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OFFICE OF AUDITS

Audit of the SEC's Compliance With the Digital Accountability and Transparency Act for Fiscal Year 2021

M E M O R A N D U M

October 28, 2021

TO: Kenneth Johnson, Chief Operating Officer

FROM: Carl W. Hoecker, Inspector General

SUBJECT: *Audit of the SEC's Compliance With the Digital Accountability and Transparency Act for Fiscal Year 2021*, Report No. 569

Attached is the Office of Inspector General (OIG) final report detailing the results of our audit of the U.S. Securities and Exchange Commission's (SEC) compliance with the Digital Accountability and Transparency Act (DATA Act) for fiscal year 2021. Although we did not make any recommendations in this report, we identified two matters that we discussed with management for consideration.

On October 19, 2021, we provided management with a draft of our report for review and comment. Management provided a formal response on October 26, 2021, acknowledging that the OIG found the SEC prepared and submitted its fiscal year 2021, 1st quarter data in a timely manner and in accordance with the DATA Act. We have included management's response as Appendix V in the final report.

We appreciate the courtesies and cooperation extended to us during the audit. If you have questions, please contact me or Rebecca L. Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects.

Attachment

cc: Gary Gensler, Chair
        Prashant Yerramalli, Chief of Staff, Office of Chair Gensler
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        Kevin Burris, Counselor to the Chair and Director of Legislative and
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WHY WE DID THIS AUDIT

The Digital Accountability and Transparency Act of 2014 (DATA Act or Act) will enable taxpayers and policymakers to track federal spending more effectively. The Act directs the Office of Management and Budget and the U.S. Department of the Treasury (Treasury) to establish Government-wide financial data standards to ensure the reporting of reliable, consistent federal spending data for public use. The Act also requires the Inspector General (IG) of each federal agency to assess the completeness, accuracy, timeliness, and quality of their agency's spending data and the agency's implementation and use of the data standards.

In accordance with the DATA Act and guidance (referred to as the IG Guide) promulgated by the Council of the Inspectors General on Integrity and Efficiency's Federal Audit Executive Council, we conducted an audit of the U.S. Securities and Exchange Commission's (SEC or agency) compliance with the DATA Act with respect to the SEC's fiscal year 2021, first quarter (FY21Q1) data submitted to Treasury.

WHAT WE RECOMMENDED

We made no recommendations but identified two matters that we discussed with agency management for their consideration.

WHAT WE FOUND

We found that the SEC's Office of Financial Management prepared and submitted the agency's FY21Q1 data in a timely manner and in accordance with the DATA Act. Moreover, the SEC appears to have properly designed and implemented controls that are operating effectively and are providing reasonable assurance that agency data extracted from source systems and agency reporting of transactional information is complete, accurate, and timely. We tested, as applicable, 46 data elements across all 244 detailed transactions included in the SEC's FY21Q1 submission to Treasury's DATA Act Broker. The resulting low error rates, shown in the table below, along with other testing, led us to conclude that the SEC has "excellent" quality of data as defined by the IG Guide. (Data quality could be "excellent," "higher," "moderate," or "lower.")

We further determined that, of the 372 errors identified, only 50 were because of SEC actions. The remaining errors were linked to data extracted or derived from third-party systems, such as the System for Award Management. When we removed the errors attributable to third parties, the SEC's error rates for completeness, accuracy, and timeliness fell to 0%, 1.65%, and 1.65%, respectively.

Table. Summary of Error Rate Testing Results

	Data Element Was Not:		
	Complete	**Accurate**	**Timely**
Number of Errors	108	239	25
Overall Error Rate	1.02%	3.65%	1.65%
Number of Errors Attributable to the SEC	0	25	25
SEC Error Rate	0%	1.65%	1.65%

S*ource: OIG-generated based on the results of data element testing and the IG Guide.*

We also evaluated the SEC's implementation and use of the Government-wide financial data standards and determined that the SEC has fully implemented and used the data standards as required.

Finally, we identified two matters related to the SEC's compliance with the DATA Act that did not warrant recommendations. First, the SEC's Office of Financial Management can update its Reference Guide to reflect changes to its reconciliation tools and procedures. Next, the SEC's Office of Acquisitions can better ensure that agency award descriptions provide brief, summary level, plain English descriptions of SEC contracts and contract modifications to help ensure the agency meets the intent of the DATA Act and provides meaningful and transparent information about agency purchases.

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Abbreviations

Broker	DATA Act Broker
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus Disease 2019
DAIMS or Schema	*DATA Act Information Model Schema*
DATA Act or Act	Digital Accountability and Transparency Act of 2014
DAG	Data Analytics Group
DE	Data Element
DQP	Data Quality Plan
ESC	Enterprise Services Center
FAEC	Federal Audit Executive Council
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System – Next Generation
FY	fiscal year
FY21Q1	fiscal year 2021, first quarter
GAO	U.S. Government Accountability Office
IG	Inspector General
IG Guide	*CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act* (December 4, 2020)
OA	Office of Acquisitions
OFM	Office of Financial Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier
SAM	System for Award Management
SAO	Senior Accountable Official
SEC or agency	U.S. Securities and Exchange Commission
Treasury	U.S. Department of the Treasury

Background and Objective

BACKGROUND

The Digital Accountability and Transparency Act of 2014 (DATA Act or Act)[1] expands the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (FFATA)[2] by requiring federal agencies to disclose direct expenditures and link contract, loan, and grant spending information to agency programs, thereby enabling taxpayers and policymakers to track federal spending more effectively. The Act also requires federal agencies to report such financial and award data to the U.S. Department of the Treasury (Treasury) in accordance with Government-wide financial data standards (also referred to as data elements) established by the Office of Management and Budget (OMB) and Treasury. In May 2017, Treasury began displaying on *USASpending.gov* federal agencies' financial and award data submitted pursuant to the DATA Act.[3]

To assist agencies, OMB issued memoranda outlining how agencies are to implement new and existing reporting requirements and link information in federal financial systems to federal award management systems.[4] OMB also required agencies to develop a Data Quality Plan (DQP) by the end of fiscal year (FY) 2019.[5] Each DQP must consider incremental risks to data quality in federal spending data and any controls that would manage such risks in accordance with OMB Circular No. A-123.[6] Furthermore, in April 2020, OMB issued M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019* (COVID-19), which requires, among other things, agencies that receive COVID-19 supplemental funding to submit certain DATA Act information on a monthly basis beginning in June 2020.

Data Definition Standards, Reporting Schema, and the DATA Act Broker. A core requirement of the DATA Act is the development of Government-wide financial data standards to ensure the reporting of reliable, consistent federal spending data. In May 2015, OMB and Treasury finalized 57 data definition standards, which Treasury used to develop the initial draft of the *DATA Act Information Model Schema* (DAIMS or Schema).[7] The Schema gives an overall view of the hundreds of distinct data elements used

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[1] Public Law 113-101, 128 Stat. 1146 (May 9, 2014).

[2] As amended, FFATA requires federal agencies to report certain federal award information to a single, searchable, publicly accessible website (*USASpending.gov* or a successor system). Public Law 109-282, 120 Stat. 1186 (September 26, 2006).

[3] *USASpending.gov* is the official source for spending data for the United States government. Its mission is to show the American public what the federal government spends every year and how it spends the money.

[4] OMB memoranda have included OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (May 8, 2015); and OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* (November 4, 2016).

[5] OMB Memorandum M-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk (*June 6, 2018).

[6] OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016).

[7] In June 2021, Treasury released version 2.1 of the *DATA Act Information Model Schema*.

to explain how federal dollars are spent and provides agencies technical guidance about what data to report to Treasury, including sources of data elements and the submission format.

In addition, in March 2020, the General Services Administration added to the Federal Procurement Data System–Next Generation (FPDS-NG) National Interest Action code P20C to help identify procurement actions related to the COVID-19 response.[8] To provide similar transparency for Coronavirus Aid, Relief, and Economic Security Act (CARES Act)[9] funding, OMB M-20-21 also requires agencies to use a disaster emergency fund code to cover funds provided for under the CARES Act that are not designated as emergency pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.[10] As such, there are now 59 data elements applicable to agency reporting under the DATA Act.

To comply with the DATA Act, on a quarterly basis, federal agencies must ensure their spending data are valid and then submit the data to Treasury for publication on *USAspending.gov* by uploading the data to Treasury's DATA Act Broker (Broker). The Broker is a system that receives agency data, validates the data against the Schema, and tests linkages between financial data produced by agencies with other spending data on federal awards, including grants, loans, and procurement data. While agencies submit some data to the Broker, the Broker extracts other data from existing Government-wide reporting systems, including FPDS-NG and the System for Award Management (SAM),[11] and helps ensure the files are in the standard format. Specifically, agencies submit to the Broker data in files known as File A, File B, and File C, and the Broker extracts from existing systems data to generate files known as File D1, File D2, File E, and File F. Table 1 describes each file and its source.

TABLE 1. Files Submitted To and Generated By the Broker

File	Description and Data Source
File A	Appropriations Account; Data submitted by agency.
File B	Object Class and Program Activity; Data submitted by agency.
File C	Award Financial; Data submitted by agency.
File D1	Award and Awardee Attributes–Procurement Awards; Data extracted from FPDS-NG.
File D2	Award and Awardee Attributes–Financial Assistance Awards; Data extracted from the Award Submission Portal.
File E	Additional Awardee Attributes; Data extracted from SAM.
File F	Sub-Award Attributes; Data extracted from the FFATA Subaward Reporting System.

Source: Office of Inspector General (OIG)-generated based on the Schema.

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[8] FPDS-NG is a General Services Administration (that is, federal government) computer system. Government agencies are responsible for collecting and reporting data on federal procurements through FPDS-NG.

[9] Public Law 116-136 (March 27, 2020).

[10] Public Law 99-177 (December 12, 1985).

[11] On October 17, 2020, the FPDS-NG reports module retired and SAM—also managed by the General Services Administration — became the only place to create and run both standard and ad hoc reports on federal contract data.

DATA Act Roles and Responsibilities at the SEC. The U.S. Securities and Exchange Commission's (SEC or agency) Senior Accountable Official (SAO)—responsible for certifying that internal controls support the validity and reliability of the agency's account-level and award-level data submitted quarterly to Treasury—is the Assistant Director for Reporting and Analysis in the SEC's Office of Financial Management (OFM). In addition, Chapter 35.08 of the OFM Reference Guide—the repository for OFM's financial policies and procedures, business process narratives, issue papers, and reference materials—ensures that the SEC meets DATA Act reporting requirements, including requirements for the SAO to certify that files submitted to the Broker are valid and reliable.[12]

In 2012, the SEC entered into an interagency agreement with a federal shared service provider—the Department of Transportation's Enterprise Services Center (ESC)—for operation and maintenance of the SEC's financial management and procurement systems (known as Delphi and PRISM, respectively). While the SEC is responsible for agency compliance with the DATA Act, the SEC depends on ESC to inventory and map data elements, make system changes needed to create files submitted to Treasury, and submit required files by the deadlines established in the DATA Act.

IG Reviews. The DATA Act requires the Inspector General (IG) of each federal agency to audit a statistically valid sample of the spending data submitted by the agency and submit to Congress a publically available report assessing (1) the completeness, accuracy, timeliness, and quality of the data sampled; and (2) the agency's implementation and use of the Government-wide financial data standards. The first IG reports were due to Congress in November 2016; however, federal agencies were not required to submit spending data until May 2017. To address this timing anomaly, in 2016 some federal OIGs, including the SEC OIG, conducted readiness reviews of agencies' progress toward compliance with the DATA Act.[13] Furthermore, the SEC OIG provided Congress two of the three required reports in November 2017[14] and November 2019,[15] respectively. This is the third and last required report, due November 2021.

To foster a consistent methodology and reporting approach across the IG community, the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Federal Audit Executive Council (FAEC) established the DATA Act Working Group. To facilitate this third and last required report, the Working Group consulted with the U.S. Government Accountability Office (GAO) to develop the December 4, 2020, *CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act* (IG Guide). According to the IG Guide, IGs should comply with GAO's *Government Auditing Standards* and conduct a performance audit of a fiscal quarter of agency financial and award data submitted for publication on *USASpending.gov* and any applicable procedures, certifications, documentation, and controls. The quarter selected for audit must be between the third quarter of FY 2020 and the second quarter of FY

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[12] OFM Reference Guide, Chapter 35.08*, Financial Reporting – Other Government Reporting Requirements: DATA Act Certification* (November 2019).

[13] U.S. Securities and Exchange Commission, Office of Inspector General, *Final Management Letter: Readiness Review of the SEC's Progress Toward Compliance With the Digital Accountability and Transparency Act of 2014* (November 2, 2016).

[14] U.S. Securities and Exchange Commission, Office of Inspector General, *Audit of the SEC's Compliance with the Digital Accountability and Transparency Act for Fiscal Year 2017* (Report No. 545; November 7, 2017).

[15] U.S. Securities and Exchange Commission, Office of Inspector General, *Audit of the SEC's Compliance with the Digital Accountability and Transparency Act for Fiscal Year 2019* (Report No. 557; November 4, 2019).

2021. In consultation with OFM, we chose to test fiscal year 2021, first quarter (FY21Q1) data. Moreover, as part of this final mandated DATA Act audit, IGs must assess and report on:

- agency internal controls and any identified control deficiencies that may adversely impact the completeness, accuracy, timeliness, and quality of the data submitted, or the implementation and use of the data standards;

- the completeness and timeliness of the submission, including assessing the completeness of Files A, B, and C;

- summary-level data linkages between Files A, B, and C;

- the results of prescribed test work;[16] and

- the final determination of the agency's implementation and use of the data standards.

OBJECTIVE

The objective of the audit was to assess the SEC's compliance with the DATA Act based on guidance issued by OMB and Treasury. Specifically, following a common methodology and reporting approach for the OIG community, we assessed (1) the completeness, accuracy, timeliness, and quality of the FY21Q1 financial and award data submitted by the SEC for publication on *USAspending.gov*; and (2) the SEC's implementation and use of the Government-wide financial data standards established by OMB and Treasury. To address our objective, we followed the methodology and conducted the assessments established in the aforementioned IG Guide.

Appendix I includes additional information about our objective, scope, and methodology; our review of internal controls; and prior coverage. Appendix II provides CIGIE's letter to congressional members explaining the 2016-2017 DATA Act timing anomaly. Appendices III and IV provide detailed results of our testing.

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[16] Results of prescribed test work include: (1) the results of summary-level testing of Files A and B; (2) the error rates for completeness, accuracy, and timeliness of transactions in Files C and D; (3) the final determination of the quality of the data; and (4) supplemental reporting of the results of the testing (such as data element analysis, analysis of the accuracy of dollar value-related data elements, and analysis of errors in data elements not attributable to the agency).

Results

THE SEC's FY21Q1 DATA ACT SUBMISSION WAS TIMELY, MET REQUIREMENTS FOR EXCELLENT QUALITY DATA, AND FULLY IMPLEMENTED AND USED THE GOVERNMENT-WIDE FINANCIAL DATA STANDARDS

OFM prepared and submitted to the Broker the SEC's FY21Q1 data in a timely manner and in accordance with the DATA Act. Moreover, the SEC appears to have properly designed and implemented controls that are operating effectively and are providing reasonable assurance that agency data extracted from source systems and agency reporting of transactional information is complete, accurate, and timely. Based on the results of our testing and the IG Guide's quality scorecard, we assessed the overall quality of the SEC's FY21Q1 submission to be "excellent" (data quality could be "excellent," "higher," "moderate," or "lower"). We further determined that, of the 372 errors identified, only 50 were because of SEC actions. The remaining errors were linked to data extracted or derived from third-party systems. Finally, we determined that the SEC has fully implemented and used the Government-wide financial data standards, as required.

Our assessment of each area we were required to review follows.

Scope of Work on Internal Control and Any Identified Control Deficiencies

We obtained an understanding of the design and implementation of the SEC's internal and information system controls for extracting data from source systems and reporting data to the Broker. Specifically, as we further discuss in Appendix I, we assessed the agency's relevant controls against the 5 components and 17 related principles in GAO's *Standards for Internal Control in the Federal Government*.[17] We also verified that the SAO's designee timely certified the SEC's FY21Q1 submission to the Broker. Finally, we reviewed:

- assessments of relevant risks and internal controls as reported in (1) FY 2020 management assurance statements for OFM and the SEC's Office of Acquisitions (OA); (2) the SEC's *FY 2020 Agency Financial Report* and *FY 2020 Internal Control over Reporting Information Technology General Controls Assessment Report*; and (3) the SEC's enterprise risk management risk profile, as of January 2021;[18]

- the SEC's DQP;

- the reliability of testing performed by the Department of Transportation and its OIG as it pertains to ESC; and

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[17] U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

[18] Neither OFM nor OA identified significant deficiencies or material weaknesses relevant to our objective. OFM and OA reported that the SEC's financial data and reporting were reliable, operations and programs were effective and efficient, and staff abided by applicable laws and regulations in the conduct of their work. In addition, the SEC enterprise risk management risk profile we reviewed did not identify risks relevant to DATA Act compliance.

- Chapter 35.08 of the OFM Reference Guide to understand OFM's procedures for certifying and submitting files to the Broker and the steps OFM took to validate the SEC's FY21Q1 submission.

We determined that the SEC has controls in place to ensure that agency data extracted from source systems and agency reporting of transactional information in accordance with the DATA Act is complete, accurate, and timely. Moreover, the SEC's DQP addresses relevant OMB requirements, and specifies that the SAO's quarterly certifications should be based, in part, on the DQP.

Completeness and Timeliness of the SEC's FY21Q1 Submission

We evaluated the SEC's FY21Q1 DATA Act submission to Treasury's DATA Act Broker and determined that the submission was complete and timely. Specifically, we evaluated Files A, B, and C to determine whether all transactions and events that should have been recorded were recorded in the proper period and we identified no notable exceptions. Our work included reviewing the agency's final warning reports, the SAO's certification, and the reconciliation process, which we found to be reasonable. Furthermore, we verified that the SEC submitted and certified its FY21Q1 files on February 11, 2021, before the deadline established by Treasury.[19]

Summary-Level Data Linkages Between Files A, B, and C

We reconciled Files A and B and found that they were accurate. Additionally, we reconciled the linkages between Files A, B, and C to determine whether the linkages were valid and to identify any significant variances between the files. Our testing did not identify any significant variances between Files A, B, and C.[20] Our work in this area included:

- testing the linkages between Files A, B, and C to external source documents, such as the SEC's OMB SF-133, *Report on Budget Execution and Budgetary Resources*, and linking Files A, B, C, and D1 using like data elements;

- determining that File A included all Treasury Account Symbols from which funds were obligated (as reflected in the SF-133 and Treasury's Government-wide Treasury Account Symbol Adjusted Trial Balance system) by verifying that 10 elements in File A matched the SEC's SF-133;[21]

- assessing the completeness of File B by verifying that File B included all Treasury Account Symbols listed in File A;

- verifying that the totals in Files A and B were equal; and

- verifying that all object class codes from File B matched the codes defined in Section 83 of OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget* (2020).

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[19] Agencies must upload their quarterly DATA Act submissions within 45 days after the quarter ends.

[20] The Broker identified four File B to File C warnings related to issues with object classes that started appearing after CARES Act funding. These are false warnings and likely to continue into the second quarter of FY 2021.

[21] In accordance with the IG Guide, the 10 elements included: (1) Agency Identifier, (2) Beginning Period of Availability, (3) Ending Period of Availability, (4) Main Account Code, (5) Sub Account Code, (6) Budget Authority Appropriated Amount, (7) Gross Outlay Amount by Treasury Account Symbol, (8) Unobligated Balance, (9) Other Budgetary Resources Amount, and (10) Obligations Incurred by Treasury Account Symbol.

File C Reports Award-Level Transaction Data. The SEC's FY21Q1 File C included detailed procurement-related transactions, as the SEC did not have any financial assistance transactions to report. We assessed processes OFM staff used to review and reconcile the data reported in File C, which included reviewing draft DATA Act files prepared by ESC before submission to the Broker. OFM staff reconciled the SEC's general ledger to File C for FY21Q1 and, before certifying and submitting the data to the Broker, identified 95 total Broker warnings related to 9 contracts, which caused a difference of $1,272.20 that the SAO considered de minimus, because it constitutes less than 1% of the total File C transaction amount. Of the 95 Broker warnings, we noted that:

- 93 were because of transactions appearing in File C that did not exist in File D1 (because of vendor purchase discounts and timing issues); and

- 2 were because of obligation amounts that did not match between File C and File D1 (because of vendor purchase discounts and timing issues).

Because the differences were de minimis and 92 of the 95 warnings were resolved in the SEC's FY 2021, second quarter DATA Act submission,[22] we concluded that File C was substantially complete and suitable for testing.

Results of the Prescribed Test Work

We reviewed all 244 detailed transactions included in the SEC's FY21Q1 File C. By matching the Procurement Instrument Identifiers (PIID) and the Parent Award IDs (the common identifiers that link File C and File D1), we confirmed, when information was available in File D1, that the applicable procurement awards from File C were included in File D1.[23] After linking File C to File D1, we tested the 244 File C transactions for select data elements across both files, as we further describe below, to determine the error rates for completeness, accuracy, and timeliness. Furthermore, we performed supplemental analyses of our test results noting the data elements with the highest rate of accuracy errors, the accuracy of dollar-related data elements, and the errors not attributable to the SEC. Then we assessed the overall quality of the data by completing a "scorecard"[24] using a combination of our testing results. Results in each of these areas follow.

Error Rates and Overall Quality. According the IG Guide, the prescribed detailed testing involved determining whether required data elements were:

- **Complete:** A data element is complete if the required data element that should have been reported was reported in the appropriate Files A through D1.

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[22] According to OFM personnel, they are working with the vendor to resolve the remaining three errors.

[23] Of the 335 File C purchase-related transactions, we identified 91 transactions that were purchase discounts. According to the IG Guide, there are several situations in which an award could validly be included in File C but not in File D1, including deviations from award amounts because of discounts. These "out-of-scope" items should not be tested and should be replaced with another sample item. Because we tested all File C transactions, we marked these 91 transactions as not applicable in our data element testing, leaving a total of 244 transactions for data element testing. Additionally, because the SEC did not have any financial assistance transactions (including grants or loans) to report in FY21Q1, we did not include File D2 in our audit.

[24] According to the IG Guide, the assessment of the overall quality of data will be derived using a scorecard which is formatted to calculate quality based on weighted scores of our testing results. (See Table 2 for the scorecard and weighting.)

- **Accurate:** A data element is accurate if amounts and other data relating to reported transactions were recorded in accordance with the DAIMS Reporting Submission Specification and Interface Definition Document and the online data dictionary, and agreed with the original award documentation or contract file.

- **Timely:** A data element is timely if it was reported in accordance with the reporting schedules defined by the financial and procurement requirements (including FFATA, the Federal Acquisition Regulation, FPDS-NG, and the DAIMS).

We tested 46 data elements, as applicable, across 244 detailed transactions in Files C and D1 for completeness, accuracy, and timeliness. We identified 372 errors, of which 108 (or 1.02%) related to completeness, 239 (or 3.65%) related to accuracy, and 25 (or 1.65%) related to timeliness.

According to the IG Guide, the assessment of the overall quality of data is determined based on a calculation using our testing results. As Table 2 shows, the quality scorecard allocates 40 points to non-statistical testing results and 60 points to statistical testing results. To determine the quality of the SEC's DATA Act FY21Q1 reporting, we compared the results of our statistical and non-statistical testing to the Quality Level Measure shown in Table 3 and determined that the SEC scored 98.3 points, which is a quality rating of "excellent."

TABLE 2. FY 2021 SEC DATA Act Quality Scorecard

	Criteria	SEC Score	Maximum Points Possible
Non-Statistical	Timeliness of Agency Submission	5.0	5.0
	Completeness of Summary Level Data (Files A and B)	13.0	13.0
	Suitability of File C for Testing	12.9	13.0
	Record-Level Linkages (Files C and D)	8.9	9.0
Statistical	Completeness	14.8	15.0
	Accuracy	28.9	30.0
	Timeliness	14.8	15.0
Quality Score	Excellent	98.3	100.0

Source: OIG-generated based on the results of testing and the IG Guide.

TABLE 3. DATA Act Quality Levels

Quality Level		
Range		Level
0	69.999	Lower
70	84.999	Moderate
85	94.999	Higher
95	100	Excellent

Source: Reproduced from the IG Guide.

Data Elements With the Highest Rates of Accuracy Errors. We analyzed our test results by data element and noted that, of the 46 data elements tested, 35 had no accuracy errors. The data element with the highest accuracy error rate (46%) was "Data Element (DE) 06 Legal Entity Congressional District." Eight other data elements had accuracy error rates between 32% and 1%. (See Appendices III and IV for the detailed results.)

Next, we sought to determine whether the types of errors we found were consistent with risks identified in the SEC's DQP. Although the SEC's DQP does not discuss data element-specific risks, it acknowledges that financial and non-financial risk could exist, and that those risks will continue to be addressed within the SEC's enterprise risk management framework.

Accuracy of Dollar-Value Related Data Elements. For those data elements associated with dollar values (dollar value-related data elements), we compared the dollar amount listed in Files C and D1 to agency award documents and agency financial systems. As Table 4 shows, we found the error rate to be 5.42% or less for all dollar value-related elements.

TABLE 4. Accuracy of Dollar-Value Related Data Elements

Data Element Number and Name		Number Accurate	Number Inaccurate	Total Tested	Error Rate	Absolute Value of Errors[25]
DE14	Current Total Value of Award	227	13	240	5.42%	$12,954,356.28
DE15	Potential Total Value of Award	231	9	240	3.75%	$7,985,414.81
DE53	Transaction Obligated Amount	239	5	244	2.05%	$180,218.01

Source: OIG-generated based on the results of data element testing and the IG Guide.

Errors Not Attributable to the SEC. As mentioned in the Background section of this report, to create Files D1 through F, the Broker extracts some data from existing Government-wide reporting systems, such as FPDS-NG and SAM. Errors in data from these third-party systems are not attributable to the SEC.

We determined that 322 of the 372 errors we identified when we compared data in the SEC's File D1 to the data's source were attributable to third parties. Table 5 identifies the 322 third-party errors, which were mostly related to the accuracy of 5 data elements and the completeness of 2 data elements. Notably, no errors related to timeliness.

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[25] Three of the transactions with DE14 and DE15 errors (50310218F0021, 50310219F0164, 50310220F0079) had two modifications or two transactions. Both modifications/transactions had incorrect DE14 and DE15 amounts, and the absolute value of the error for each modification/transaction is included in Table 4.

TABLE 5. Data Element Errors Not Attributable to the SEC

Data Element Number and Name[26]		Number of Errors	Attributed To	Type of Error		
				Incomplete	Inaccurate	Untimely
DE04	Ultimate Parent Legal Entity Name	78	Data Extracted from SAM	X	X	
DE06	Legal Entity Congressional District	218	Data Extracted from SAM	X	X	
DE07	Legal Entity Country Code	4	Data Extracted from SAM		X	
DE14	Current Total Value of Award	13	FPDS-NG Extracting from SAM		X	
DE15	Potential Total Value of Award	9	FPDS-NG Extracting from SAM		X	

Source: OIG-generated based on the results of data element testing and the IG Guide.

Because these elements were derived from SAM, the SEC did not input the information and did not cause the errors. As Table 6 shows, when we removed these errors, the SEC's error rates for completeness, accuracy, and timeliness fell to 0%, 1.65%, and 1.65% respectively.

TABLE 6. Summary of Error Rate Testing Results

	Data Element Was Not:		
	Complete	Accurate	Timely
Number of Errors	108	239	25
Overall Error Rate	1.02%	3.65%	1.65%
Number of Errors Attributable to the SEC	0	25	25
SEC Error Rate	0%	1.65%	1.65%

Source: OIG-generated based on the results of data element testing and the IG Guide.

Implementation and Use of the Data Standards. We evaluated the SEC's implementation of the Government-wide financial data standards for award and spending information and determined that the SEC is using the standards as defined by OMB and Treasury.[27] The SEC linked, by common identifiers (PIID and Parent Award IDs), all the data elements in the agency's procurement, financial, and grants systems, as applicable. To evaluate the SEC's implementation and use of the Government-wide financial data standards, we reviewed the SEC's data inventory/mapping for Files A, B, C, and D1 against the DAIMS. Specifically, as part of our completeness tests of Files A, B, and C, we compared information in Files A and B to the DAIMS Reporting Submission Specification and traced File C to File B. We also tested File D1 against the DAIMS Interface Definition Document as part of our completeness, accuracy, and timeliness testing of data elements in Files C and D1.

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[26] According to the IG Guide, if data were included in an optional field, we were to test the element for completeness, accuracy, and timeliness. Data elements DE06, "Legal Entity Congressional District," and DE31, "Primary Place of Performance Congressional District" were optional fields that included data we tested.

[27] We identified some SEC transactions with a non-unique PIID. However, the Treasury OIG and the DATA Act Working Group do not consider transactions before October 1, 2017, with non-unique PIIDs as errors. All the SEC transactions with non-unique PIIDs originated before October 1, 2017.

Other Matters of Interest

During our audit, we identified two matters that did not warrant recommendations. We discussed these matters, described below, with agency management for their consideration.

Outdated Guidance

Consistent with the SEC's DQP, Chapter 35.08 of the OFM Reference Guide, *Financial Reporting – Other Government Reporting Requirements: DATA Act Certification,* provides an overview of OFM DATA Act reporting requirements, including requirements for the SAO to certify that files submitted to the Broker are valid and reliable. Maintaining up-to-date guidance helps ensure that the agency meets the applicable statutory requirements. During our audit, we noted that Chapter 35.08 of the OFM Reference Guide identifies an out-of-date reconciliation tool (the Financial Data Allocation Platform). Specifically, as of FY21Q1, the SEC implemented the Budget Allocation and Reporting Tool as the standard reporting tool for File B reconciliation, thereby replacing the Financial Data Allocation Platform. However, the OFM Reference Guide does not yet reflect this change. OFM management is aware of the discrepancy and plans to update the Reference Guide in November 2021.

The SEC can improve its processes related to the DATA Act by updating the OFM Reference Guide to reflect changes to its reconciliation tools and procedures.

Unclear Award Descriptions

DATA Act reporting is expected to make it easier to understand how the federal government spends taxpayer dollars and serve as a tool for better oversight, data-centric decision-making, and innovation both inside and outside of government. According to GAO, the data element "Award Description" is particularly important to achieving the transparency goals envisioned by the DATA Act because it informs the public about what the federal government spends money on.[28] The IG Guide, Attachment 1, D1 Crosswalk, specifies that, for the data element "Description of Requirement," contracting offices should enter a brief meaningful description of the item or service being procured. Moreover, the most recent FPDS-NG data element dictionary states that the data element "Description of Requirement" requires "a brief, summary level, plain English, description of the contract, award, or modification."[29]

We noted that award descriptions for several transactions in the SEC's FY21Q1 File D1 were unclear and contained numerous unexplained acronyms (such as "WC1 OCIE NESS," "EDW 2.0," "IGF:OT:IGF FOR OTHER FUNCTIONS," etc.). Such descriptions do not provide meaningful and transparent information for the public and others to understand SEC purchases. We encourage OA to improve the SEC's award descriptions to better meet the intent of the DATA Act.

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[28] U.S. Government Accountability Office, *DATA ACT: Quality of Data Submissions Has Improved but Further Action Is Needed to Disclose Known Data Limitations* (GAO-20-75, November 2019).

[29] *General Services Administration Federal Procurement Data System (FPDS) Data Element Dictionary*, version 1.5 (September 29, 2021).

Appendix I. Scope and Methodology

We conducted this performance audit from April through October 2021 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 our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Objective and Scope

The objective of the audit was to assess the SEC's compliance with the DATA Act based on guidance issued by OMB and Treasury. Specifically, following a common methodology and reporting approach for the OIG community, we assessed (1) the completeness, accuracy, timeliness, and quality of the FY21Q1 financial and award data submitted by the SEC for publication on *USAspending.gov*; and (2) the SEC's implementation and use of the Government-wide financial data standards established by OMB and Treasury. As we describe below, we also reviewed related procedures, certifications, documents, and controls.

Methodology

As previously noted, we consulted with OFM to select for testing the SEC's FY21Q1 data based on the criteria specified in the IG Guide. The quarter selected is representative of agency spending, includes pandemic-related funding, if applicable, and allows sufficient time to meet the mandatory audit deadline. We followed the methodology established in the IG Guide, and performed the following steps, among others:

- reviewed applicable federal laws, directives, and other guidance, including the DATA Act, FFATA, OMB memoranda and circulars, Treasury's *DATA Act Implementation Playbook* version 2.0, and the Schema;

- interviewed OFM management and staff assigned to the SEC's Headquarters in Washington DC to gain an understanding of (1) the policies, procedures, and guidelines OFM staff followed when preparing and submitting to the Broker the SEC's FY21Q1 DATA Act files; and (2) the reconciliations OFM staff performed to validate submitted data;

- reviewed applicable OFM and OA policies and procedures, including the SEC's DQP and the OFM Reference Guide;

- reviewed and reconciled the SEC's FY21Q1 summary-level data submitted to the Broker; and

- tested the summary-level linkages between Files A, B, and C.

According to the IG Guide, when assessing the completeness, accuracy, timeliness, and quality of FY21Q1 financial and award transactions, IGs for small agencies with a small enough number of data rows in the File C submission may choose to evaluate the file in its entirety. Consequently, rather than review a statistical sample, we chose to review 46 data elements, as applicable, across all 244 detailed transactions included in the SEC's FY21Q1 File C submitted to the Broker. To determine the

completeness, accuracy, and timeliness of this data, we verified reported information in Files C and D1 to source documents. In addition, the OIG's Data Analytics Group (DAG) performed the following analyses:

- determined for each transaction whether required data elements appeared in and were reported accurately in File D1;

- used conditional scripts to assess whether contracts were reported in FPDS-NG within the given timeframe (3 days or 30 days, as applicable, after date signed); and

- obtained source documentation, in certain instances, by: (1) searching for an individual File C transaction (that is a contract) in *SAM.gov* and (2) obtaining data from external websites to verify certain data elements.

Table 7 provides the data sources supporting DAG's assessment.

TABLE 7. DAG Assessment Data Sources

Title and Description	Date Accessed
File C-D1 Linked for FY21Q1 provided by the audit team	8/11/2021
DATA Act SAM Report FY21Q1 - Ad Hoc report from *SAM.gov* for the "Award/IDV Information Report" for FY21Q1	6/21/2021
Data Element Matching - This file matches the data elements from File C and File D1 to a corresponding field within *SAM.gov*. The CIGIE/FAEC File D1 Crosswalk[30] file was used to assist with the matching of the elements	6/16/2021
The North American Industry Classification System for 2017 downloadable file from https://www.census.gov/naics/?48967	4/30/2021
The North American Industry Classification System for 2012 downloadable file from https://www.census.gov/naics/?48967	8/17/2021
The North American Industry Classification System for 2007 downloadable file from https://www.census.gov/naics/?48967	8/31/2021
NSG Standards Registry for Geopolitical Entities, Names, and Codes - The NSG Geopolitical Entity dataset from https://nsgreg.nga.mil/genc/discovery	6/17/2021
FPDS-NG Data Fields for Contracts in File D1 – Results of an FPDS-NG search of contracts identified in D1 based on PIID and Parent Award ID	9/2/2021

Source: OIG DAG DATA Act Report.

The DAG conducted its analysis using Alteryx Designer and custom Python code.[31] Using File C and File D1 transactions linkages provided by the audit team, the DAG created workflows that compared corresponding FPDS-NG data fields to transactions based on PIIDs, Parent Award IDs, and Modification Numbers from File D1. Additionally, the DAG tested certain elements against external websites, as prescribed by the CIGIE/FAEC File D1 Crosswalk. Using Alteryx, the DAG validated File D1 corresponding elements against house.gov, census.gov, and the National System for Geospatial

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[30] *CIGIE/FAEC File D1 Crosswalk* (May 6, 2020).

[31] DAG used Alteryx Designer version 2021.2.1.35394 and Python, an open-source programming language that was first released in 1991.

Intelligence Standards Registry. The DAG exported the results of its analyses as Microsoft Excel spreadsheets.

To ensure the accuracy and reliability of DAG's analyses, we conducted a walk-through of DAG's methodology, had an independent analyst review DAG's assessment methodology, and tested a sample of DAG's assessment results. Specifically, we tested each data element of a random, non-statistical sample of nine transactions against source documentation. We found no exceptions in our testing. Therefore, we believe the assessment is sufficiently reliable for the purpose of this audit.

We used DAG's results for 39 of 40 File D1 data elements that were found in the FPDS-NG data fields and SAM Ad Hoc reporting and manually tested a single D1 data element. We manually tested all six File C data elements. For each possible error (meaning the data element was not complete, accurate, and/or timely), we verified the information to the source records and confirmed the error with OFM or OA, as applicable.

Appendix III provides the results of our tests of the completeness, accuracy, and timeliness of the 46 data elements across the 244 transactions. In accordance with the IG Guide, we based our assessment of data quality on the results of our testing, the DATA Act Quality Scorecard, and on our assessment of relevant internal controls further described below.

Finally, we assessed the SEC's implementation and use of the Government-wide data elements applicable to Files A, B, C, and D1. Because the SEC did not have any financial assistance transactions (including grants or loans) to report in FY21Q1, the Broker did not generate transactions for File D2 and we did not include File D2 in our audit. Additionally, the SEC did not receive any COVID-19 supplemental relief funding, so we did not perform any supplemental COVID-19 testing.

Internal Controls

We identified and assessed internal controls, applicable internal control components, and underlying principles significant to our objective, as described below. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Control Environment. We determined which control environment principles related to our audit and, to assess those principles, reviewed relevant SEC regulations and OFM Reference Guide requirements, the SEC's DQP, and OFM's leadership and organizational structure. We also met with OFM management and staff to understand the overall process for submitting, reconciling, and certifying DATA Act submissions.

Risk Assessment. We obtained and reviewed OFM's and OA's FY 2020 risk control matrices for risks and controls related to the SEC's DATA Act submission, and we assessed five risks in the matrices identified by the SEC. We also reviewed OFM's and OA's FY 2020 management assurance statements, which noted that OFM did not identify any control deficiencies during the management assurance process for that fiscal year. OA's management assurance statement identified two control deficiencies and OA noted the deficiencies did not impact OA's ability to meet major program objectives. We determined that

the deficiencies were not related to our audit objective. Finally, we assessed the likelihood of fraud occurring within the context of our objective and determined it to be low.

Control Activities. We reviewed applicable federal guidance and SEC-wide policies and procedures, the OFM Reference Guide, the SEC's DQP, and risk and control matrices to identify key control activities. We reviewed control activities for submitting, reconciling, and certifying DATA Act submissions. We interviewed OFM management and staff and reviewed DATA Act procedures to understand the processes for certifying quarterly submissions. Additionally, we reviewed the Information Technology General Controls Assessment Report for FY 2020. The following financial applications were relevant to the DATA Act and were reviewed as part of the SEC's FY 2020 Information Technology General Control assessment:

- Delphi is a system externally hosted by ESC that provides the ability to search, browse, maintain, share, classify, register, and standardize financially administered items through Web-based applications. Delphi consists of six modules: General Ledger, Purchasing, Accounts Payable, Accounts Receivable, Fixed Assets, and Project Accounting. The SEC's risk-based limited scope assessment determined that the system's controls were operating effectively.

- PRISM is a customized commercial off-the-shelf procurement system externally hosted by ESC that supports the federal acquisition process. PRISM provides extensive audit trails and comprehensive reporting capability. ESC covered PRISM in its FY 2020 SSAE-18 audit report. The Independent Service Auditor's report, which the SEC reviewed, provided an audit of the design and operating effectiveness of the controls at a service organization for the period of October 1, 2019, to June 30, 2020. The assessment determined that the controls were operating effectively based on the risk-based limited scope assessment.

Information and Communication. We determined that OFM internally communicates its policies and procedures related to the SEC's DATA Act submissions through the OFM Reference Guide. We obtained and reviewed the OFM Reference Guide and, as page 11 of this report notes, we determined that the Guide should be updated to reflect changes to OFM's reconciliation tools and procedures.

Monitoring. We discussed with OFM management its roles and responsibilities for monitoring the SEC's DATA Act reporting, and reviewed standard operating procedures and the prepared workpapers for the DATA Act submission certification process. The workpapers outlined OFM's (1) review of Data Act Broker warning reports, (2) File A and B reconciliations, (3) File C reconciliation and general ledger comparison, and (4) Prism to Delphi awards and purchase orders versus general ledger reconciliations. We reconciled the linkages between Files A, B, and C and our testing did not identify any significant variances. We reviewed the FY21Q1 warnings and verified the SEC had generally resolved the cause of the warnings, as 92 of 95 warnings did not reoccur in the following quarter. Furthermore, for the remaining three warnings, we determined that OA is working with the vendor to resolve the issue.

Data Reliability

GAO's *Assessing Data Reliability* (GAO-20-283G, December 2019) states reliability of data means that data are applicable for audit purpose and are sufficiently complete and accurate. Data primarily pertains to information that is entered, processed, or maintained in a data system and is generally organized in, or

derived from, structured computer files. Furthermore, GAO-20-283G defines "applicability for audit purpose," "completeness," and "accuracy" as follows:

> "Applicability for audit purpose" refers to whether the data, as collected, are valid measures of the underlying concepts being addressed in the audit's research objective.

> "Completeness" refers to the extent to which relevant data records and fields are present and sufficiently populated.

> "Accuracy" refers to the extent that recorded data reflect the actual underlying information.

To address our objective, we requested access to PRISM and the Broker.[32] We assessed the reliability of data from these systems by reviewing related documents and internal controls (as described above), and interviewing knowledgeable OFM staff. Based on our assessments, we found the systems to be sufficiently reliable for the purpose of this audit.

Prior Coverage

Between 2016 and 2019, the SEC OIG, GAO, and Treasury OIG issued the following reports of particular relevance to this audit:

SEC OIG:

- *Audit of the SEC's Compliance with the Digital Accountability and Transparency Act for Fiscal Year 2019* (Report No. 557; November 4, 2019).

- *Audit of the SEC's Compliance with the Digital Accountability and Transparency Act for Fiscal Year 2017* (Report No. 545; November 7, 2017).

- *Final Management Letter: Readiness Review of the SEC's Progress Toward Compliance With the DATA Act of 2014* (November 2, 2016).

GAO:

- *DATA Act: OIGs Reported That Quality of Agency-Submitted Data Varied, and Most Recommended Improvements* (GAO-20-540, July 2020).

- *DATA Act: Quality of Data Submissions Has Improved but Further Action Is Needed to Disclose Known Data Limitations* (GAO-20-75, November 2019).

- *DATA Act: Customer Agencies' Experiences Working with Shared Service Providers for Data Submissions* (GAO-19-537, July 2019).

- *DATA Act: Pilot Effectively Tested Approaches for Reducing Reporting Burden for Grants but Not for Contracts* (GAO-19-299, April 2019).

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[32] We did not request access to Delphi and, instead, relied on financial information provided through PRISM.

- *DATA Act: OMB Needs to Formalize Data Governance for Reporting Federal Spending* (GAO-19-284, March 2019).

- *DATA Act: Reported Quality of Agencies' Spending Data Reviewed by OIGs Varied Because of Government-wide and Agency Issues* (GAO-18-546, July 2018).

- *DATA Act: OMB, Treasury, and Agencies Need to Improve Completeness and Accuracy of Spending Data and Disclose Limitations* (GAO-18-138, November 2017).

- *DATA Act: As Reporting Deadline Nears, Challenges Remain That Will Affect Data Quality* (GAO-17-496, April 2017).

- *DATA Act: Office of Inspector General Reports Help Identify Agencies' Implementation Challenges* (GAO-17-460, April 2017).

- *DATA Act: Implementation Progresses but Challenges Remain* (GAO-17-282T, December 2016).

- *DATA Act: OMB and Treasury Have Issued Additional Guidance and Have Improved Pilot Design but Implementation Challenges Remain* (GAO-17-156, December 2016).

- *DATA Act: Initial Observations on Technical Implementation* (GAO-16-824R, August 2016).

- *DATA Act: Improvements Needed in Reviewing Agency Implementation Plans and Monitoring Progress* (GAO-16-698, July 2016).

- *DATA Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden* (GAO-16-438, April 2016).

- *DATA Act: Progress Made but Significant Challenges Must Be Addressed to Ensure Full and Effective Implementation* (GAO-16-556T, April 2016).

- *DATA Act: Data Standards Established, but More Complete and Timely Guidance Is Needed to Ensure Effective Implementation* (GAO-16-261, January 2016).

Treasury OIG:

- *DATA Act: Treasury's Efforts to Increase Transparency Into Federal Spending Continue, But Further Refinement is Needed* (OIG-19-040; July 30, 2019).

These reports can be accessed at: https://www.sec.gov/oig (SEC OIG), https://www.gao.gov (GAO), and https://oig.treasury.gov/ (Treasury OIG).

Appendix II. CIGIE Letter Regarding the DATA Act Timing Anomaly

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

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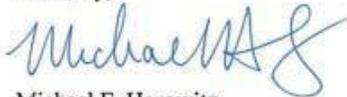
Michael E. Horowitz
Chair, Council of the Inspectors General on Integrity and Efficiency
Inspector General, U.S. Department of Justice

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

Appendix III. Results of Data Element Testing

We tested the completeness, accuracy, and timeliness of 46 data elements, as applicable, across all 244 detailed transactions included in the SEC's FY21Q1 Files C and D1 submitted to the Broker. As Table 8 shows, of the 46 data elements tested, 44 had 0 completeness errors, 35 had 0 accuracy errors, and 40 had 0 timeliness errors.

TABLE 8. Data Element Analysis

No.	Data Element Number[a] and Name		Error Rate		
			Complete	Accurate	Timely
1	DE01	Awardee/Recipient Legal Entity Name	0%	0%	0%
2	DE02	Awardee/Recipient Unique Identifier	0%	0%	0%
3	DE03	Ultimate Parent Unique Identifier	0%	0%	0%
4	DE04	Ultimate Parent Legal Entity Name	<1%	32%	0%
5	DE05	Legal Entity Address	0%	0%	0%
6	DE06	Legal Entity Congressional District	45%	46%	0%
7	DE07	Legal Entity Country Code	0%	2%	0%
8	DE08	Legal Entity Country Name	0%	0%	0%
9	DE13[b]	Federal Action Obligation	0%	0%	0%
10	DE14	Current Total Value of Award	0%	5%	0%
11	DE15	Potential Total Value of Award	0%	4%	0%
12	DE16	Award Type	0%	0%	0%
13	DE17	NAICS Code	0%	0%	0%
14	DE18	NAICS Description	0%	0%	0%
15	DE22	Award Description	0%	0%	0%
16	DE23	Award Modification / Amendment Number	0%	0%	0%
17	DE24[c]	Parent Award ID Number in File C	0%[c]	3%	3%
18	DE24[c]	Parent Award ID Number in File D1	0%[c]	0%	0%
19	DE25	Action Date	0%	0%	0%
20	DE26	Period of Performance Start Date	0%	0%	0%
21	DE27	Period of Performance Current End Date	0%	0%	0%
22	DE28	Period of Performance Potential End Date	0%	0%	0%
23	DE29	Ordering Period End Date	0%	0%	0%
24	DE30	Primary Place of Performance Address	0%	0%	0%
25	DE31	Primary Place of Performance Congressional District	0%	0%	0%

No.	Data Element Number[a] and Name		Error Rate		
			Complete	Accurate	Timely
26	DE32	Primary Place of Performance Country Code	0%	0%	0%
27	DE33	Primary Place of Performance Country Name	0%	0%	0%
28	DE34[c]	Award ID Number (PIID) in File C	0%[c]	2%	2%
29	DE34[c]	Award ID Number (PIID) in File D1	0%[c]	0%	0%
30	DE36	Action Type	0%	0%	0%
31	DE38	Funding Agency Name	0%	0%	0%
32	DE39	Funding Agency Code	0%	0%	0%
33	DE40	Funding Sub Tier Agency Name	0%	0%	0%
34	DE41	Funding Sub Tier Agency Code	0%	0%	0%
35	DE42	Funding Office Name	0%	0%	0%
36	DE43	Funding Office Code	0%	0%	0%
37	DE44	Awarding Agency Name	0%	0%	0%
38	DE45	Awarding Agency Code	0%	0%	0%
39	DE46	Awarding Sub Tier Agency Name	0%	0%	0%
40	DE47	Awarding Sub Tier Agency Code	0%	0%	0%
41	DE48	Awarding Office Name	0%	0%	0%
42	DE49	Awarding Office Code	0%	0%	0%
43	DE50	Object Class	0%	2%	2%
44	DE51	Appropriations Account	0%	1%	2%
45	DE53	Obligation	0%	1%	2%
46	DE56	Program Activity	0%	1%	2%

Source: OIG-generated based on results of data element testing and the IG Guide.

[a] Of the 59 DATA Act data elements documented in Files A, B, C, D1, and D2, this table includes only those 46 data elements that map to Files C and D1 and were identified in the IG Guide to test. Therefore, the data element numbers are not in sequential order.

[b] DE13 Federal Action Obligation, was coded DE11 Federal Action Obligation during the prior audit.

[c] DE24 and DE34 are common data elements tested for completeness, accuracy, and timeliness in both Files C and D1 and are, therefore, listed twice.

Appendix IV. Comparative Results

The following table provides the accuracy error rates, by data element, from this audit and the OIG's previous audit of the SEC's DATA Act compliance (completed in 2019). We are providing this information for illustrative purposes only, and it may not be indicative of actual percent change in accuracy error rates because of differences in testing procedures (such as population size, sample methodology, quarter tested, file tested) and changes to data definition standards.

TABLE 9. Comparative Results by Data Element Based on Accuracy Error Rates

No.	Data Element Number[a] and Name		Accuracy Error Rate		
			2021	2019	Percent Change
1	DE01	Awardee/Recipient Legal Entity Name	0%	1%	(1%)
2	DE02	Awardee/Recipient Unique Identifier	0%	1%	(1%)
3	DE03	Ultimate Parent Unique Identifier	0%	1%	(1%)
4	DE04	Ultimate Parent Legal Entity Name	32%	1%	31%
5	DE05	Legal Entity Address	0%	4%	(4%)
6	DE06	Legal Entity Congressional District	46%	6%	40%
7	DE07	Legal Entity Country Code	2%	1%	1%
8	DE08	Legal Entity Country Name	0%	1%	(1%)
9	DE13[b]	Federal Action Obligation	0%	1%	(1%)
10	DE14	Current Total Value of Award	5%	1%	4%
11	DE15	Potential Total Value of Award	4%	4%	0%
12	DE16	Award Type	0%	0%	0%
13	DE17	NAICS Code	0%	1%	(1%)
14	DE18	NAICS Description	0%	1%	(1%)
15	DE22	Award Description	0%	0%	0%
16	DE23	Award Modification / Amendment Number	0%	1%	(1%)
17	DE24[c]	Parent Award ID Number in File C	3%	0%	3%
18	DE24[c]	Parent Award ID Number in File D1	0%	0%	0%
19	DE25	Action Date	0%	1%	(1%)
20	DE26	Period of Performance Start Date	0%	1%	(1%)
21	DE27	Period of Performance Current End Date	0%	1%	(1%)
22	DE28	Period of Performance Potential End Date	0%	1%	(1%)
23	DE29	Ordering Period End Date	0%	0%	0%
24	DE30	Primary Place of Performance Address	0%	2%	(2%)
25	DE31	Primary Place of Performance Congressional District	0%	4%	(4%)

No.	Data Element Number[a] and Name		Accuracy Error Rate		
			2021	2019	Percent Change
26	DE32	Primary Place of Performance Country Code	0%	1%	(1%)
27	DE33	Primary Place of Performance Country Name	0%	1%	(1%)
28	DE34[c]	Award ID Number (PIID) in File C	2%	0%	2%
29	DE34[c]	Award ID Number (PIID) in File D1	0%	1%	(1%)
30	DE36	Action Type	0%	0%	0%
31	DE38	Funding Agency Name	0%	1%	(1%)
32	DE39	Funding Agency Code	0%	1%	(1%)
33	DE40	Funding Sub Tier Agency Name	0%	1%	(1%)
34	DE41	Funding Sub Tier Agency Code	0%	1%	(1%)
35	DE42	Funding Office Name	0%	1%	(1%)
36	DE43	Funding Office Code	0%	1%	(1%)
37	DE44	Awarding Agency Name	0%	1%	(1%)
38	DE45	Awarding Agency Code	0%	1%	(1%)
39	DE46	Awarding Sub Tier Agency Name	0%	1%	(1%)
40	DE47	Awarding Sub Tier Agency Code	0%	1%	(1%)
41	DE48	Awarding Office Name	0%	1%	(1%)
42	DE49	Awarding Office Code	0%	1%	(1%)
43	DE50	Object Class	2%	0%	2%
44	DE51	Appropriations Account	1%	0%	1%
45	DE53	Obligation	1%	0%	1%
46	DE56	Program Activity	1%	3%	(2%)

Source: OIG-generated based on results of data element testing for the current and prior FY2019 audit and the IG Guide.

[a] Of the 59 DATA Act data elements documented in Files A, B, C, D1, and D2, this table only includes those 46 data elements that map to Files C and D1 and were identified in the IG Guide to test. Therefore, the data element numbers are not in sequential order.

[b] DE13 Federal Action Obligation, was coded DE11 Federal Action Obligation during the prior audit.

[c] DE24 and DE34 are common data elements tested for completeness, accuracy, and timeliness in both Files C and D1 and are, therefore, listed twice.

Appendix V. Management Comments

MEMORANDUM

TO: Rebecca L. Sharek
Deputy Inspector General for Audits, Evaluations, and Special Projects
Office of the Inspector General

FROM: Caryn E. Kauffman   *Caryn Kauffman*
Chief Financial Officer
Office of Financial Management

RE: Office of Financial Management's Response to the Office of Inspector
General's Report, *Audit of the SEC's Compliance with the Digital
Accountability and Transparency Act for Fiscal Year 2021*

DATE: October 20, 2021

The Office of Financial Management ("OFM") submits this memorandum in response to
the Office of Inspector General ("OIG") draft of report number 569- Audit of the SEC's
Compliance with the DATA Act for FY 2021 ("Report").

We are pleased that the OIG's FY 2021 audit found that the SEC's Office of Financial
Management prepared and submitted the agency's FY21Q1 data in a timely manner and
in accordance with the DATA Act, and that the SEC appears to have properly designed
and implemented controls that are operating effectively and are providing reasonable
assurance that agency data extracted from source systems and agency reporting of
transactional information is complete, accurate, and timely. We welcome the OIG's
suggestions to improve our compliance with the DATA Act and will take the suggestions
into consideration as we review our program.

We appreciate the opportunity to review and comment on the Report. Please contact
Todd Johnson, Assistant Director Reporting and Analysis, if you have any questions.

Major Contributors to the Report

Carrie Fleming, Audit Manager
Steve Encomienda, Auditor
Suzanne Heimbach, Auditor
Eileen Kao, Auditor

Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, evaluations, or reviews, please send an e-mail to OIG Audit Planning at AUDplanning@sec.gov. Comments and requests can also be mailed to the attention of the Deputy Inspector General for Audits, Evaluations, and Special Projects at the address listed below.

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