would have been “Higher.”

## 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 first quarter FY 2021 submission.

## **RECOMMENDATIONS**

In our prior DATA Act reports, we made recommendations that should have resulted in corrective actions that addressed the findings in this report. During FY 2020, we reported that the recommendations were implemented and closed. This review documents that the implementing actions by the OCFO were ineffective. Therefore, we are repeating the prior audits' recommendations and making additional recommendations to address the findings:

1. Develop and implement internal controls to ensure that:
  - a. Procurement data in the financial system is recorded in an accurate and timely manner;
  - b. Procurement actions are reported into FPDS-NG within the time requirement set out in the FAR; and
  - c. There is a documented process of procurement data quality control that enables the SAO to reasonably provide assurances of validity, reliability, and completeness of the DATA Act submission. The process should include adequate segregation of duties and address the errors in the crosswarning report.
2. Resolve the discrepancies in the Program Activity Codes between the financial system, OMB's MAX Collect Repository, and the President's Budget Program and Financing Schedule.

**APPENDIX A**

GAO – Standards	RESULTS
<p>Management identifies risks throughout the entity to provide a basis for analyzing risks. Management considers all significant interactions within the entity and with external parties, changes within the entity’s internal and external environment, and other internal and external factors to identify risks throughout the entity.</p>	<p><b>PARTIALLY MEETS</b></p> <p>Although the OCFO 's DATA Act policy describes the policies and procedures to identify, assess, and respond to risks, the Agency did not have an Enterprise Risk Management (ERM) program during the first quarter of FY2021 that incorporates the OCFO's risk assessment for DATA Act submissions.</p> <p>On January 12, 2021, the OIG issued Management Implication Report addressing the lack of an NLRB ERM program. In April 2021, Management informed the Agency is in the process of implementing an ERM program.</p> <p>During the Exit Conference, OCFO provided an Excel Spreadsheet identified as a draft risk assessment for financial statement line items.</p>
<p>Management analyzes the identified risks to estimate their significance, which provides a basis for responding to the risks. Significance refers to the effect on achieving a defined objective.</p>	
<p>Management designs responses to the analyzed risks so that risks are within the defined risk tolerance for the defined objective. Management designs overall risk responses for the analyzed risks based on the significance of the risk and defined risk tolerance.</p>	
<p>Management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system.</p>	
<p><i>Management of Human Capital:</i> Effective management of an entity’s workforce, its human capital, is essential to achieving results and an important part of internal control. Only when the right personnel for the job are on board and are provided the right training, tools, structure, incentives, and responsibilities is operational success possible.</p>	<p><b>MEETS</b></p> <p>The OCFO’s Acquisitions Management Branch has adequate personnel (including 4 senior Contracting Officers, three of whom have unlimited warrants) with the proper training to execute the Data Act process. The OCFO also has an Internal Controls Specialist.</p>

<b>GAO – Standards</b>	<b>RESULTS</b>
<p><i>Segregation of duties:</i> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.</p>	<p><b>DOES NOT MEET</b></p> <p>All functions related to the Procurement data are performed by the OCFO’s Acquisitions Management Branch, including entering the procurement data into FPDS-NG by multiple Contracting Officers).</p> <p>The following processes are performed by one individual, the Director of Acquisitions, hence the lack of segregation of duties:</p> <ul style="list-style-type: none"> <li>• Quarterly review and reconciliation of the procurement data, which is performed by a contractor who reports to the Director of Acquisitions.</li> <li>• Downloading Files A, B, and C from IBC;</li> <li>• Reviewing and certifying the DATA Act submission; and</li> <li>• Submitting to the DATA Broker.</li> </ul> <p>There was no documentation of review by the CFO. The walkthrough of the submission process did not identify a review, and the Memorandum for Record related to the submission is signed by the Director of Acquisitions.</p>
<p><i>Controls over information processing:</i> A variety of control activities are used in information processing. Examples include edit checks of data entered; accounting for transactions in numerical sequences; comparing file totals with control accounts; and controlling access to data, files, and programs.</p>	<p><b>DOES NOT MEET</b></p> <p>The OCFO performs the following control activities:</p> <ul style="list-style-type: none"> <li>• Reconcile File A quarterly submission with SF-133 and warnings created through data validation;</li> <li>• Conduct Independent Verification and Validation Process for FPDS-NG data; and</li> <li>• Validate Program Activity Code with Budget Branch.</li> </ul> <p>Although the Agency has established internal controls, significant completeness and data accuracy errors were found during our audit.</p>

<b>GAO – Standards</b>	<b>RESULTS</b>
<p><i>Proper execution of transaction:</i> Transactions are authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources are initiated or entered into. Management clearly communicates authorizations to personnel.</p>	<p><b>MEETS</b></p> <p>Transactions are carried out by Contracting Officers in the Acquisitions Management Branch. The Contracting Officers all have a Level 3 certification and an unlimited warrant.</p>
<p><i>Accurate and timely recording of transactions:</i> Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.</p>	<p><b>DOES NOT MEET</b></p> <p>Our audit testing determined that the obligations for 3 procurement actions were recorded more than 3 weeks after the beginning of the period of performance.</p> <p>Our audit testing showed that 32.61 percent of the entries into FPDS-NG were untimely.</p> <p>During the course of the audit, the OIG informed the OCFO about a potential completeness finding. The OCFO addressed the potential finding by resubmitting the DATA Act files on March 17, 2021, which was one month after the due date.</p>
<p><i>Access restrictions to and accountability for resources and records:</i> Management limits access to resources and records to authorized individuals, and assigns and maintains accountability for their custody and use. Management may periodically compare resources with the recorded accountability to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.</p>	<p><b>MEETS</b></p> <p>Oracle, the system used to obtain the files for the DATA Act submission, is password-protected. Additionally, access to the data is limited by roles.</p>
<p><i>Appropriate documentation of transactions and internal control:</i> Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.</p>	<p><b>MEETS</b></p> <p>The OCFO has documented its policies for the DATA Act submission.</p> <p>Documentation related to the procurement data is located in the contract files. The contract files were determined to be complete.</p> <p>The Memorandum for Record outlines the steps taken to process the DATA Act submission as well as certification.</p>

<b>GAO – Standards</b>	<b>RESULTS</b>
<p>Management designs appropriate types of control activities in the entity’s information system for coverage of information processing objectives for operational purposes. For information systems, there are two main types of control activities: general and application control activities. 11.07 describes general controls and 11.08 describes application controls.</p>	<p><b>MEETS</b></p> <p>The Interior Business Center (IBC) provides system, network, application, and functional services necessary to host and operate the Oracle Federal Financial system (Oracle) and perform processing of financial transactions on behalf of NLRB. Oracle's Internal Controls were reviewed by independent auditors. They found that all internal control related to DATA Act submission were designed and operating effectively.</p>
<p>Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology. Management continues to evaluate changes in the use of information technology and designs new control activities when these changes are incorporated into the entity’s information technology infrastructure. Management also designs control activities needed to maintain the information technology infrastructure.</p>	
<p>Management designs control activities for security management of the entity’s information system for appropriate access by internal and external sources to protect the entity’s information system. Objectives for security management include confidentiality, integrity, and availability.</p>	
<p>Management documents in policies the internal control responsibilities of the organization.</p>	<p><b>MEETS</b></p> <p>The roles and responsibilities of Agency officials are documented in the DATA Act Policy and Standard Operating Procedures, dated March 2020.</p>
<p>Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks. If there is a significant change in an entity’s process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately.</p>	<p><b>DOES NOT MEET</b></p> <p>Management was unaware of parameter changes regarding monthly DATA Act reporting until they were informed by the OIG during the audit. This affected the first quarter FY 2021 submission, as well as the submissions for the prior two quarters.</p>

<b>GAO – Standards</b>	<b>RESULTS</b>
<p>Management designs a process that uses the entity’s objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks.</p>	<p><b>MEETS</b></p> <p>DATA Act Policy and Standard Operating Procedures, dated March 2020, describes the process implemented to remediate risks.</p>
<p>Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent.</p>	<p><b>DOES NOT MEET</b></p> <p>The Agency’s initial first quarter FY 2021 DATA Act submission did not contain records for two of the three months of the quarter.</p>
<p>Management processes the obtained data into quality information that supports the internal control system.</p>	<p><b>DOES NOT MEET</b></p> <p>Our testing of the Agency’s first quarter FY 2021 DATA Act submission was rated at a quality score of “Moderate.”</p>
<p>Management establishes a baseline to monitor the internal control system. The baseline is the current state of the internal control system compared against management’s design of the internal control system.</p>	<p><b>MEETS</b></p> <p>Management created a DATA Act Policy that lists the controls over the DATA Act submission. This policy is used as a baseline to assess management’s design and implementation of the internal control system.</p>
<p>Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.</p>	<p><b>PARTIALLY MEETS</b></p> <p>OCFO performed a review of the FPDS-NG data for the first quarter FY 2021. This review was for a subset of the data elements that are submitted to the broker. The error that was identified were not corrected in either the initial submission or the resubmission.</p>
<p>Management evaluates and documents the results of ongoing monitoring to identify internal control issues.</p>	<p>Management provided a "Memorandum of Record" documenting its review of the 1st Quarter FY 2021 DATA Act submission. However, management did not identify the issues with File C being incomplete because it contained only one month of data.</p>







August 25, 2021

TO: David P. Berry, Inspector General

FROM: Isabel Luengo McConnell, Chief Financial Officer

SUBJECT: Management Response to the Draft Fiscal Year 2021 Report No. OIG-AMR-95-XX-XX

**1. Purpose:**

The purpose of this document is to provide a response to the National Labor Relations Board (NLRB), Office of the Inspector (OIG), to the Draft Fiscal Year 2021 Report No. OIG-AMR-95-XX-XX. The Office of the Chief Financial Officer (OCFO) has reviewed the recommendations and provides the following responses.

**2. Recommendation Number 1:**

*Develop and implement internal controls to ensure that:*

- a. Procurement data in the financial system is recorded in an accurate and timely manner;*
- b. Procurement actions are reported into FPDS-NG within the time requirement set out in the FAR; and*
- c. There is a documented process of procurement data quality control that enables the SAO to reasonably provide assurances of validity, reliability, and completeness of the DATA Act submission. The process should include adequate segregation of duties and address the errors in the crosswarning report.*

**3. Response to Recommendation Number 1:**

OCFO concurs with Recommendation Number 1. The Independent Verification and Validation Policy and the Data Act Policy are being revised to strengthen the controls and ensure the following areas are covered:

- a. Contract Action Reports are recorded in a timely manner. Notations will be made in memorandums for Data Act processing where the timing issue is not due to the Contract Action Report being entered on different dates. The U. S. Department of the Treasury, the Interior Business Center (IBC), and the Finance Branch are currently being consulted to determine the cause of timing discrepancies unrelated to the date the Contract Action Report is entered.
- b. The data quality control process is thoroughly documented with segregation of duties, steps to address errors, and roles and responsibilities.

**4. Recommendation Number 2:**

*Resolve the discrepancies in the Program Activity Codes between the financial system, OMB's MAX Collect Repository, and the President's Budget Program and Financing Schedule.*

**5. Response to Recommendation Number 2:**

OCFO concurs with the recommendation to resolve the discrepancies in the Program Activity Codes between Oracle Federal Financials, OMB's MAX Collect Repository, and the President's Budget Program and Financing Schedule. To date, the Acquisition Management Branch has worked with the IBC and the Budget Branch to rectify the discrepancies. The IBC has completed a data fix to correct Program Activity Codes. Testing is ongoing to ensure the fix removes all warnings associated with the Program Activity Codes. We anticipate this matter will be resolved by First Quarter of FY 2022.

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Isabel Luengo McConnell, Chief Financial Officer