



February 17, 2017

MEMORANDUM FOR: Lisa Casias
Deputy Assistant Secretary for Administration
Performing the Non-Exclusive Duties
of the Chief Financial Officer/Assistant Secretary
of Administration

FROM: Richard Bachman
Assistant Inspector General for Financial
and Intellectual Property Audits

SUBJECT: *DATA Act Readiness Review*
Final Report No. OIG-17-015-I

The objective of this readiness review was to determine how prepared the Department is to implement the DATA Act requirements. We focused on (1) gaining an understanding of the Department's progress to date and (2) reviewing planned implementation activities corresponding to steps 1 through 4 of the *DATA Act Implementation Playbook*.¹ We also compared the progress to date to the suggested timelines in the *Playbook*, which identifies steps to implement—organizing implementation teams, reviewing DATA Act data elements, taking data inventories, and designing and strategizing the implementation. For additional information regarding our scope and methodology, see appendix A.

Background

In May 2014, the President signed the Digital Accountability and Transparency Act of 2014² (DATA Act) into law. The DATA Act's purpose includes increasing the transparency of federal spending data by making it more accessible, searchable, and reliable so federal agencies and taxpayers have an opportunity to see how federal money is spent. By April 30, 2017, federal agencies are required to report to the U.S. Department of the Treasury (Treasury) procurement, financial assistance, and other spending data in accordance with Treasury and Office of Management and Budget (OMB) data standards. In accordance with the DATA Act requirements, by May 8, 2017, the data will be published on USASpending.gov. The Treasury and OMB are leading the government-wide implementation of the DATA Act.

To aid agencies in implementing the DATA Act, OMB published guidance, met with agency officials, and provided feedback on the agencies' proposed implementation plans. OMB also

¹ See U.S. Department of the Treasury, June 2015. *DATA Act Implementation PlayBook, 1.0*, Washington, DC: Treasury. This guidance was updated on June 24, 2016.

² Digital Accountability and Transparency Act of 2014, Pub. L. No. 113-101, 128 STAT. 1146 (2014).

requested plan updates in response to feedback, and published additional guidance that instructed agencies to include certain elements in their plans. Specifically, the guidance instructed agencies to include a timeline, an estimate of costs, potential challenges with the implementation, and a detailed project plan.³

In June 2015, Treasury issued guidance, the *Playbook*, that divided the implementation into eight key steps that agencies should complete to successfully implement the requirements of the DATA Act. The *Playbook* also included a suggested timeline agencies could use to plan their implementation. Please see appendix B for further details on the steps and timeline. The Department of Commerce's Chief Financial Officer serves as the Senior Accountability Official leading the DATA Act implementation efforts. Although the Department is responsible for reporting the required data for all of its operating units, implementation is occurring on two separate tracks, as one bureau—the United States Patent and Trademark Office (USPTO)—maintains financial and procurement systems separate and distinct from the rest of the Department. The USPTO Office of Financial Management Systems' Core Financial Systems Operations Division (CFSOD) will lead the USPTO implementation effort. The Office of Financial Management's Financial Management Systems Directorate (OFMS), under the Office of the Secretary (OS), will implement the DATA Act requirements for the other departmental operating units.

The DATA Act requires Inspectors General to issue a report on the implementation, among other things, by November 2016. However, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) informed congressional members of a timing anomaly in the oversight requirements of the DATA Act⁴. Specifically, Inspectors General Offices were required to issue DATA Act reports before agencies were required to report on spending data in May 2017. To address this issue, OIGs plan to provide Congress with their first required report by November 2017, with subsequent reports on a 2-year cycle. CIGIE also encouraged OIGs to undertake a DATA Act readiness review before the first required report. A copy of the letter sent by CIGIE to the respective Senate Committee and House committee in December 2015 is located in appendix C.

Findings and Recommendations

The objective of our review was to determine how prepared the Department is to implement the DATA Act requirements. Further details regarding the review's objective, scope, and methodology can be found in Appendix A. Based on our fieldwork, we found that the Department was significantly behind schedule, thus increasing the risk of not meeting the April 30, 2017, reporting deadline. Specifically, we found that the Department had not started or only partially completed some of the four steps of the *Playbook*, which all should have been completed no later than September 2015. Additionally, we found the implementation plan lacked sufficient content, which increases the Department's risk of not meeting DATA Act requirements.

³ OMB, *DATA Act Implementation Plans Guidance* (accessed July 26, 2016, password required) and OMB, June 2016. *Request for Updated DATA Act Implementation Plans by August 12, 2016*, Washington, DC: OMB.

⁴ Council of the Inspectors General on Integrity and Efficiency, December 22 2015. *Letter to the Honorable Ron Johnson, Honorable Thomas Carper, Honorable Jason Chaffetz, and Honorable Elijah Cummings*.

I. Delayed Planning Activities Put On-Time Implementation at Risk

Using Treasury’s *Playbook* suggested timeline (see appendix B for further details on the timeline) and our analysis of the Department’s associated implementation plans and planning activities, we determined that, as of August 2016, the Department is approximately a year behind schedule in its implementation. For example, Treasury’s *Playbook* recommends completion of steps 1 through 4, which are related to planning activities, no later than September 2015. We found that OFMS has neither completed Step 1—Organize Team, nor Step 2—Review Elements; both of which should have been completed in the spring of 2015. Further, OFMS has not commenced Steps 3 and 4 which should have been completed by September 2015.

Table 1. Summary of the Department’s DATA Act Implementation Status (Steps 1 through 4)

Playbook Step	Suggested Completion	Status as of August 2016^a
1. Organize Team	Spring 2015	Initiated, but not completed
2. Review Elements	Spring 2015	Initiated, but not completed
3. Inventory Data	Sept 2015	Not started
4. Design and Strategize	Sept 2015	Not started

Source: Information in columns titled **Playbook Step** and **Suggested Completion** are from *DATA Act Implementation Playbook*, version 1.0, June 2015; column titled **Status as of August 2016** is based on OIG analysis.

^a USPTO represents that it is much farther along in the implementation process and is currently performing work in Steps 5–8, which are related to executing and testing the broker and updating systems to submit data. However, USPTO was unable to provide documentation to support the completion of planning Steps 1–4.

According to Department officials, these delays were the result of insufficient personnel and financial resources that could not be immediately reassigned to complete the implementation requirements. As of August 2016, the Department stated that they now have sufficient financial resources to complete all the *Playbook* steps and will be able to meet the DATA Act reporting requirements by the April 30, 2017, deadline, despite being approximately a year behind schedule.

We are concerned that the Department is only beginning substantial efforts on steps 1 through 4 approximately one year after the suggested due dates. Further, to meet the April 30, 2017, deadline, the Department must complete these steps and steps 5 through 8. This is a significantly shorter time period than the timeline proposed in the *Playbook*. We believe that the

adverse impact, caused by the delayed planning activities, has created a substantial risk that the Department will not be able to complete its implementation of the DATA Act requirements by the April 30, 2017 deadline.

II. Insufficient Plan Content Increases the Risk of Not Meeting DATA Act Requirements

In May 2015⁵ and June 2016⁶, OMB issued guidance requiring agencies to submit implementation plans and plan updates for implementing the DATA Act requirements. It also released guidance⁷ that instructed agencies to include certain categories of information within the plans such as a timeline, a cost estimate, a detailed narrative, and a detailed project plan.

We reviewed the Department and USPTO's implementation plans and supporting documentation and found that they addressed all required categories. However, our review of best practice guidance issued by OMB, Treasury, and GAO leads us to conclude that the Department and USPTO plans did not include sufficient content in some cases.

Specifically, for the Department's implementation plan, we determined that

- the proposed framework solution did not identify or describe the full extent of the system architecture;
- system and business processes were described at the summary level only;
- the narrative did not discuss cost management or risk mitigation strategy;
- the narrative stated that Step 1 and Step 2 of the *Playbook* were complete, although we were informed in interviews that the steps were still in process;
- the plan did not discuss the development and execution of internal control procedures designed to ensure the completeness and accuracy of data submitted;
- the plan did not discuss the planned use of contractors, although we were informed in interviews that contractors would be used for a substantial number of implementation steps; and
- the plan did not address how OFMS would jointly manage USPTO CFSOD's plan within the overall Department plan.

Specifically, for USPTO's implementation plan, we determined that

- the project plan schedule did not identify USPTO officials responsible for completing tasks or for ensuring that the tasks and milestones were being completed on time;
- the plan did not discuss its planned use of contractors; and
- the plan did not address how data that is inaccurate or improperly formatted would be detected and corrected before submission.

⁵ OMB, May 2015. *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, Memorandum M-15-12, Washington, DC: OMB.

⁶ OMB, June 2016. *Request for Updated DATA Act Implementation Plans by August 12, 2016*, Washington, DC: OMB.

⁷ OMB, *DATA Act Implementation Plans Guidance*. www.max.omb.gov (accessed on July 26, 2016).

When asked about the content of the plans, the Department and USPTO believed that the content of the plans was sufficient. However, the DATA Act implementation plans and supporting documents are critical tools that are used to assist the Department with executing the various planning processes involved in the implementation. They bring together different project components such as technical requirements, activities that need to be completed, resource requirements, risk analysis and mitigation, cost estimation, and project timelines. Without sufficient content, the plans may be of limited usefulness to the Department and increase the risk of not being able to meet some or all of the DATA Act requirements. Further, Treasury and OMB, which are overseeing the overall DATA Act implementation, may not be able to use the plans to effectively monitor implementation.

Recommendations

We recommend that the Chief Financial Officer and Assistant Secretary for Administration do the following:

1. Ensure there are sufficient monitoring activities to track completion of tasks/milestones needed to meet the DATA Act deadline.
2. Consider missing or insufficient implementation plan items identified in this report during the DATA Act implementation process.

We received the Department's response to our draft report, which we include as appendix D. The Department's response summarizes the activities that it has taken or will take to implement the recommendations provided in our report. In addition, the Department's response also included a summary of its DATA Act implementation activities that have occurred since August 2016. This final report will be posted on OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M).

In accordance with Department Administrative Order 213-5, please provide us your action plan within 60 days of this report. The plan should outline the actions you propose to take to address each audit recommendation.

We appreciate the cooperation and courtesies extended to us by the Department and USPTO staff during this review. If you have any questions or concerns about this report, please contact me at (202) 482-2877 or Patricia McBarnette at (202) 482-3391.

cc: Steve Kunze, Deputy Chief Financial Officer and Director for Financial Management, OS
Teresa Coppolino, Director, Financial Management Systems Directorate, OS
Anthony P. Scardino, Chief Financial Officer, USPTO
MaryAnn Mausser, Audit Liaison, OS
Welton Lloyd, Audit Liaison, USPTO

Appendix A. Objective, Scope, and Methodology

The objective of our review was to determine how prepared the Department is to implement the DATA Act requirements. We assessed the implementation activities in process (related to steps 1 through 4 of the *Playbook*; see appendix B) at USPTO, as well as at the Department level for all other operating units, as of August 2016. To accomplish our objectives, we did the following:

- Reviewed relevant laws and guidance, including the DATA Act, OMB Memoranda M-15-12 and M-09-19, and Treasury's *DATA Act Implementation Playbook* version 1.0.
- Interviewed Department and USPTO officials to obtain an understanding of the DATA Act implementation process, preparation of cost estimates, challenges to implementation, and the tracking of different phases of implementation.
- Analyzed Department and USPTO project management documentation to ensure compliance with applicable OMB, Treasury, and DATA Act requirements.
- Evaluated the Department's and USPTO's compliance with the relevant laws and guidance including public laws, OMB memoranda, and GAO, Treasury, and OMB best practice guidance.

We performed our fieldwork at Department headquarters in Washington, DC, and at the Commerce Business System (CBS) Support Center in Gaithersburg, Maryland. We conducted this review under the authorities of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, April 26, 2013. We conducted our fieldwork from July 2016 to October 2016 in accordance with the Quality Standards for Inspection and Evaluation (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency.

Appendix B. DATA Act Implementation Timeline

The table below depicts suggested 8 steps from the *DATA Act Implementation Playbook*, which agencies may use in implementation of the DATA Act requirements.

	Description of Steps	Timeline Dates
Step 1—Organize Team	Create an agency DATA Act work group including impacted communities (e.g., Budget, Accounting, etc.) and identify Senior Accountable Officer.	Spring 2015
Step 2—Review Elements	Review list of DATA Act elements and participate in data definitions standardization.	Spring 2015
Step 3—Inventory Data	Perform inventory of Agency data and associated business processes.	February 2015–September 2015
Step 4—Design and Strategize	Plan changes (e.g., adding Award IDs to financial systems) to systems and business processes to capture data that are complete multi-level (e.g., summary and award detail) fully-linked data. Prepare cost estimates for FY 2017 budget projections.	March 2015–September 2015
Step 5—Execute Broker	Implement system changes and extract data (includes mapping of data from agency schema to the DATA Act schema; and the validation) iteratively.	October 2015–February 2016
Step 6—Test Broker Implementation	Test broker outputs to ensure data are valid iteratively.	October 2015–February 2016
Step 7—Update Systems	Implement other system changes iteratively (e.g., establish linkages between program and financial data, capture any new data).	October 2015–February 2017
Step 8—Submit Data	Update and refine process (repeat 5-7 as needed).	March 2016–May 2017

Source: *DATA Act Implementation Playbook*, version 1.0, June 2015

Appendix C. CIGIE Letter to Congressional Members



December 22, 2015

The Honorable Ron Johnson
Chairman
The Honorable Thomas Carper
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C.

The Honorable Jason Chaffetz
Chairman
The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C.

Dear Mr. Chairmen and Ranking Members:

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) recognizes and appreciates your leadership on issues of Government transparency and accountability. In particular, we believe the enactment last year of the Digital Accountability and Transparency Act of 2014 (DATA Act) will significantly improve the quality of Federal spending data available to Congress, the public, and the accountability community if properly implemented. To make sure this happens, the DATA Act provides for strong oversight by way of the Federal Inspectors General and the Government Accountability Office (GAO). In particular, the DATA Act requires a series of reports from each to include, among other things, an assessment of the completeness, timeliness, quality, and accuracy of data submitted by agencies under the DATA Act.

I am writing this letter on behalf of CIGIE to inform you of an important timing anomaly with the oversight requirement for Inspectors General in the DATA Act. Your staffs have been briefed on this timing anomaly, which affects the first Inspector General reports required by the DATA Act. Specifically, the first Inspector General reports are due to Congress in November 2016. However, the agencies we oversee are not required to submit spending data in compliance with the DATA Act until May 2017. As a result, Inspectors General would be unable to report on the spending data submitted under the Act, as this data will not exist until the following year. This anomaly would cause the body of reports submitted by the Inspectors General in November 2016 to be of minimal use to the public, the Congress, the Executive Branch, and others.

To address this reporting date anomaly, the Inspectors General plan to provide Congress with their first required reports in November 2017, a one-year delay from the due date in statute, with subsequent reports following on a two-year cycle, in November 2019 and November 2021. We believe that moving the due dates back one year will enable the Inspectors General to meet the

1717 H Street, NW, Suite 825, Washington, DC 20006

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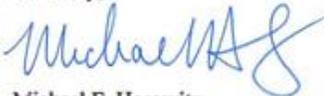
intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act "readiness reviews" at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation.

We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

Should you or your staffs have any questions about our approach or other aspects of our collective DATA Act oversight activities, please do not hesitate to contact me at (202) 514-3435.

Sincerely,



Michael E. Horowitz
Chair, Council of the Inspectors General on Integrity and Efficiency
Inspector General, U.S. Department of Justice

cc: The Honorable David Mader, Controller, OMB
The Honorable Gene Dodaro, Comptroller General, GAO

Appendix D. Agency Response

OFFICE OF FINANCIAL MANAGEMENT (OFM) DEPARTMENT OF COMMERCE DATA ACT PROJECT

RESPONSE TO THE OFFICE OF INSPECTOR GENERAL READINESS REVIEW DATED DECEMBER 16, 2016

We appreciate the opportunity to provide a response to the Department of Commerce DATA Act Readiness Review Draft Report and the Office of Inspector General's support of DOC meeting Treasury and OMB's DATA Act requirements. As mentioned in your draft report, as of August 2016 the Department had not yet completed a significant portion of the work required to prepare for the DATA Act due to insufficient financial resources prior to August 2016. Since the timeframe of the OIG's assessment, the Department has been working very closely with Treasury and OMB and has made very substantial progress towards meeting the DATA Act requirements. Collaboration across all Bureaus and functional areas is occurring on a regular basis. Testing within Treasury's DATA Act Broker is ongoing daily and continues to improve the quality of DOC's data.

Treasury issued the Playbook Version 1.0 as the initial guidance in June 2015, which was only one month after Treasury and OMB announced a first, incomplete version of government-wide data standards for federal spending. Treasury published the complete version of government-wide data standards for federal spending on April 19, 2016 and OMB published additional guidance for federal agencies on how to implement the data standards on May 3, 2016. This preceded the creation of the DATA Act Implementation Playbook Version 2.0 in June 2016.

Treasury issued four draft versions of the DATA Act Information Model Schema (DAIMS) in the past including Version 0.7 on December 31, 2015. The versions were revised based on hundreds of comments provided by the public and federal agencies, which led to Treasury issuing Version 1.0 on April 29, 2016. This serves as the detailed data requirements for agencies to successfully perform Steps 2 and 3 of the Playbook and provide the reporting requirements needed for agencies to meet the April 30, 2017 deadline.

In August 2016, DOC received the sufficient financial resources to complete the steps in the Playbook. While the Office of the Inspector General has been assessing the completeness, timeliness, accuracy, and quality of DOC's implementation plan, DOC has been working diligently, and in parallel, to accomplish the key activities to meet the April 2017 deadline for Treasury File submission.

Specifically, the following activities have been accomplished since August 2016:

- Defined and updated the detailed project plan that follows recommendation to monitor the project through the CFO/ASA Business Integration Transformation Office process, which includes bi-weekly reporting and quarterly reviews
- Deployed the initial version of the DOC Broker and documented detailed technical specifications for the DOC Broker

- Applied an Agile approach to address the constant Treasury validation changes in the Treasury Broker
- Processed an entire FY16 data for all 3 CBS Bureaus (Census, NIST & NOAA) in the DOC Broker
- Processed year to date FY17 data for NTIS in the DOC Broker
- Processed Treasury Files (A, B, and C) for USPTO in the DOC Broker
- Processed the consolidated certified GTAS data (all Bureaus) in the DOC Broker
- Submitted the following Treasury Files (A, B, and C) successfully to Treasury:

Bureau	Last Modified Date
CBS NOAA	11/27/2016
CBS NIST	11/30/2016
CBS CENSUS	11/30/2016
NTIS	12/8/2016
PTO	12/13/2016

- Obtained and processed Treasury D1-Procurement and D2-Grants Files in the DOC Broker
- Identified key risks and discussed in executive review meetings to determine corrective mitigation steps

DOC remains on schedule according to our updated Implementation Plan submitted to OMB/Treasury and is confident in its ability to meet the FY17 Q2 reporting deadline of April 30, 2017.

Recommendation 1: Ensure there are sufficient monitoring activities to track completion of tasks/milestones needed to meet the DATA Act deadline.

Response: DOC has been, and will continue to leverage existing internal oversight resources to ensure that this project is monitored appropriately, as well as to limit the risk associated with meeting OMB/Treasury’s deadlines. In addition to following the Project Management Institute’s Project Management Body of Knowledge principles and techniques, the project is being monitored through the CFO/ASA Business Integration Transformation Office process, which includes bi-weekly reporting and quarterly reviews to CFO/ASA.

Recommendation 2: Consider missing or insufficient implementation plan items identified in this report during the DATA Act implementation process.

Response: We appreciate the OIG’s recognition that our plans address all required categories. As the project progresses, DOC will consider, where appropriate and beneficial, those additional items suggested in the report.