



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

The Social Security Administration's
Compliance with the Digital
Accountability and Transparency Act
of 2014 as of May 2017

A-15-17-50250 | November 2017

MEMORANDUM

Date: November 6, 2017

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: The Social Security Administration's Compliance with the Digital Accountability and Transparency Act of 2014 as of May 2017 (A-15-17-50250)

The attached final report presents the results of the Office of Audit's review. The objectives were to assess the Social Security Administration's (SSA)

1. completeness, timeliness, quality, and accuracy of Fiscal Year 2017 second quarter financial and award data it submitted for publication on USASpending.gov and
2. implementation and use of the Government-wide financial data standards established by the Office of Management and Budget and Department of the Treasury (Treasury).

In addition, we evaluated SSA's compliance with Treasury's *Digital Accountability and Transparency Act of 2014* Implementation Playbook, Version 2.0, Steps 5 through 8.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gale Stallworth Stone

Attachment

The Social Security Administration's Compliance with the Digital Accountability and Transparency Act of 2014 as of May 2017

A-15-17-50250



November 2017

Office of Audit Report Summary

Objectives

To assess the Social Security Administration's (SSA) (1) completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2017 second quarter financial and award data it submitted for publication on USASpending.gov and (2) implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Department of the Treasury (Treasury). In addition, we evaluated SSA's compliance with Treasury's *Digital Accountability and Transparency Act of 2014 (DATA Act) Implementation Playbook, Version 2.0, Steps 5 through 8.*

Background

In May 2014, Congress enacted the DATA Act to improve reporting of Federal expenditures and link Federal contract, loan, and grant spending information to agency programs, allowing taxpayers and policymakers to track Federal spending effectively.

The DATA Act requires that agencies post financial and award data on USASpending.gov no later than May 2017. It also requires that Offices of the Inspector General review a sample of financial and award data and submit a report assessing the completeness, timeliness, quality, and accuracy of the data sampled and agencies' implementation and use of the data standards.

Findings

Generally, we found SSA's FY 2017 second quarter financial and award data submitted for publication on USASpending.gov to be complete, timely, of sufficient quality, and accurate. However, we identified some minor errors in the financial and award data. For example, SSA did not include 127 Case Processing and Management System (CPMS) sample transactions timely. SSA should have included the transactions by April 30, 2017 to meet the timeliness definition for the second quarter; however, SSA did not finish entering all second quarter transactions until May 23, 2017.

In addition, SSA omitted 277 CPMS transactions totaling \$28,296 (less than .01 percent of the total obligated awards) from the File C (award financial data) submission during its reconciliation.

We evaluated SSA's use of the Government-wide financial data standards and determined the Agency's definitions of the data standards agreed with OMB and Treasury guidance.

In addition, we determined SSA's internal controls over source systems, and data management and processes used to report financial and award data on USASpending.gov, were effective. However, we determined that the Senior Accountable Official's assurance statement did not contain all necessary language per OMB guidance. Finally, we determined SSA's DATA Act Plan, Steps 5 through 8, complied with the Playbook requirements.

Recommendations

We recommend SSA:

1. Implement procedures to record all CPMS obligations.
2. Modify procedures to enter all vendor information into Federal Procurement Data System-Next Generation timely.
3. Modify procedures to extract all CPMS transactions, and perform reconciliations, before submitting data to the Broker.
4. Ensure the Senior Accountable Official's assurance statement includes the required OMB language.

SSA agreed with our recommendations.

TABLE OF CONTENTS

| | |
|---|-----|
| Objectives | 1 |
| Background | 1 |
| DATA Act..... | 1 |
| DATA Act Implementation Playbook | 2 |
| FY 2017 Second Quarter DATA Act Submission..... | 2 |
| OIG Required Review of SSA’s Compliance Under the DATA Act..... | 4 |
| Results of Review | 4 |
| Assessment of Internal Controls | 5 |
| Internal Controls over Source Systems Related to the DATA Act..... | 6 |
| Internal Controls in Place over Data Management and Processes used to Report Financial and Award Data | 7 |
| Data Completeness, Timeliness, Quality, and Accuracy | 7 |
| Test Summary – Level Data (Files A and B)..... | 7 |
| Test File C – Award Financial Data | 8 |
| Accuracy and Completeness | 9 |
| Timeliness..... | 9 |
| Quality..... | 10 |
| Implementation and Use of the Government-wide Financial Data Standards..... | 11 |
| Overall Assessment of SSA’s DATA Act Implementation Plan..... | 11 |
| Conclusions..... | 12 |
| Recommendations..... | 12 |
| Agency Comments..... | 12 |
| Other Matters | 13 |
| Office of Finance Online System..... | 13 |
| FAADS PLUS Congressional Districts | 13 |
| Appendix A – Council of Inspectors General Letter | A-1 |
| Appendix B – Sampling Methodology..... | B-1 |
| Appendix C – Scope and Methodology | C-1 |
| Appendix D – Implementation Steps 5 Through 8..... | D-1 |
| Appendix E – Sample Results..... | E-1 |
| Appendix F – Agency Comments..... | F-1 |

ABBREVIATIONS

| | |
|-------------|--|
| CPMS | Case Processing and Management System |
| DATA Act | <i>Digital Accountability and Transparency Act of 2014</i> |
| FAADS PLUS | Federal Assistance Award Data System-PLUS |
| FAEC | Federal Audit Executive Council |
| FPDS-NG | Federal Procurement Data System-Next Generation |
| FY | Fiscal Year |
| GAO | Government Accountability Office |
| Guide | <i>Inspectors General Guide to Compliance under the DATA Act</i> |
| IT | Information Technology |
| KPMG | KPMG LLP |
| OF | Office of Finance |
| OIG | Office of the Inspector General |
| OMB | Office of Management and Budget |
| Playbook | DATA Act Implementation Playbook, Version 2.0 |
| Pub. L. No. | Public Law Number |
| SAO | Senior Accountable Official |
| SSA | Social Security Administration |
| SSASy | SSA's Streamlined Acquisition System |
| SSOARS | Social Security Online Accounting and Reporting System |
| Treasury | Department of the Treasury |

OBJECTIVES

Our objectives were to assess the Social Security Administration's (SSA)

1. completeness, timeliness, quality, and accuracy of Fiscal Year (FY) 2017 second quarter financial and award data it submitted for publication on USASpending.gov and
2. implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Department of the Treasury (Treasury).

In addition, we evaluated SSA's compliance with Treasury's *Digital Accountability and Transparency Act* (DATA Act) Implementation Playbook, Version 2.0, (Playbook) Steps 5 through 8.

BACKGROUND

DATA Act

In May 2014, Congress enacted the DATA Act¹ to improve reporting of Federal expenditures and link Federal contract, loan, and grant information to agency programs, allowing taxpayers and policymakers to track Government spending more effectively.

The DATA Act requires that agencies post financial and award data² on USASpending.gov no later than May 2017.³ In addition, the DATA Act requires that Offices of the Inspector General (OIG) review a statistically valid sample of the financial and award data and submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled. Additionally, it requires that OIGs assess agencies' implementation and use of the Government-wide financial data standards.⁴

However, the Council of the Inspectors General on Integrity and Efficiency identified a timing anomaly with the oversight requirements in the DATA Act. That is, the DATA Act stated the first OIG reports were due to Congress in November 2016;⁵ however, agencies were not required to report spending data until May 2017.⁶ On December 22, 2015, the Council Chair sent a letter to the Senate Committee on Homeland Security and Government Affairs and the House

¹ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, 128 Stat. 1146.

² "Spending data" and "financial and award data" were used interchangeably in the *Inspectors General Guide to Compliance Under the DATA Act* (Guide). For the purposes of this audit, we used financial and award data throughout this report for consistency.

³ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, § 3(a), 128 Stat. 1146, p. 1148.

⁴ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, § 6(a)(1)(B), 128 Stat. 1146, p. 1151.

⁵ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, § 6 (a)(2)(A), 128 Stat. 1146, p. 1151.

⁶ OMB, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, M-15-12, § III (1), p.6 (May 8, 2015).

Committee on Oversight and Government Reform explaining the strategy for dealing with the OIG reporting date anomaly. See Appendix A for a copy of this letter.

To address this reporting date anomaly, OIGs will provide Congress with the first required report in November 2017, a 1-year delay from the statutory date since 2017 is the earliest year data are required from agencies. Subsequent OIG reports are required on a 2-year cycle in November 2019 and November 2021.

DATA Act Implementation Playbook

The Council of the Inspectors General on Integrity and Efficiency encouraged OIGs to undertake DATA Act readiness reviews. On June 24, 2016, Treasury issued an updated *DATA Act Implementation Playbook, Version 2.0* (Playbook). The Playbook included information to assist agencies in implementing the DATA Act. The Playbook provides an 8-Step implementation plan, as follows.

1. Organize Team
2. Review Elements
3. Inventory Data
4. Design and Strategize
5. Prepare Data for Submission to the Broker⁷
6. Test Broker Implementation
7. Update Systems
8. Submit Data

In October 2016, we issued a report⁸ that described the processes, systems, and controls SSA had implemented, or planned to implement, to report financial and award data in accordance with the DATA Act. We reviewed SSA's compliance with the first four steps in Treasury's Playbook, as the remaining four steps were still in process as of August 2016. We determined SSA's DATA Act Implementation Plan, Steps 1 through 4, complied with the Playbook's requirements. In this audit, we determined SSA's compliance with Steps 5 through 8 of the Playbook.

FY 2017 Second Quarter DATA Act Submission

SSA submitted financial and award data to Treasury on May 1, 2017 before the May 8, 2017 deadline. There are seven required data files, as shown in Table 1.

⁷ Treasury developed the DATA Act Broker, which is an online tool for agencies to submit and validate their data to Treasury.

⁸ SSA, OIG, *Digital Accountability and Transparency Act Readiness, A-15-17-50148* (October 2016).

Table 1: DATA Act Required Files

| DATA Act Required Files | File Format |
|---|---|
| SSA Uploaded Data | |
| File A – Appropriations Account | Reports on budgetary information in accordance with SSA’s SF-133, <i>Report on Budget Execution and Budgetary Resources</i> . ⁹ |
| File B – Object Class and Program Activity | Reports on obligation data by budget program activity and object class. |
| File C – Award Financial Data | Reports on budgetary obligations related to agency contract and financial assistance awards. |
| Broker Extracted Data | |
| File D1 – Award and Awardee Attributes (Procurement) | Reports on procurement data from Federal Procurement Data System-Next Generation (FPDS-NG). ¹⁰ |
| File D2 – Award and Awardee Attributes (Financial Assistance) ¹¹ | Reports on financial assistance data from the Award Submission Portal. ¹² |
| File E – Additional Awardee Attributes ¹³ | Reports with data on highly compensated executives obtained from the System for Award Management. ¹⁴ |
| File F – Sub-award Attributes ¹⁵ | Reports on subcontractor data from <i>Federal Funding Accountability and Transparency Act of 2006</i> Sub-award Reporting System. ¹⁶ |

⁹ The SF-133 is a quarterly report that contains information on the sources of budget authority and the status of budgetary resources by individual fund or appropriation.

¹⁰ FPDS-NG is a General Services Administration Website that collects and reports data on Federal procurements.

¹¹ File D2 contains financial assistance awards we reviewed in accordance with the Guide, and we did not have any exceptions.

¹² Federal agencies use the Award Submission Portal to upload assistance files, corrections to records, and to report that an agency has no submissions for a specific month.

¹³ Per the *Inspectors General Guide to Compliance under the DATA Act*, we tested the award-level links from Files C to E. Our review determined only 23 vendors from File C sample (292 unique vendors) were present in File E. As outlined in OMB’s Management Procedures Memorandum 2016-03, the authoritative sources for the data reported in File E are System for Award Management with no additional action required of Federal agencies. As such, we did not assess the completeness, timeliness, quality, and accuracy of the data extracted from System for Award Management via the DATA Act Broker.

¹⁴ The System for Award Management is an official Government Website that vendors use to register to do business with the Government. The Government uses it to search for entity registration and exclusion records, among other activities.

¹⁵ As outlined in OMB’s Management Procedures Memorandum 2016-03, the sources for the data reported in File F are *Federal Funding Accountability and Transparency Act of 2006* Subaward Reporting System with no additional action required of Federal agencies. As such, we did not assess the completeness, timeliness, quality, and accuracy of the data extracted from *Federal Funding Accountability and Transparency Act of 2006* Subaward Reporting System via the DATA Act Broker.

¹⁶ *Federal Funding Accountability and Transparency Act of 2006* Subaward Reporting System is the reporting tool Federal prime awardees (prime contractors and prime grant recipients) use to capture and report sub-award and executive compensation data regarding their first-tier subawards to meet the *Federal Funding Accountability and Transparency Act of 2006* reporting requirements.

The Senior Accountable Official (SAO)¹⁷ for each Federal agency is required to certify these seven data files for its agency's financial and award data to be published on USASpending.gov.

OIG Required Review of SSA's Compliance Under the DATA Act

In consultation with the Government Accountability Office (GAO), the Council of the Inspectors General on Integrity and Efficiency Federal Audit Executive Council (FAEC) DATA Act Working Group¹⁸ developed the *Inspectors General Guide to Compliance under the DATA Act* (Guide). The Guide includes the baseline framework for OIGs to determine the completeness, timeliness, quality, and accuracy of their agency's financial and award data submitted to USASpending.gov. In addition, it includes guidance to assess the internal controls over financial and award data for publication on USASpending.gov. Finally, it includes guidance to assess agencies' implementation and use of the data standards¹⁹ established by OMB and Treasury.

We selected a statistically valid sample of FY 2017 second quarter financial and award data to assess their completeness, timeliness, quality, and accuracy. We also reviewed SSA's implementation and use of the Government-wide financial data standards. See Appendix B for the sampling methodology. Finally, we reviewed the internal controls over SSA's source systems for reporting financial and award data to USASpending.gov, including an assessment of the internal controls over the actual submission of the data to USASpending.gov. See Appendix C for more information on our scope and methodology.

RESULTS OF REVIEW

We assessed the completeness, timeliness, quality, and accuracy of FY 2017 second quarter financial and award data submitted for publication on USASpending.gov. We found SSA did not

- obligate \$684 for 18 of the 325 Case Processing and Management System (CPMS) sample items, or
- include 127 CPMS sample transactions timely.

In addition, SSA omitted 277 CPMS transactions totaling \$28,296 (less than .01 percent of the total obligated awards) from the File C (award financial data) submission during its reconciliation.

¹⁷ SAO's are senior officials who are accountable for the quality and objectivity of Federal spending information. These officials should ensure the information conforms to OMB guidance on information quality and adequate systems and processes are in place within the agencies to promote such conformity.

¹⁸ The Working Group's mission is to assist the Inspector General community in understanding and meeting its DATA Act requirements. The Working Group consists of nearly 140 auditors representing 35 Inspectors General.

¹⁹ In May 2015, OMB and Treasury published 57 data definition standards and required that Federal agencies report financial data in accordance with these standards for DATA Act reporting.

Also, we determined SSA's internal controls over source systems and data management and processes used to report financial and award data on USASpending.gov were effective. However, we determined the SAO assurance statement did not contain all necessary language per OMB guidance.

In addition, our audit of SSA's use of the Government-wide financial data standards found the Agency's definitions of the data standards agreed with OMB and Treasury guidance. Finally, we determined SSA's DATA Act Plan, Steps 5 through 8, complied with Playbook requirements.

Assessment of Internal Controls

SSA is responsible for the design, implementation, and operating effectiveness of its internal controls. In accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix A, SSA assessed its internal controls over financial reporting and provided reasonable assurance that its internal controls over financial reporting were operating effectively.

In accordance with GAO's *Standards for Internal Control in the Federal Government*²⁰ (*Green Book*), we determined whether SSA's internal controls over financial and award data (1) had been properly designed and implemented, and (2) operated effectively to manage and report financial and award data in accordance with the DATA Act. Specifically, we assessed SSA's internal controls

- over source systems used to report financial and award data for publication on USASpending.gov and
- in place over data management²¹ and processes used to report financial and award data to USASpending.gov.

²⁰ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (September 10, 2014).

²¹ Data management refers to the policies and procedures SSA has in place to manage the flow of Federal and spending award data throughout its entire life cycle.

Internal Controls over Source Systems Related to the DATA Act

In our assessment of the internal controls over source systems²² (Social Security Online Accounting and Reporting System [SSOARS],²³ SSA's Streamlined Acquisition System [SSASy],²⁴ SSA's Federal Assistance Award Data System - PLUS [FAADS PLUS],²⁵ Master Beneficiary²⁶ and Supplemental Security Records,²⁷ and Case Processing and Management System [CPMS]),²⁸ we relied on KPMG LLP (KPMG), an independent certified public accounting firm.

As part of the FY 2016 Financial Statement audit, KPMG issued an unqualified opinion on management's assertion that SSA maintained effective internal controls over financial reporting based on the criteria in the *Green Book*. However, KPMG identified two significant deficiencies in internal control: (1) Information Technology Systems Controls and (2) Accounts Receivable/Overpayments.²⁹

In addition, we contracted with KPMG to audit SSA's general and/or application controls over the source systems (SSOARS, SSASy and FAADS PLUS) related to the DATA Act.³⁰ We determined KPMG's testing was sufficient in scope, and the tests performed achieved the objectives of this engagement. KPMG identified system control deficiencies over some SSA source systems related to the DATA Act. However, these system control deficiencies did not affect the financial and award data submitted to USASpending.gov. Detailed information about

²² SSA uses the Office of Finance (OF) Online system, which mimics the DATA Act Broker, to verify the information SSA generated and reported in Files A and B. OF Online is still in development and not in production yet. Therefore, SSA did not identify OF Online as the source system. See Other Matters section of this report for more details on this issue.

²³ SSOARS is SSA's core accounting system.

²⁴ SSASy is SSA's standard acquisition system, which the Office of Acquisition and Grants uses to award all SSA contracts initiated by any SSA component.

²⁵ FAADS PLUS is an SSA-created and maintained system used to allocate SSA benefit awards to congressional districts, which SSA reports in USASpending.gov.

²⁶ The Master Beneficiary Record master file contains the data needed to generate Social Security benefit payments under the Old-Age, Survivors and Disability Insurance program.

²⁷ The Supplemental Security Record master file maintains information on all persons who have applied for the Supplemental Security Income program.

²⁸ CPMS is used by hearing offices in the Office of Hearings Operations. CPMS has functionality for storing Call Order information for the payment obligations for the services provided by a vendor for medical experts, vocational experts, and verbatim hearing reporters as part of the Office of Hearings Operations' hearing process.

²⁹ SSA, *Agency Financial Report Fiscal Year 2016: Independent Auditors' Report*, pp. 111 to 121 (2016).

³⁰ KPMG only tested the DATA Act interfaces for the Master Beneficiary and Supplemental Security Records, and CPMS source system.

these deficiencies and results of information technology security testing have been reported in a separate, limited-distribution management letter.

Internal Controls in Place over Data Management and Processes used to Report Financial and Award Data

We determined SSA properly designed and implemented internal controls over financial and award data to ensure it managed and reported financial and award data in accordance with the DATA Act. However, we identified a few internal control deficiencies. See Appendix E, Section 3, for more information on the Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy.

In addition, we determined that SSA's SAO assurance statement over the second quarter financial and award data did not contain all necessary language per OMB guidance.³¹ Specifically, the SAO is required to, but did not, assure the following.

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

Data Completeness, Timeliness, Quality, and Accuracy

Test Summary – Level Data (Files A and B)

We reviewed the cumulative summary level data in Files A and B. Overall, we determined Files A and B satisfied Treasury's attributes for completeness,³² timeliness,³³ quality,³⁴ and accuracy.³⁵ However, we did identify some variances in Files A and B.

³¹ OMB, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, M-17-04, section 3, p.5 (November 4, 2016).

³² Completeness is measured in two ways: (1) all transactions that should have been recorded are recorded in the proper reporting period and (2) the percent of transactions containing all data elements required by the DATA Act.

³³ Timeliness is measured as the percent of transactions reported within 30 days of quarter end.

³⁴ Quality focuses on the utility, objectivity, and integrity of disseminated information.

³⁵ Accuracy is measured as the percent of transactions that are complete and agree with the systems of record or other authoritative sources.

Per OMB guidance,³⁶ File A must match the Agency’s SF-133. Additionally, File B program activity names, codes, and object classes must match Section 83 of OMB Circular A-11³⁷ and the Program and Financing Schedule in the President’s Budget.

Our comparison identified minor variances in each file when compared to supporting documentation. Although SSA was aware of these variances, it did not properly document its understanding of, and reasoning for, the differences. These variances did not affect the overall submission of financial and award data to USASpending.gov. For future submissions, SSA needs to ensure it adequately documents all variances.

Test File C – Award Financial Data

We reviewed SSA’s reconciliation of its File C submission to its cumulative File B. While we determined the reconciliation was adequate, SSA identified 277 CPMS transactions, totaling \$28,296, that were not included in the second quarter File C submission. These 277 transactions were older (FYs 2013 to 2015) and did not include a required Parent Award identification. As a result, SSA’s second quarter FY 2017 File C submission did not include these transactions in its submission to USASpending.gov. However, the total of these omitted transactions was less than .01 percent of the total obligated awards in File C. Therefore, we determined File C to be reliable for statistical sampling. SSA is developing a process to correct awards for FY 2016 and later so File C will be complete and accurate. See Appendix E, Section 3, for more information on the Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy.

In addition, we selected a statistically valid random sample of transactions from SSA’s second quarter File C, as required by the DATA Act.³⁸ The File C population consisted of 354,649 transactions totaling approximately \$248 billion. See Appendix B for our sampling methodology. Our statistical sample is shown in Table 2.

Table 2: Statistical Sample of File C

| Transaction Type | Source System | Sample Size | Dollar Amount |
|---------------------|---------------|-------------|----------------------|
| Contract Awards | SSASy | 1 | \$104,784 |
| Disability Hearings | CPMS | 325 | \$43,398 |
| Benefit Allocations | FAADS PLUS | 59 | \$121,733,506 |
| Total | | 385 | \$121,881,688 |

As shown in Table 2, 325 (84 percent) of the 385 sample transactions were CPMS transactions. However, CPMS transactions only totaled \$43,398 of the \$122 million (.04 percent) in

³⁶ OMB, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information, Management Procedures Memorandum No. 2016-03*, p.7 (May 3, 2016).

³⁷ OMB, *Preparation, Submission, and Execution of the Budget, Circular No. A-11*, Section 83 (July 2017).

³⁸ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, § 6(a), 128 Stat. 1146, p. 1151.

obligations tested. These totals are consistent with the population characteristics. Therefore, the majority of the transactions in the FY 2017 second quarter are low-dollar CPMS transactions. See Appendix B for detailed information on the composition of our population.

Accuracy and Completeness

From our sample of 385 transactions, we identified 18 (5 percent) CPMS transactions that were inaccurate or incomplete, as shown in Table 3.

Table 3: Accuracy and Completeness of Sample

| Transaction Type | Source System | Sample Size | Number of Errors | Error Rate ³⁹ |
|---------------------|---------------|-------------|------------------|--------------------------|
| Contract Award | SSASy | 1 | 0 | 0% |
| Disability Hearings | CPMS | 325 | 18 | 6% |
| Benefit Allocations | FAADS PLUS | 59 | 0 | 0% |
| Total | | 385 | 18 | 5% |

We did not identify exceptions related to accuracy and completeness for the contract award or the benefit allocation transaction categories. However, SSA did not capture the additional \$38 first-hearing-of-the-day fee for 18 of the 325 Disability Hearing transactions, totaling \$684, in its File C submission. As a result, SSA’s total obligation for these transactions was understated. The understatement totaled only 0.00056 percent of the sampled dollars. Additionally, in FY 2018, SSA plans to revise the policy that contributed to this error. See Appendix E, Section 3, for more information on the Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy.

Timeliness

From our sample of 385 transactions, we identified 127 (33 percent) CPMS transactions processed that SSA did not process timely, as shown in Table 4.

Table 4: Timeliness of Sample

| Transaction Type | Source System | Sample Size | Number of Errors | Error Rate |
|---------------------|---------------|-------------|------------------|------------|
| Contract Awards | SSASy | 1 | 0 | 0% |
| Disability Hearings | CPMS | 325 | 127 | 39% |
| Benefit Allocations | FAADS PLUS | 59 | 0 | 0% |
| Total | | 385 | 127 | 33% |

³⁹ Error Rate is the percent of total transactions tested that were not in accordance with policy.

We determined that SSA included all 385 sample items in File C timely. However, during our reconciliation of Files C and D1, we identified 127 CPMS transactions that SSA did not process timely, which resulted in understatements in File D1.

Treasury’s Broker generated Files D1 through F from external Federal reporting sources. Specifically, information from the FPDS-NG generates File D1. The DATA Act defines timeliness as transactions reported within 30 days of quarter end. The FY 2017 second quarter ended March 31, 2017; therefore, SSA needed to include all transactions by April 30, 2017 to meet the timeliness definition. SSA did not finish entering all second quarter transactions into FPDS-NG until May 23, 2017. As a result of SSA’s untimely input of 118 vendors for 127 transactions in our sample, these Disability Hearing vendors were not present in File D1. In addition, SSA did not perform a reconciliation of File C to File D1 to identify these omitted vendors. The omitted vendors in File D1 did not have a dollar impact on the financial and award data in File C. See Appendix E, Section 3, for more information on the Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy.

Quality

From our sample of 385 transactions, we determined 142 (37 percent) CPMS transactions did not meet Treasury’s definition of quality, as shown in Table 5.

Table 5: Quality of Sample

| Transaction Type | Source System | Sample Size | Number of Errors | Error Rate |
|---------------------|---------------|-------------|------------------|------------|
| Contract Awards | SSASy | 1 | 0 | 0% |
| Disability Hearings | CPMS | 325 | 142 | 44% |
| Benefit Allocations | FAADS PLUS | 59 | 0 | 0% |
| Total | | 385 | 142 | 37% |

We concluded that any transaction that did not satisfy the attribute for completeness, timeliness, or accuracy in our statistical sample also did not satisfy the attribute for quality. Using this methodology, we identified 142 transactions⁴⁰ that did not satisfy the quality attribute.

⁴⁰ We identified 18 accuracy and completeness errors and 127 timeliness errors, totaling 145 errors. However, 3 accuracy and completeness errors were also included in the 127 timeliness errors. Therefore, we identified 142 total quality transaction errors.

Implementation and Use of the Government-wide Financial Data Standards

SSA implemented and used the Government-wide financial data standards established by OMB and Treasury. Our audit determined the Agency's definitions of the data standards agreed with OMB and Treasury guidance.⁴¹ See Appendix E, Section 5, for more information on the Overall Assessment of Implementation and Use of Data Standards.

Overall Assessment of SSA's DATA Act Implementation Plan

Our 2016 audit⁴² determined SSA's DATA Act Implementation Plan, Steps 1 through 4, complied with the requirements of Treasury's Playbook. In this audit, we determined SSA's DATA Act Plan, Steps 5 through 8 (Appendix D), complied with the requirements of the Playbook, as follows.

Step 5: Prepare Data for Submission to the Broker—SSA successfully completed Step 5. See Appendix D, Table D–1 for the details on Step 5.

Step 6: Test Broker Implementation—SSA retrieved data from multiple source systems.

1. SSOARS
2. SSASy
3. FAADS PLUS (Extract from SSA's Master Beneficiary and Supplemental Security Record)
4. CPMS
5. Department of Health and Human Services GrantSolutions

SSA verified that the source data matched the DATA Act Information Model Schema. In addition, we determined SSA participated in testing sessions in Treasury's Broker before the DATA Act reporting deadline in May 2017.

Based on our review, SSA tested its financial and award data in Treasury's designated Broker to satisfy its user acceptance criteria. The Broker identified issues with SSA's financial and award data that SSA resolved. SSA documented these issues and challenges in its Data Act Implementation Plan issued in August 2016. See Appendix D, Table D–2 for details on Step 6.

Step 7: Update Systems—SSA updated its centralized accounting system, SSOARS, to comply with the DATA Act reporting requirements. See Appendix D, Table D–3, for details on Step 7.

⁴¹ The DATA Act directs OMB and Treasury to establish government-wide data standards.

⁴² SSA, OIG, *Digital Accountability and Transparency Act Readiness, A-15-17-50148*, p. 3 (October 2016).

Step 8: Submit Data—SSA successfully submitted its FY 2017 second quarter financial and award data timely on May 1, 2017. See Appendix D, Table D–3, for details on Step 8.

CONCLUSIONS

Generally, we found SSA’s FY 2017 second quarter financial and award data (File C) submitted for publication on USASpending.gov to be complete, timely, of sufficient quality, and accurate. However, we identified some minor errors in the financial and award data. We also identified minor variances between the DATA Act file (Files A and B) and the supporting documentation.

We evaluated SSA’s use of the Government-wide financial data standards and found SSA implemented and used the standards established by OMB and Treasury. In addition, we determined SSA’s internal controls over source systems and data management and processes used to report financial and award data on USASpending.gov were effective. However, we determined the SAO assurance statement did not contain all necessary language per OMB guidance. Finally, we determined SSA’s DATA Act Plan, Steps 5 through 8, complied with the requirements of the Playbook.

RECOMMENDATIONS

We recommend SSA:

1. Implement procedures to record all CPMS obligations.
2. Modify procedures to enter all vendor information into FPDS-NG timely.
3. Modify procedures to extract all CPMS transactions, and perform reconciliations, before submitting data to the Broker.
4. Ensure the SAO assurance statement includes the required OMB language.

AGENCY COMMENTS

SSA agreed with our recommendations. For the full text of the Agency comments, see Appendix F.

OTHER MATTERS

During our audit, we identified two potential issues. This section provides additional information for the Agency to consider about the DATA Act.

Office of Finance Online System

SSA uses the OF Online system, which mimics the DATA Act Broker, to verify the information SSA generated and reported in Files A and B. SSA extracts File C from SSOARS.

At the time of our audit, OF Online was in development and not in production. Therefore, SSA did not identify OF Online as a source system. However, updates made to fix issues in the OF Online development environment could affect the production data and calculations stored within OF Online. The calculations are used to create File A, File B, and SF-133 reports in the format required by the DATA Act. Since, OF Online is in the development environment, SSA's risk increases that any updates to OF Online will not go through SSA's system validation process.

FAADS PLUS Congressional Districts

OMB M-09-19, *Guidance on Data Submission under the Federal Funding Accountability and Transparency Act*, provides guidance for award reporting requirements. SSA is required to report benefit award (such as Disability Insurance, Retirement Insurance, Survivors Insurance, Supplemental Security Income, and Special Benefits for Certain World War II Veterans) data to USASpending.gov. During our review of the 59 FAADS PLUS sample items tested to verify completeness, timeliness, quality, and accuracy, we determined that SSA allocated 25 percent (15 of 59 sample items) of our sample to "congressional district 90." SSA uses "congressional district 90" when it is unable to identify a specific congressional district. SSA's use of "congressional district 90" increases the risk that SSA is not allocating the DATA Act benefit payments to a specific congressional district.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – COUNCIL OF INSPECTORS GENERAL LETTER



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

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

Page 2

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 B – SAMPLING METHODOLOGY

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*.¹ The *Inspectors General Guide to Compliance under the DATA Act* (Guide) presents a common methodological and reporting approach for the Inspector General community to use in performing its mandated work.

Per the Guide, we tested a statistical sample of the Social Security Administration’s (SSA) File C transactions, which contained SSA’s Fiscal Year (FY) 2017 second quarter financial and award data related to contracts, grants, and benefit payments. In addition, the Guide provided the sampling criteria and parameters, as shown in Table B-1.

Table B-1: Sample Parameters

| Criteria | Parameter |
|---------------------|---------------------------|
| Confidence Level | 95 Percent |
| Expected Error Rate | 50 Percent (initial year) |
| Sample Precision | +/- 5 Percent |
| Sample Size | 385 Transactions |

In the second quarter of FY 2017, SSA had 354,649 lines of transactions, as shown in Table B-2.

Table B-2: FY 2017 Second Quarter Population

| Category | Population Count | Percent of Population Count | Population Amount (Obligations)/Deobligations | Percent of Population Amount |
|---------------|------------------|-----------------------------|---|------------------------------|
| CPMS | 289,367 | 81.59 | \$(36,719,799) | 0.01 |
| FAADS PLUS | 63,501 | 17.91 | (247,871,326,849) | 99.92 |
| SSASy | 1,658 | 0.47 | (174,971,591) | 0.07 |
| Grants | 93 | 0.03 | 739,535 | 0.00 |
| Purchase Card | 30 | 0.01 | 5,057,801 | 0.00 |
| Total | 354,649 | 100.00 | \$(248,077,220,903) | 100.00 |

Note: The numbers may not add due to rounding.

As shown in Table B-2, Case Processing and Management System (CPMS) transactions represent approximately 82 percent of the 354,649 total number of transactions; however, the CPMS transactions represent approximately .01 percent of the approximately \$248 billion of the transactions. As a result, based on random sampling our sample also included a large percent of low-dollar CPMS transactions (see Table B-4).

¹ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, 128 Stat. 1146.

We reviewed a sample of 385 of the transactions, as shown in Table B-3.

Table B-3: Population and Sample Size

| Description | Number |
|-------------|---------|
| Population | 354,649 |
| Sample Size | 385 |

We randomly selected 385 sample items, as shown in Table B-4.

Table B-4: FY 2017 Second Quarter Sample

| Category | Sample Count | Percent of Sample Count | Sample Amount | Percent of Sample Amount |
|-------------------------------|--------------|-------------------------|----------------------|--------------------------|
| Contract Awards (SSASy) | 1 | 0.26 | \$104,784 | 0.09 |
| Disability Hearings (CPMS) | 325 | 84.42 | \$43,398 | 0.04 |
| Benefit Payments (FAADS PLUS) | 59 | 15.32 | \$121,733.506 | 99.88 |
| Total | 385 | 100.00 | \$121,881,688 | 100.00 |

Note: The numbers may not add due to rounding.

Our sample is consistent with the characteristics of the population. For example, our sample consisted of approximately 84 percent CPMS transaction, which totaled approximately 0.04 percent of the sample dollars. We determined the completeness, timeliness, quality, and accuracy of the transactions SSA reported in its mandated work by measuring the following characteristics for each sampled transaction.

Completeness

Completeness is measured in two ways: (1) all transactions that should have been recorded are recorded in the proper reporting period and (2) as the percent of transactions containing all applicable data elements required by the DATA Act. We determined the 18 CPMS transactions did not satisfy the attribute for completeness since SSA did not capture the total obligation for each of these transactions.

Timeliness

Timeliness is measured as the percent of transactions reported within 30 days of quarter end. We identified 127 CPMS transactions that were not included in File D1 timely. The Treasury's Broker generated Files D1 from the Federal Procurement Data System – Next Generation (FPDS-NG). The DATA Act defines timeliness as transactions reported within 30 days of quarter end. The FY 2017 second quarter ended March 31, 2017; therefore, SSA needed to include all transactions by April 30, 2017 to meet the timeliness definition. SSA did not finish entering all second quarter transactions into FPDS-NG until May 23, 2017.

Accuracy

Accuracy is measured as the percent of transactions that are complete and agree with the systems of record or other authoritative sources. Based on our sample, we determined 18 CPMS transactions did not satisfy the attribute for accuracy since SSA did not capture the total obligation for each of these transactions.

Quality

Quality is defined as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.

We determined that any transaction not satisfying the attribute for completeness, timeliness, or accuracy in our statistical sample, also did not satisfy the attribute for quality. Using this methodology, we identified 142 transactions from our statistical sample that did not satisfy the quality attribute.

See Appendix E for our sample results.

Appendix C – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Participated in Federal Audit Executive Council (FAEC) *Digital Accountability and Transparency Act of 2014* (DATA Act) Working Group meetings and workshops.
- Obtained an understanding of Public Law Numbers 113-101 *Digital Accountability and Transparency Act of 2014*¹ and 109-282 *Federal Funding Accountability and Transparency Act of 2006*.²
- Obtained an understanding of Office of Management and Budget (OMB) guidance³ on the DATA Act.
- Reviewed Department of the Treasury (Treasury) *DATA Act Implementation Playbook, Version 2.0*.⁴
- Reviewed FAEC DATA Act Working Group's *DATA Act Readiness Review Guide Version 2.0*.⁵ In addition, reviewed FAEC DATA Act Working Group's *Inspectors General Guide to Compliance under the DATA Act*.⁶
- Reviewed the Social Security Administration's DATA Act Implementation Plans dated September 2015 and August 2016.
- Interviewed staff from the Offices of Financial Policy and Operations, Acquisition and Grants, Enterprise Information Systems, and Hearings Operations.
- Reviewed Government Accountability Office (GAO) reports on the DATA Act.⁷

¹ *Digital Accountability and Transparency Act of 2014*, Pub. L. No. 113-101, 128 Stat. 1146 – 1153.

² *Federal Funding Accountability and Transparency Act of 2006*, Pub. L. No. 109-282, 120 Stat. 1186 – 1190.

³ OMB, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, M-15-12 (May 8, 2015); OMB, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information, Management Procedures Memorandum No. 2016-03* (May 3, 2016); and OMB, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, M-17-04 (November 4, 2016).

⁴ Treasury, *DATA Act Implementation Playbook Version 2.0* (June 24, 2016).

⁵ FAEC Data Act Working Group, *DATA Act Readiness Review Guide, Version 2.0* (June 2, 2016).

⁶ FAEC Data Act Working Group, *Inspectors General Guide to Compliance Under the DATA Act* (February 27, 2017).

⁷ GAO, *DATA Act Data Standards Established, but More Complete and Timely Guidance is Needed to Ensure Effective Implementation*, GAO-16-261 (January 29, 2016); and GAO, *DATA Act Improvements Needed in Reviewing Agency Implementation Plans and Monitoring Progress*, GAO-16-698 (July 29, 2016).

- Assessed SSA's systems, processes, and internal controls in place over data management under the DATA Act. In our assessment of internal controls, we relied on (1) KPMG LLP's (KPMG) audits of SSA's FYs 2016 and 2017 financial statements, (2) KPMG's audit of SSA's general and/or application controls over the source systems (SSOARS, SSASy and FAADS PLUS) related to the DATA Act,⁸ (3) our prior knowledge related to the DATA Act readiness review, and (4) our substantive testing. Accordingly, we determined SSA's internal controls in place over data management and processes used to report financial and award data related to the DATA Act were effective.
- Reviewed a statistically valid sample from Fiscal Year 2017 second quarter financial and award data submitted by SSA for publication on USASpending.gov. We determined SSA's underlying records, such as vendor invoices or contracts, to be reliable source documentation to assess the accuracy of the File C transactions. We traced each transaction in our sample to its underlying source record, a financial system report, or a combination of both to ensure the transactions were accurate.
- Assessed the completeness, timeliness, quality, and accuracy of the financial and award data sampled.
- Assessed SSA's implementation and use of the 57 data definition standards established by OMB and Treasury.

We conducted our review at SSA Headquarters in Baltimore, Maryland, from May through October 2017. We determined the data used in this report were sufficiently reliable given our audit objectives and their intended use. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for 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.

⁸ KPMG only tested the DATA Act interfaces for the Master Beneficiary and Supplemental Security Records, and CPMS source system.

Appendix D – IMPLEMENTATION STEPS 5 THROUGH 8

These tables are from the Department of the Treasury’s (Treasury) *Digital Accountability and Transparency Act of 2014* (DATA Act) Implementation Playbook, Version 2.0 (Playbook) and provide summary guidance in completing Steps 5 through 8 of agency implementation plans. Within the Playbook, Treasury provided detailed guidance on completing each step.

Table D–1: Step 5 – Preparing Data for Submission to the Broker

| Milestone | Details |
|--|---|
| Review Reporting Submission Specification/Interface Definition Document documentation. | Review Reporting Submission Specification / Interface Definition Document with relevant subject matter experts and other team members as appropriate. Documentation available on MAX at https://community.max.gov/x/CIbyL . |
| Build "mapping engine" that populates DATA Act Schema with agency data. | Map data from the Agency Schema (original format) to the DATA Act Schema. This component should have the capability to link data from disparate systems and transform data into the required DATA Act Schema format. |
| Build extracts to conform to DATA Act Schema. | This component verifies data have accurately been mapped from agency source systems to the DATA Act Schema through the use of data extracts. Modify data required for the Award Submission Portal to align with the D2 file. |
| Implement system changes to capture data. | Sample and test validity for data and compliance with DATA Act Schema utilizing the Broker. Based on results of testing, make plans to improve data quality and tweak the Information Technology (IT) architecture and system updates. |

Table D–2: Step 6 – Test Broker Outputs and Ensure Data are Valid

| Milestone | Details |
|--|--|
| Build method to retrieve data from agency systems. | This component retrieves data from multiple agency systems. Agency may wish to design the IT solution to be able to transfer data in both directions between the source systems and a centralized data store/Broker within the agency. |
| Utilize Broker "validation engine" that verifies mapping to DATA Act Schema. | This component verifies data have accurately been mapped from agency source systems to the DATA Act Schema. It will apply basic validation rules to verify data are accurate and consistent with the DATA Act Schema metadata. |
| Revise extracts to correct for any errors generated by the Broker. | Agency will be able to confirm errors generated by the Broker to ensure that data submissions are valid. |
| Build method to transfer data between agency data store/Broker to Treasury. | This component will transfer data from the agency to the government-wide repository at Treasury. Utilize Broker to test the transfer method with sample data. |
| Test submission process to Treasury. | Verify data are accurately and consistently transfer to Treasury. Also make sure data conform with Treasury and agency IT security protocols. |

Table D–3: Steps 7-8 Checklist - Update and Submit

| Milestone | Details |
|---|--|
| Test submission process to Treasury. | Verify data are accurately and consistently transfer to Treasury. Also make sure data conform with Treasury and agency IT security protocols. |
| Re-test data transfer processes as needed. | As new data are captured, re-test IT architecture that retrieves data and maps to the DATA Act Schema. |
| Submit to Treasury | Be sure to verify data are fully submitted. Update agency plans and system updates as needed to improve transparency and operational effectiveness. |
| Analyze data in DATA Act Schema to inform future planning and policy. | Analyze data in agency data mapped to DATA Act Schema to inform future system updates, process changes, and agency planning and policy. |

Appendix E – SAMPLE RESULTS

The summary of our sample results using the Government Accountability Office required reporting template is as follows.

| Section 1: Results of Assessment of Internal Controls over Source Systems | | | |
|--|---|---|---|
| <u>Control Objectives</u> | Controls Properly <u>Designed</u> to Achieve Control Objective? (Yes/No) | Controls <u>Implemented</u> to Achieve Control Objective? (Yes/No) | Controls <u>Operating</u> Effectively to Achieve Control Objective? (Yes/No) |
| Overall Conclusion | Yes | Yes | Yes |
| Internal controls over data management to ensure the integrity and quality of the data. | Yes | Yes | Yes |
| Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality. | Yes | Yes | Yes |
| *Auditors Note: If “No” selected in any column above, include details in section 3. | | | |
| Section 2: Results of Assessment of Internal Controls over Data Management and Processes (Digital Accountability and Transparency Act of 2014 Submission) | | | |
| <u>Control Objectives</u> | Controls Properly <u>Designed</u> to Achieve Control Objective? (Yes/No) | Controls <u>Implemented</u> to Achieve Control Objective? (Yes/No) | Controls <u>Operating</u> Effectively to Achieve Control Objective? (Yes/No) |
| Overall Conclusion | Yes | Yes | Yes |
| Internal controls over data management to ensure the integrity and quality of the data. | Yes | Yes | Yes |
| Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality. | Yes | Yes | No |
| *Auditors Note: If “No” selected in any column above, include details in section 3. | | | |

Section 3: Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy

| <u>Description of Control Deficiency</u> | <u>Impact of Control Deficiency¹</u> | | |
|--|---|-------------------------------|-----------------------------|
| | <u>Completeness²</u> | <u>Timeliness³</u> | <u>Accuracy⁴</u> |
| 18 CPMS “first hearing of the day” | Yes | No | Yes |
| 127 CPMS not reported to FPDS-NG timely | No | Yes | No |

[Include summary of other control deficiencies identified that do not specifically impact completeness, timeliness, or accuracy.]

Test File C-Award Financial Data

We identified a control deficiency that did not specifically impact completeness, timeliness, or accuracy. SSA performed its File C to File B reconciliation after the May 1, 2017 overall submission of its files to USASpending.gov. During the reconciliation process, SSA identified 277 CPMS transactions totaling \$28,296 that were not included in the second quarter File C submission. As a result, SSA’s second quarter FY 2017 File C submission did not include all necessary transactions. The total of these omitted transactions is less than .01 percent of the total obligated awards in File C, therefore we determined File C to be reliable for statistical sampling.

SSA should modify its procedures to extract all CPMS transactions during the generation of File C, including performing reconciliations prior to submitting data to the Broker.

¹ In our audit, we identified two control deficiencies, which affected either the completeness, timeliness, and/or accuracy attribute. A “yes” response indicates that the identified control deficiency affected the attribute. A “no” response indicates that the identified control deficiency did not affect the attribute.

² Completeness is measured as the percentage of transactions containing all data elements required by the DATA Act.

³ Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.

⁴ Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.

| Section 4: Results of Sample Tests Performed at the Award-Level Transactions | | | | | | |
|---|----------------------------|----------------------|--------------------------|----------------------|------------------------|----------------------|
| <u>Description of Attribute Testing</u> | <u>Completeness</u> | | <u>Timeliness</u> | | <u>Accuracy</u> | |
| Error Rate ⁵ | 5% (18/385) | | 33% (127/385) | | 5% (18/385) | |
| Sampling Error (margin of error) ⁶ | +/-5% | | +/-5% | | +/-5% | |
| Source of Sample (File C, D1, D2) | File C | | File C | | File C | |
| Population Size 354,649 transactions \$248,077,220,903 | | | | | | |
| Type of Statistical Sampling Methodology Used ⁷ | Random | | Random | | Random | |
| Confidence Level | 95% | | 95% | | 95% | |
| Expected Error Rate | 50% | | 50% | | 50% | |
| Sample Precision | +/-5% | | +/-5% | | +/-5% | |
| Sample Size | 385 | | 385 | | 385 | |
| ➤ Contract Awards (SSASy) | 1 | \$104,784 | 1 | \$104,784 | 1 | \$104,784 |
| ➤ Disability Hearings (CPMS) | 325 | \$43,398 | 325 | \$43,398 | 325 | \$43,398 |
| ➤ Benefit Payments (FAADS PLUS) | 59 | \$121,733.506 | 59 | \$121,733.506 | 59 | \$121,733.506 |
| Total | 545 | \$121,881,688 | 385 | \$121,881,688 | 385 | \$121,881,688 |

⁵ Error Rate is displayed as the percentage of transactions tested that were not in accordance with policy.

⁶ Each estimate generated from a probability sample has a measurable precision, or sampling error, that may be expressed as a positive or negative figure. A sampling error indicates how closely we can reproduce from a sample the results that we would obtain if we were to take a complete count of the population using the same measurement methods. By adding the sampling error to and subtracting it from the estimate, we can develop upper and lower bounds for each estimate. This is called a “confidence interval.”

⁷ Type of statistical sampling methodology used could include dollar unit sampling, classical variables estimation, classical probability proportional to size, or random.

Section 5: Overall Assessment of Implementation and Use of Data Standards⁸

[Describe any differences between the agency’s definitions of the data standards and OMB guidance.]

We did not identify any differences between the Agency’s definitions of the data standards and OMB guidance.

[List specific data elements identified from the sample with a rate of errors above 50%.]

We did not identify any data elements from the sample with a rate of errors above 50 percent.

[Describe any other non-compliance issues identified, including any lack of completeness with specific types of transactions, programs, or components where spending data was not submitted as required.]

None

⁸ Agency’s implementation and use of data standards is assessed as part of the tests for completeness of summary-level data and award-level transaction data.

Appendix F – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: October 31, 2017

Refer To: S1J-3

To: Gale Stallworth-Stone
Acting Inspector General

From: Stephanie Hall
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “The Social Security Administration’s Compliance with the Digital Accountability and Transparency Act of 2014 as of May 2017” (A-15-17-50250)
-- INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments. We also provided technical comments at the staff level.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S COMPLIANCE WITH THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 AS OF MAY 2017” (A-15-17-50250)

Since enactment of the Digital Accountability and Transparency Act (DATA Act) in 2014, we have worked with the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) to: (1) develop data standards in May 2015; and (2) report against the new standards. We are taking an agile, iterative, data-centered approach to building new digital tools to collect and publicly display this data.

Treasury launched the Beta.USASpending.gov website on May 9, 2017, per the statutory requirements. We met a critical milestone by successfully submitting our spending data in the new formats in April 2017. We expect that the April 2017 data audit results will serve as a baseline for assessing data quality and continuing our efforts to improve it on a quarterly basis.

Through the Chief Financial Officers Council, we have been working with OMB and Treasury to engage and closely monitor the comprehensive work by the Government Accountability Office and our Inspector General to review data submissions under the DATA Act and develop the reports on data quality required under the Act due in November 2017. We met the deadline to implement the new reporting requirement in a constrained budget environment, without additional resources, despite Congressional Budget Office estimates that implementation would cost between \$2 to \$3 million/year per agency (total of \$285 million over 2014-2018).

While the new data provides an improvement in overall transparency of Federal spending data, we note that data accuracy levels, as measured in the audit reports of the first quarter submissions, may be adversely affected, in part, by the process established to integrate historical data into the new website with data based on the new standards and requirements. We expressed our concern to OMB and Treasury that the data quality issue is beyond our control.

We will carefully review and consider the DATA Act implementation findings. We look forward to continuing our ongoing engagement with the audit community, and incorporating the recommendations into our plans to improve data quality.

Below are our responses to the recommendations. We also provided technical comments at the staff level.

Recommendation 1

Implement procedures to record all Case Processing Management System obligations.

Response

We agree.

Recommendation 2

Modify procedures to enter all vendor information into Federal Procurement Data System-Next Generation (FPDS-NG) timely.

Response

We agree.

Recommendation 3

Modify procedures to extract all Case Processing Management System transactions, including performing reconciliations before submitting data to the Broker.

Response

We agree.

Recommendation 4

Ensure the Senior Accountable Official assurance statement includes the required Office of Management and Budget language.

Response

We agree.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

CONNECT WITH US

The OIG Website (<https://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <https://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <https://oig.ssa.gov/e-updates>.

REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

Website: <https://oig.ssa.gov/report-fraud-waste-or-abuse>

Mail: Social Security Fraud Hotline
P.O. Box 17785
Baltimore, Maryland 21235

FAX: 410-597-0118

Telephone: 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

TTY: 1-866-501-2101 for the deaf or hard of hearing