



U.S. Department of Education
Office of Inspector General

Performance Audit of the U.S. Department of Education's Digital Accountability and Transparency Act of 2014 Fiscal Year 2020 Quarter 4 Financial and Award Data

November 8, 2021
ED-OIG/21DC0032

This report was prepared by KPMG LLP, under contract to the
U.S. Department of Education Office of Inspector General.

Bryon S. Gordon
Assistant Inspector General for Audit



**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL**

AUDIT SERVICES

November 8, 2021

TO: Denise L. Carter
Acting Assistant Secretary
Office of Finance and Operations

FROM: Bryon S. Gordon
Assistant Inspector General for Audit

SUBJECT: Final Audit Report, "Performance Audit of the U.S. Department of Education's Digital Accountability and Transparency Act of 2014 Fiscal Year 2020 Quarter 4 Financial and Award Data," Control Number ED-OIG/21DC0032

Attached is the subject final audit report that consolidates the results of the audit performed under contract by the independent certified public accounting firm KPMG LLP (KPMG). The contract with KPMG required the audit be performed in accordance with generally accepted government auditing standards (GAGAS). In connection with the contract, the Office of Inspector General reviewed KPMG's draft report and related documentation and inquired of its representatives. KPMG is responsible for the report and conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with GAGAS.

We have provided an electronic copy of the final report to your audit liaison officer. We received your comments agreeing with the findings and recommendations in the draft report.

U.S. Department of Education policy requires that you develop a final corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final audit report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after 6 months from the date of issuance.

We appreciate your cooperation during this review. If you have any questions, please contact Michele Weaver-Dugan Regional Inspector General for Audit, Internal Operations/Philadelphia Audit Team at (202) 245-6941 or Michele.Weaver-Dugan@ed.gov.

Attachment



**Performance Audit of the U.S. Department of Education's
Digital Accountability and Transparency Act of 2014 (DATA Act)
Fiscal Year 2020 Quarter 4 Financial and Award Data**

Prepared for: Inspector General, U.S. Department of Education

As of Date: November 1, 2021

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Acting Assistant Secretary and Deputy Inspector General Delegated the Duties of Inspector General
U.S. Department of Education

This report presents the results of our work conducted to address the performance audit objectives related to the U.S. Department of Education's (Department) implementation of the *Digital Accountability and Transparency Act of 2014* (DATA Act). Our work was performed during the period of April 16, 2021 and November 1, 2021, and our results are as of November 1, 2021.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS). 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.

In addition to GAGAS, we conducted this performance audit in accordance with the *Standards for Consulting Services* established by the American Institute of Certified Public Accountants (AICPA). This performance audit did not constitute an audit of financial statements or an attestation level report as defined under GAGAS and the AICPA standards for attestation engagements.

The audit objectives¹ of our work were to assess the:

- 1) Completeness, accuracy, timeliness, and quality of the Department's fiscal year (FY) 2020, fourth quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov (submissions); and
- 2) Department's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Department of the Treasury (Treasury).

For Objective 1, we determined the Department submitted data of an Excellent quality based on the Guide's Quality Assessment Scorecard. However, the Department did not submit certain data completely, accurately, or timely. Overall, for the 385 sampled transactions, we tested 17,364 individual data elements and identified 679 errors, which resulted in the following error rates: completeness 1.08%, accuracy 1.97%, and timeliness 1.08%.

For Objective 2, we determined that the Department implemented and used the Government-wide financial data standards established by OMB and Treasury under the DATA Act.

¹ The Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) *Inspectors General Guide to Compliance under the DATA Act* (the Guide), dated December 4, 2020, provides guidance regarding the fieldwork and reporting related to these performance audit objectives.



KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

The Department's response to the findings identified in our performance audit report is presented in Appendix A. The Department's response was not subjected to the auditing procedures applied in the performance audit and, accordingly, we are unable to determine if management's response provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended solely for the use of the U.S. Department of Education and its Inspector General, the Comptroller General of the United States, OMB, and relevant congressional committees; and is not intended to be and should not be relied upon by anyone other than these specified parties.

KPMG LLP

November 1, 2021

I. BACKGROUND

The DATA Act was enacted to expand the reporting requirements pursuant to the *Federal Funding Accountability and Transparency Act of 2006* (FFATA). The DATA Act, in part, requires Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. In May 2015, OMB and Treasury published 57 data definition standards for DATA Act reporting. The standards are intended to help taxpayers and policy makers understand how agencies spend taxpayer dollars and improve agencies' spending oversight and data-centric decision-making.

In addition to the agency reporting requirements, the DATA Act requires the Inspector General (IG) of each agency to audit a statistical sample of the spending data submitted by its agency and to submit to Congress a publicly-available report assessing the completeness, timeliness, accuracy, and quality of the data sampled, as well as, the implementation and use of the Government-wide financial data standards by the agency.

The CIGIE identified a timing anomaly with the oversight requirements contained in the DATA Act. That is, the first IG reports were due to Congress in November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required reports by November 8, 2017, one year after the statutory due date, with two subsequent reports to be submitted following on a two-year cycle. This is the third and final report required under the DATA Act. On December 22, 2015, CIGIE's chair issued a letter detailing the strategy for dealing with the IG reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform.

A Treasury-assigned broker system (broker) collects agency data, validates the data, and allows the agency to submit the data for publication on USAspending.gov. The broker collects agency data through uploads and extractions, as specified by DATA Act Information Model Schema (DAIMS) requirements.

Agencies submit the following files, extracted from their financial systems, directly to the broker in accordance with the DAIMS Reporting Submission Specification (RSS):

- File A, *Appropriations Account*, contains appropriation summary level data aligned to the agency's quarterly SF 133 *Report on Budget Execution and Budgetary Resources*.
- File B, *Object Class and Program Activity*, includes obligation and outlay information at the program activity and object class level.
- File C, *Award Financial*, reports the obligations at the award and object class level.

Files A, B and C are linked through the Appropriations Account, Obligation Amount, Unobligated Balance, and Outlay data elements. Further, Files B and C are linked through the Object Class and Program Activity data elements.

The broker extracts data for the following files from external feeder systems as reflected in the DAIMS Interface Definition Document (IDD):

- File D1, *Award (Procurement)*, reports award and awardee attributes for procurement data extracted from the Federal Procurement Data System-Next Generation (FPDS-NG). This information is linked to the financial information in File C using a unique Procurement Instrument Identifier (PIID).

- File D2, *Award (Financial Assistance)*, reports award and awardee attributes for financial assistance data extracted from the Award Submission Portal. This information is linked to the financial information in File C using a unique Federal Award Identification Number (FAIN) or Unique Record Identifier (URI).
- File E, *Additional Awardee Attributes*, includes the additional prime awardee attributes extracted from the System for Award Management (SAM).
- File F, *Sub-Award Attributes*, includes sub-award attributes extracted from the FFATA Sub-award Reporting System (FSRS).

The Senior Accountable Official (SAO), or designee, for each agency is required to certify these seven data files for its agency's financial and award data quarterly to be published on USASpending.gov.

The Department's DATA Act submission process involves gathering data from multiple systems housing financial and award data.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

We conducted a performance audit to assess the:

- 1) Completeness, accuracy, timeliness, and quality of the Department's FY 2020, fourth quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov; and
- 2) Department's implementation and use of the Government-wide financial data standards established by the OMB and Treasury.

Scope

The performance audit covered FY 2020 fourth quarter financial and award data the Department submitted for publication on USASpending.gov, and the procedures, certifications, documentation, and controls it used for these submissions. Our work was performed during the period of April 16, 2021 and November 1, 2021, and our results are as of November 1, 2021.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in GAGAS and the *Standards for Consulting Services* established by the AICPA. GAGAS requires 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not evaluate File E, *Additional Awardee Attributes*, and File F, *Sub-Award Attributes*. File E contains information extracted from SAM from the broker. File F contains information extracted from FSRS from the broker system. The prime awardee is responsible for reporting executive compensation and sub-award information in SAM and FSRS. Files E and F data remain the responsibility of the awardee in accordance with terms and conditions of Federal agreements, and the quality of these data remains the legal responsibility of the recipient. Therefore, agency SAOs are not responsible for certifying the quality of File E and F data reported by awardees, but they are responsible for assuring controls are in place to verify that financial assistance awardees register in SAM at the time of the award. As such, we did not assess the completeness, timeliness, quality, and accuracy of the data extracted from SAM and FSRS via the broker.

Methodology

To achieve the performance audit objectives, we:

- Obtained an understanding of regulatory criteria related to the Department's responsibilities to report financial and award data under the DATA Act;
- Reviewed the Department's data quality plan (DQP);
- Assessed the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to the broker, in order to assess audit risk and design audit procedures;
- Reviewed and reconciled the FY 2020 fourth quarter summary-level data in Files A and B submitted by the Department for publication on USASpending.gov to the Department's SF-133, *Report on Budget Execution and Budgetary Resources*;

- Reviewed a statistical sample from File C of the FY 2020 fourth quarter financial and award data submitted by the Department for publication on USASpending.gov;
- Reviewed a non-statistical sample of COVID-19 outlay records from the third month of the fourth quarter of FY 2020;
- Assessed the completeness, accuracy, timeliness, and quality of the financial and award data and COVID-19 outlay records sampled; and
- Assessed the Department's implementation and use of the 57 data elements/standards established by OMB and Treasury.

We conducted this audit and selected our statistical sample of financial and award data in accordance with the Guide. The Guide requires the expected error rate to be determined based on the results of the November 2019 and subsequent testing of DATA Act information (as applicable). In its FY 2019 DATA Act report, the OIG reported completeness, accuracy, and timeliness error rates of 14.1%, 15.7%, and 14.1%, respectively. The Guide stated that an error rate of 20% should be used if all error rates are less than 20%; therefore, we utilized an expected error rate of 20% to select our sample. Additionally, the Guide recommends a sample size based on a desired sampling precision of 5% at a 95% confidence level, with a maximum sample size of 385 records. Our sample consisted of 372 FAINs and 13 PIIDs.

We also selected a non-statistical sample of COVID-19 outlay records from File C in accordance with the Guide. The Guide required that we select a non-statistical sample from the third month of the fourth quarter of FY 2020 (i.e., September 2020). The Guide stated that we should select the sample based upon our understanding of the Department's outlays, develop criteria to select cases for review within these criteria, and determine the sample size based upon the structure and amount of the data. The sample size did not have to be large enough to support population projection. We used a sample size of 58 (from a population with 250,194 records), which is based on a confidence level of 95% and a tolerable deviation rate of 5%. These values come from the GAO Financial Audit Manual 460.02. The CIGIE guide also suggests that the sample may be stratified based on criteria (such as dollar amount) if the auditor judges this reasonable based on the nature of the population. As such, we sorted the population from largest outlay to smallest and the population at the midpoint total dollar value (\$5,990,928,655.94). We then selected 29 samples from each subpopulation.

III. RESULTS AND CONCLUSIONS

For Objective 1, we determined the Department submitted data of an Excellent quality based on the Guide's Quality Assessment Scorecard. However, the Department did not submit certain data completely, accurately, or timely. Overall, for the 385 sampled transactions, we tested 17,364 individual data elements and identified 679 errors, which resulted in the following error rates: completeness 1.08%, accuracy 1.97%, and timeliness 1.08%. We assessed key internal controls relevant to Objective 1. As a result, we identified certain internal control deficiencies over the Department's DATA Act submissions and proposed 2 related recommendations. Section IV contains details of our findings, identified internal control deficiencies, and related recommendations. The "Analysis of Errors in Data Elements Not Attributable to the Department" section of the report details the third parties to which these errors were attributable.

For Objective 2, we determined that the Department implemented and used the Government-wide financial data standards established by OMB and Treasury under the DATA Act.

IV. FINDINGS

A. OBJECTIVE 1 FINDINGS

1. Timeliness and Completeness of the Agency Submissions

Timeliness

We evaluated the Department's FY 2020 fourth quarter DATA Act submissions to the broker and determined that the submissions were timely. We also noted that the SAO designee certified the data timely. To be considered timely, the DATA Act submissions had to be submitted by the end of the following month and had to be certified by the SAO within 45 days of the end of the corresponding quarter. The timeliness of the Department's submissions resulted in the Department scoring all 5 of the possible points available for the Timeliness of Agency Submission criteria per the Quality Scorecard. See the "Overall Determination of Quality" section for the Department's overall quality score.

Completeness

We evaluated the Department's FY 2020 fourth quarter DATA Act submissions to the broker and determined that the submissions were not complete. To determine the completeness of the submissions, we evaluated Files A, B and C to determine if all transactions and events that should have been recorded were recorded in the proper period. During our work, we identified certain completeness errors as described in the "Completeness of Summary-Level Data (Files A and B)"; "Suitability of File C for Sample Selection"; and "Supplemental Analysis of the Results by Data Elements" sections of this report.

Based on the minimal impact of the incomplete data detailed below on the Department's scores for the Completeness of Summary-Level Data (Files A and B), Suitability of File C for Sample Selection, and the Record-Level Linkages (Files C and D) criteria, we determined this would not have a negative impact on the overall quality of the DATA Act submissions.

2. Completeness of Summary-Level Data (Files A and B)

We performed summary-level data reconciliations and linkages for Files A and B and identified the following variances:

- As a result of comparing File A to the SF-133, we determined that fund 0202 contained a \$(735,796) variance for Unobligated Balance and a \$735,796 variance for Obligations Incurred by TAS.

Cause: The Department identified an error in their financial systems however the journal entry to correct this error was not posted prior to submission of File A.

Attributable to the Department or Third Party: The variances were caused by an error attributable to the Department.

- As a result of comparing File A to File B, we determined that:
 - There was a variance in Gross Outlay Amount between File A and File B across eleven funds of \$373,686,739.80 (less than 1%)
 - There was a variance in Obligations Incurred between File A and File B across eleven funds of \$372,885,655.83 (less than 1%)

- There was a variance between File A Deobligations, Recoveries, Refunds and the sum of File B United States Standard General Ledger (USSGL) accounts 4871, 4971, 4872, and 4972 across eight funds of \$(373,140,056.81) (less than 10%)

Cause: The Department identified various causes of these variances, including USSGLs having unnatural balances, differences between the adjusted trial balance for the Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance System and the Department's trial balance from their financial system, USSGLs used to correct unnatural balances, and certain entries made in order to pass GTAS edit checks.

Attributable to the Department or Third Party: The variances are attributable to the Department as they relate to the Department's financial systems.

As a result of the variances identified, the Department scored 8.67 of the available 10 points for the Completeness of Summary Level Data (Files A & B) criteria per the Quality Scorecard. See the "Overall Determination of Quality" section for the Department's overall quality score.

3. Suitability of File C for Sample Selection

We assessed the suitability of File C for sample selection by performing the following procedures:

- We reviewed the number of DATA Act Broker crossfile warnings between Files C and D1/D2 and between C and B and identified 4,543. The Department did not address any of these warnings directly.

Cause: The Department has created tests prior to submission to validate the files. If any fatal errors are caused by the submission, the Department will address those. However, the warnings do not prevent submission. In the instance of warnings, the Department relies on their validation process.

- We tested the linkages between File C and File B and did not identify any variances.
- We tested the linkages between Files C and D1 and D2 by matching the Award Identification (Award ID). As a result, we identified instances, supported by the warnings reports, in which Award IDs were included in File C that were not included in Files D1 or D2. We also identified instances, supported by the Warning Report, in which Award IDs were included in Files D1 and D2 that were not included in File C. Specifically, we identified the following:
 - 67 PIIDs and 3 Parent Award IDs included in File C but not in File D1
 - 43 PIIDs and 140 Parent Award IDs included in File D1 but not in File C
 - 227 FAINs included in File C but not in File D2

Cause: We did not determine the specific cause of each of the variances between Files C and D1 noted above. For the variances between Files C and D2, fatal errors in the Department's Financial Assistance Broker Submission (FABS) submissions prevented the FAINs from appearing in File D2.

Attributable to the Department or Third Party: The true cause was not identified for the differences between Files C and D1, but the Department noted that information is manually entered into FPDS-NG. For the differences between Files C and D2, the Department notes that the fatal errors caused by the Broker's edit checks prevented some awards from being published. We did not include recommendations in this report for the PIIDs or FAINs included in File C but not in Files D1 or D2 findings because their error

rates were in the 'Excellent' quality range as discussed in the "Overall Determination of Quality" section below.

As a result of the variances identified, the Department scored 8 of the 10 available points for the Suitability of File C for Sample Selection criteria per the Quality Scorecard. See the "Overall Determination of Quality" section for the Department's overall quality score.

4. Record-Level Data and Linkages for Files C and D

Record-Level Data Statistical Sample Testing

We selected a sample of 385 records and tested 17,364 data elements to assess their completeness, accuracy, and timeliness. Of the 17,364 data elements, 182 had completeness errors, 315 had accuracy errors, and 182 had timeliness errors.

- **Completeness of the Data Elements**

The projected error rate for the completeness of the data elements is 1.08%. Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 0.05% and 2.11%. A data element was considered complete if the required data element that should have been reported was reported.

- **Accuracy of the Data Elements**

The projected error rate for the accuracy of the data elements is 1.97%. Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 0.58% and 3.36%. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS RSS, IDD, and the DATA Act Online Data Dictionary, and agreed with the originating award documentation/file. In accordance with the Guide, we considered completeness exceptions to be accuracy exceptions as well.

- **Timeliness of the Data Elements**

The projected error rate for the timeliness of the data elements is 1.08%. Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 0.05% and 2.11%. The timeliness of data elements was based on the reporting schedules defined by the financial, procurement and financial assistance requirements (i.e., FFATA, FAR, FPDS-NG, FABS, and DAIMS).

Cause: Several situations caused certain data elements within the Department's submissions to not be complete and/or accurate, such as:

- Certain samples selected in File C could not be found in Files D1 or D2. Refer to the "Suitability of File C for Sample Selection" section above.
- The Department's extracted business types from the Federal Assistance Award Data System (FAADS) type code in their system. The differences exist due to this field being incorrect in their systems.
- The Department stated that the Period of Performance Current End Date difference was attributable to the awards' Period of Performance Current End Dates being modified by the user in the Department's systems after the data was submitted to USASpending.gov.

- The Department could not provide evidence for the Current Total Value of the Award or the Potential Total Value of the Award for several samples.
- The Department manually inputs data from their systems into FPDS-NG, causing the Funding Office Name and code for one sample. It was correct in FPDS-NG but the one in the Department's system was not found on the General Services Administration Federal Awarding Hierarchy codes.

Attributable to the Department or Third Party: These causes are attributable to the Department.

We did not include a recommendation for those causes in this report. The above error rates resulted in the Department scoring 14.8 of 15 completeness points, 29.4 of 30 accuracy points, and 14.8 of 15 timeliness points. See the "Overall Determination of Quality" section for the Department's overall quality score.

Record-Level Data Linkages Between Files C and D1/D2

We tested the linkages between Files C to Files D1 and D2 by matching the Award ID for each of our File C sample items. We identified 2 PIID and 2 FAIN records for which the selected sample items were inappropriately excluded from Files D1 and D2, respectively. We noted that the Warning Report identified these records as non-fatal broker warnings. See the "Suitability of File C for Sample Selection" sub-section above for discussion of these errors' causes and attributions. The omitted records from Files D1 and D2 resulted in the Department scoring 6.44 of the 8 possible points available for the Record-Level Linkages (Files C & D1/D2). See the "Overall Determination of Quality" section for the Department's overall quality score.

5. Supplemental Analysis of the Statistical Sampling Results by Data Elements

FY 2021 Data Element Analysis

The following table provides the testing results by data element in descending order by the accuracy attribute's error rate percentage. The error rate percentage is calculated by dividing total errors (per data element) by total number of applicable data elements sample items tested for each attribute. The error rates in Section III of this report reflect the weighted average rates across all data elements and therefore are not intended to agree to the table below. The results are not consistent with the risks identified in the Department's DQP as the Department's DQP did not identify the data elements with the highest sample error rates as high-risk data elements.

Department's Results for Data Elements				
DAIMS Element #	Data Element Name	Sample Error Rate		
		A Accuracy	C Completeness	T Timeliness
29	Ordering Period End Date	100%	100%	100%
24	Parent Award ID Number [File C]	69%	69%	69%
15	Potential Total Value of Award	54%	15%	15%
12	Non-Federal Funding Amount	50%	50%	50%
3	Ultimate Parent Unique Identifier	37%	8%	8%
4	Ultimate Parent Legal Entity Name	37%	16%	16%
14	Current Total Value of Award	31%	15%	15%
37	Business Types	20%	1%	1%
24	Parent Award ID Number [File D]	17%	17%	17%
163	National Interest Action	15%	15%	15%
17	NAICS Code	15%	15%	15%
18	NAICS Description	15%	15%	15%
28	Period of Performance Potential End Date	15%	15%	15%
2	Awardee/Recipient Unique Identifier	7%	7%	7%
26	Period of Performance Start Date	7%	7%	7%
31	Primary Place of Performance Congressional District	5%	1%	1%
6	Legal Entity Congressional District	5%	1%	1%
5	Legal Entity Address	2%	1%	1%
16	Award Type	2%	1%	1%
27	Period of Performance Current End Date	1%	1%	1%
42	Funding Office Name	1%	1%	1%

Department's Results for Data Elements				
		Sample Error Rate		
DAIMS Element #	Data Element Name	A Accuracy	C Completeness	T Timeliness
43	Funding Office Code	1%	1%	1%
1	Awardee/Recipient Legal Entity Name	1%	1%	1%
13	Federal Action Obligation	1%	1%	1%
22	Award Description	1%	1%	1%
23	Award Modification / Amendment Number	1%	1%	1%
25	Action Date	1%	1%	1%
30	Primary Place of Performance Address	1%	1%	1%
32	Primary Place of Performance Country Code	1%	1%	1%
33	Primary Place of Performance Country Name	1%	1%	1%
34	Award ID Number (PIID/FAIN) [File D]	1%	1%	1%
36	Action Type	1%	1%	1%
38	Funding Agency Name	1%	1%	1%
39	Funding Agency Code	1%	1%	1%
40	Funding Sub Tier Agency Name	1%	1%	1%
41	Funding Sub Tier Agency Code	1%	1%	1%
44	Awarding Agency Name	1%	1%	1%
45	Awarding Agency Code	1%	1%	1%
46	Awarding Sub Tier Agency Name	1%	1%	1%
47	Awarding Sub Tier Agency Code	1%	1%	1%
48	Awarding Office Name	1%	1%	1%
49	Awarding Office Code	1%	1%	1%
7	Legal Entity Country Code	1%	1%	1%
8	Legal Entity Country Name	1%	1%	1%
51	Appropriations Account	1%	1%	1%
11	Amount of Award	1%	1%	1%
19	Catalog of Federal Domestic Assistance (CFDA) Number	1%	1%	1%
20	Catalog of Federal Domestic Assistance (CFDA) Title	1%	1%	1%
35	Record Type	1%	1%	1%
53	Obligation	1%	1%	1%
34	Award ID Number (PIID/FAIN) [File C]	0%	1%	1%

Department's Results for Data Elements				
		Sample Error Rate		
DAIMS Element #	Data Element Name	A Accuracy	C Completeness	T Timeliness
430	Disaster Emergency Fund Code	0%	1%	1%
50	Object Class	0%	1%	1%
57	Outlay (Gross Outlay Amount By Award CPE)	0%	0%	0%
56	Program Activity	N/A	N/A	N/A

FY 2019 and FY 2021 Comparative Results by Data Element

The table below identifies the error rate by data element from the FY 2019 and FY 2021 audit results in descending order by the accuracy attribute's error rate percentage. The information is provided for illustrative purposes only and may not necessarily be indicative of actual percent change based on differences in testing procedures such as population size, sample methodology, quarter tested, file tested, and changes to data definition standards.

Department's Comparative Results for Data Elements				
		Error Rate		
DAIMS Element #	Data Element Name	2021	2019	Change
12	Non-Federal Funding Amount	50%	0%	50%
3	Ultimate Parent Unique Identifier	37%	13%	24%
4	Ultimate Parent Legal Entity Name	37%	13%	24%
37	Business Types	20%	18%	2%
2	Awardee/Recipient Unique Identifier	7%	0%	7%
26	Period of Performance Start Date	7%	0%	7%
6	Legal Entity Congressional District	5%	6%	(1%)
31	Primary Place of Performance Congressional District	5%	6%	(1%)
5	Legal Entity Address	2%	5%	(3%)
16	Award Type	2%	18%	(16%)
27	Period of Performance Current End Date	1%	0%	1%
42	Funding Office Name	1%	0%	1%
43	Funding Office Code	1%	0%	1%
1	Awardee/Recipient Legal Entity Name	1%	20%	(19%)

Department's Comparative Results for Data Elements				
		Error Rate		
DAIMS Element #	Data Element Name	2021	2019	Change
7	Legal Entity Country Code	1%	18%	(17%)
8	Legal Entity Country Name	1%	18%	(17%)
13	Federal Action Obligation	1%	18%	(17%)
22	Award Description	1%	18%	(17%)
25	Action Date	1%	18%	(17%)
33	Primary Place of Performance Country Name	1%	18%	(17%)
34	Award ID Number (PIID/FAIN) [File D]	1%	18%	(17%)
44	Awarding Agency Name	1%	18%	(17%)
45	Awarding Agency Code	1%	18%	(17%)
46	Awarding Sub Tier Agency Name	1%	18%	(17%)
30	Primary Place of Performance Address	1%	2%	(1%)
23	Award Modification / Amendment Number	1%	0%	1%
32	Primary Place of Performance Country Code	1%	0%	1%
36	Action Type	1%	0%	1%
47	Awarding Sub Tier Agency Code	1%	0%	1%
48	Awarding Office Name	1%	0%	1%
49	Awarding Office Code	1%	0%	1%
51	Appropriations Account	1%	0%	1%
19	Catalog of Federal Domestic Assistance (CFDA) Number	1%	18%	(17%)
20	Catalog of Federal Domestic Assistance (CFDA) Title	1%	18%	(17%)
35	Record Type	1%	18%	(17%)
11	Amount of Award	1%	0%	1%
50	Object Class	1%	0%	1%
53	Obligation	1%	0%	1%
34	Award ID Number (PIID/FAIN) [File C]	0%	18%	(18%)

Department's Comparative Results for Data Elements				
		Error Rate		
DAIMS Element #	Data Element Name	2021	2019	Change
14	Current Total Value of Award	N/A ²	N/A ²	N/A ²
15	Potential Total Value of Award	N/A ²	N/A ²	N/A ²
17	NAICS Code	N/A ²	N/A ²	N/A ²
18	NAICS Description	N/A ²	N/A ²	N/A ²
24	Parent Award ID Number [File D]	N/A ²	N/A ²	N/A ²
24	Parent Award ID Number [File C]	N/A ²	N/A ²	N/A ²
28	Period of Performance Potential End Date	N/A ²	N/A ²	N/A ²
29	Ordering Period End Date	N/A ²	N/A ²	N/A ²
38	Funding Agency Name	N/A ²	N/A ²	N/A ²
39	Funding Agency Code	N/A ²	N/A ²	N/A ²
40	Funding Sub Tier Agency Name	N/A ²	N/A ²	N/A ²
41	Funding Sub Tier Agency Code	N/A ²	N/A ²	N/A ²
56	Program Activity	N/A ²	N/A ²	N/A ²
57	Outlay (Gross Outlay Amount By Award CPE)	N/A ²	N/A ²	N/A ²
163	National Interest Action	N/A ²	N/A ²	N/A ²
430	Disaster Emergency Fund Code	N/A ²	N/A ²	N/A ²

² This data element was not tested or not required to be tested during the FY 2019 performance audit; therefore, comparative results are unavailable.

Analysis of the Accuracy of Dollar Value-Related Data Elements

The table below summarizes the accuracy of dollar value-related data elements. The absolute value of the error is calculated as the absolute value of the amount that was reported less the amount that should have been reported. These data elements are related to either File C, File D1, or File D2 and include: Federal Action Obligation, Current Total Value of Award, Potential Total Value of Award, Transaction Obligation Amount, and Amount of Award. The amounts reflected are not projectable because the statistical sample selection was performed on attributes and not monetary amounts.

Accuracy of Dollar Value-Related Data Elements								
PIID/ FAIN	Data Element		Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
PIID	DE 13	Federal Action Obligation	11	2	0	13	15.4%	\$41,490.42
PIID	DE 14	Current Total Value of Award	11	0	2	11	0.0%	N/A
PIID	DE 15	Potential Total Value of Award	11	0	2	11	0.0%	N/A
PIID	DE 53	Transaction Obligation Amount	11	2	0	13	15.4%	\$41,490.42
FAIN	DE 11	Federal Action Obligation	372	0	0	372	0.0%	N/A
FAIN	DE 12	Non-Federal Funding Amount	370	0	2	370	0.0%	N/A
FAIN	DE 13	Amount of Award	370	2	0	372	0.5%	\$231,406.00
FAIN	DE 53	Obligation	370	2	0	372	0.5%	125,076.00
		Total	1,526	8	6	1,534		

6. File C COVID-19 Outlay Testing and Results

We selected the File C outlay records from the third month of the FY 2020 fourth quarter DATA Act submissions. Our testing included assessing the Parent Award ID number, PIID/FAIN, object class, appropriations account, obligation, program activity, and DEFC File C outlays data elements for completeness, accuracy, and timeliness. We did not identify any errors which resulted in the Department scoring 8 out of 8 points for this section. See the “Overall Determination of Quality” section for the Department’s overall quality score.

7. Overall Determination of Quality

In accordance with the Guide, the assessment of overall quality of data was not a projected measurement but was derived using a combination of statistical and non-statistical methods. We combined the results of the statistical sample with the results on the non-statistical testing in a quality scorecard developed by the CIGIE. The scorecard was formatted to calculate quality based on weighted scores of both statistical sampling results and non-statistical testing results. For the quality scorecard, statistical testing results are valued at 60 points and non-statistical testing results are valued at 40 points, for a total of 100 points. The statistical sampling result is valued slightly higher because the DATA Act requires a statistical sample of data submitted and

statistical results provide stakeholders with insight on that data. The Guide provides the following table defining the range of scores in determining the quality of the data submissions:

Quality Level		
Range		Level
0.0	69.9	Lower
70.0	84.9	Moderate
85.0	94.9	Higher
95.0	100	Excellent

Based on the results of our statistical and non-statistical testing for the Department's submissions, the Department scored 95 points, which is a quality rating of Excellent.

B. OBJECTIVE 2 FINDINGS

We evaluated the Department's implementation and use of the government-wide financial data standards for spending information as developed by OMB and Treasury. The Department implemented and used the data standards as defined by OMB and Treasury under the DATA Act.

C. DEFICIENCIES IN INTERNAL CONTROL

In planning and performing our audit of the Department's FY 2020 fourth quarter financial and award data submitted for publication on USASpending.gov, we assessed internal controls that were relevant to our audit objectives by obtaining an understanding of those controls and assessing control risk for the purposes of achieving our objectives.

The objective of our audit was not to provide assurance on the internal controls; therefore, we did not express an opinion on the internal controls as a whole. Our consideration of the Department's internal controls relevant to our audit objectives would not necessarily disclose all deficiencies that might be significant within the context of the audit objectives. In particular, we assessed the internal control components and underlying principles significant to audit objective 1 listed in Appendix B. Because of the inherent limitations on internal controls, noncompliance with applicable laws, policies, and procedures may nevertheless occur and not be detected.

To assess the effectiveness of the Department's internal controls over source systems related to the extraction of data related to Files A, B and C, we conducted interviews; reviewed supporting documentation related to the Department's OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, testing; and reviewed assurance statements related to the Department's financial management systems. To assess the effectiveness of the Department's internal controls over its DATA Act submissions, we conducted interviews and reviewed supporting documentation related to the Department's data submission process, including the Department's process for validating the data and resolving fatal errors. We also reviewed the SAO's certification over the data submitted and supporting documentation, such as bureau Chief Financial Officer confirmations of the completeness, accuracy, and timeliness of reported data.

As a result of our assessment over internal controls relevant to the first audit objective and our performance audit procedures, we identified the following deficiency in internal control:

The Department's reconciliation controls comparing File A to the SF-133 and File C to the trial balance did not operate effectively. For File A, a functionality flaw occurred on the pivot tables used to perform the validation tests comparing the data to the SF-133, preventing certain funds from appearing. For File C, the Office of Financial Operations indicated during their review process via email correspondence that time constraints prevented management from obtaining evidence for the differences identified in the File C reconciliation.

D. RECOMMENDATIONS

We recommend that Department management:

1. Implement policies and procedures to confirm the completeness of the data used in their reconciliations.

2. Identify alternative methods to conclude on the amount of outstanding differences in their reconciliations if the necessary data to conclude is unavailable.
3. Identify a tolerable threshold in which management is comfortable concluding on the validity of the reconciliation.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF FINANCE AND OPERATIONS

MEMORANDUM

DATE: October 18, 2021

TO: Bryon S. Gordon
Assistant Inspector General for Audit

FROM: Denise L. Carter Denise Carter Digitally signed by Denise Carter
Date: 2021.10.18 15:58:53 -04'00'
Delegated the authority to perform the functions and duties of the position of
Chief Financial Officer

SUBJECT: Performance Audit of the U.S. Department of Education's Digital Accountability and Transparency Act of 2014 Fiscal Year 2020 Quarter 4 Financial and Award Data Control Number ED-OIG/21DC0032

Please convey the Department's sincere thanks to everyone on your staff who worked diligently on this Performance Audit of the U.S. Department of Education's Digital Accountability and Transparency Act of 2014 (DATA Act). We appreciate the opportunity to respond to the draft audit results of the Office of Inspector General's review of the Department's compliance with reporting requirements under the DATA ACT. We concur and agree with the findings and recommendations.

The Office of Financial Management Division is working to develop a corrective action plan to include updates to the reconciliation tools and procedures as part of the resolution process.

Again, please convey our appreciation to everyone on your staff whose efforts permitted the Department to complete the audit within the established timeframe.

If you have any questions or need additional information regarding this response, please contact Gail Matthews at 202-705-6828.

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Appendix B

Relevant Internal Control Components and Underlying Principles

The Government Accountability Office's *Standards for Internal Control in the Federal Government* (the Green Book) provides an overall framework for establishing and maintaining an effective internal control system. This framework is based on five internal control components and 17 principles. The table below lists the Green Book internal control components and underlying principles significant to our performance audit objectives.

Internal Control Components	Internal Control Underlying Principles
Risk Assessment	6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
	7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
	9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.
Control Activities	10. Management should design control activities to achieve objectives and respond to risks.
	11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
	12. Management should implement control activities through policies.
Information and Communication	13. Management should use quality information to achieve the entity's objectives.
	15. Management should externally communicate the necessary quality information to achieve the entity's objectives.
Monitoring	16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
	17. Management should remediate identified internal control deficiencies on a timely basis.

Appendix C

List of Acronyms and Short References

Acronym	Definition
AICPA	American Institute of Certified Public Accountants
Award ID	Award Identification
CFDA	Catalog of Federal Domestic Assistance
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DEFC	Disaster Emergency Fund Code
DQP	Data Quality Plan
FABS	Financial Assistance Broker Submission
FAEC	Federal Audit Executive Council
FAIN	Financial Assistance Identifier Number
FAR	Federal Acquisition Regulation
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System – Next Generation
FSRS	FFATA Sub-award Reporting System
GAGAS	Generally Accepted Government Auditing Standards
GTAS	Government-wide Treasury Account Symbol
IDD	Interface Definition Document
IG	Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier Number
RSS	Reporting Submission Specification
SAM	System for Award Management
SAO	Senior Accountable Official
TAS	Treasury Account Symbol
URI	Unique Record Identifiers
USSGL	United States Standard General Ledger