



Denali Commission
Office of Inspector General
Anchorage, AK 99501

March 30, 2017

MEMORANDUM FOR: Joel Neimeyer
Federal Co-Chair

FROM: David Sheppard
Inspector General

SUBJECT: *Review of the Denali Commission's Digital Accountability and Transparency Act of 2014 Implementation Readiness—*
Memorandum No. DCOIG-17-003-M

This final memorandum provides our conclusion on the review of the Denali Commission's Digital Accountability and Transparency Act (DATA Act) of 2014 implementation readiness. Our objective was to determine the Denali Commission's readiness to implement the DATA Act requirements. Specifically, we reviewed the processes, systems, and controls that the Commission has implemented, or plans to implement, to report federal agency expenditures and linking federal spending information in accordance with the requirements of the DATA Act.

Background

The DATA Act was enacted on May 9, 2014, and it requires that federal agencies report financial and payment data in accordance with data standards established by the Department of the Treasury and Office of Management and Budget (OMB). It also requires that agency offices of inspector general (OIGs) review statistical samples of the data submitted by the agency under the DATA Act and submit reports biannually (starting November 2016) on the completeness, timeliness, quality, and accuracy of the data sampled and the use of the data standards by the agency. Because agencies are not required to submit spending data in compliance with the Act until May 2017, OIG reports required by the DATA Act are delayed by one year (until November 2017). Therefore, this review will simply assess the Commission's readiness to implement the DATA Act requirements.

The Denali Commission has a shared services agreement with the Treasury Department's Bureau of Fiscal Services (BFS), which includes financial management, human resources, procurement, and travel services. As part of its financial management and procurement services, BFS manages the Commission's financial, procurement, and grant payments. As a full-service customer of BFS, the Commission relies heavily on BFS for implementation of the DATA Act requirements. In addition, BFS will submit all financial, procurement, and grant payments data to USASpending.gov on behalf of the Commission.

The Denali Commission is also a partner of the Department of Health and Human Services' Grants Center of Excellence, which provides the GrantSolutions system for managing grants. The Denali Commission uses GrantSolutions to manage its grant obligations data. Although the Commission is responsible for submitting its own grant obligations data to USASpending.gov, it

relies on the implementation efforts of GrantSolutions to provide the Commission with the grant obligations data report in a DATA Act compliant format.

Implementation Efforts Completed

We reviewed the processes, systems, and controls that the Commission has completed for each step established in the *DATA Act Implementation Playbook Version 2.0- Agency 8-Step Plan* in order to implement DATA Act requirements¹. We determined the following actions were completed:

Step 1: Organize Team

- The Commission designated a Senior Accountable Official (SAO).

Step 2: Review Elements

- The SAO reviewed each data element with BFS in the financial, procurement, and grant payment systems.
- The SAO participated in the Association for Government Accountants' Intergovernmental Partnership and the Small Agencies Council, which provided feedback to OMB related to DATA Act requirements and limitations of small agencies.
- The Commission relied on the efforts of GrantSolutions to ensure the grant obligations data is received in a DATA Act compliant format.

Step 3: Inventory Data

- BFS performed the data inventory on behalf of the Denali Commission in the financial, procurement, and grant payment systems.
- The SAO reviewed each element of the data inventory in the financial, procurement, and grant payment systems with BFS to verify accuracy and completeness.
- BFS identified two gaps in the data in its accounting systems that have since been corrected.
- The Commission relied on the efforts of GrantSolutions to ensure the grant obligations data is received in a DATA Act compliant format.

Step 4: Design and Strategize

- The SAO in coordination with BFS completed a Denali Commission DATA Act Implementation Plan that addresses implementation milestones, timelines, foreseeable challenges, and cost of implementation.

¹ U.S. Department of the Treasury, June 2015, *DATA Act Implementation Playbook Version 2.0*, Washington DC:Treasury.

- The Commission relied on the efforts of GrantSolutions to ensure the grant obligations data is received in a DATA Act compliant format.

Step 5: Execute Broker

- The Commission relied on the efforts of BFS to accomplish this step of DATA Act implementation for financial, procurement, and grant payment data.
- The Commission relied on the efforts of GrantSolutions to ensure the grant obligations data is received in a DATA Act compliant format.

Step 6: Test Broker Implementation

- The Commission relied on the efforts of BFS to accomplish this step of DATA Act implementation for financial, procurement, and grant payment data.
- The Commission relied on the efforts of GrantSolutions to ensure the grant obligations data is received in a DATA Act compliant format.

Step 7: Update Systems

- The Commission relied on the efforts of BFS to accomplish this step of DATA Act implementation for financial, procurement, and grant payment data.
- The Commission actively worked with GrantSolutions to ensure its grant obligations data report is received in a DATA Act compliant format. After the January 2017 grant obligation data submission to USASpending was rejected, the Commission provided a list of necessary changes to the report for Grant Solutions to implement.

Step 8: Submit Data

- The Commission relied on the efforts of BFS to accomplish this step of DATA Act implementation for financial, procurement, and grant payment data.
- The Commission is actively working with Grant Solutions to ensure the grant obligations data report is received in a DATA Act compliant format.

Implementation Efforts Planned to Complete

The Denali Commission has not defined and documented the roles and responsibilities of the Commission and BFS as it relates to implementation of the DATA Act (Step 4: Design and Strategize). While BFS is largely implementing the DATA Act requirements on behalf of the Commission, overall compliance remains a responsibility of the Commission. We believe that documenting the roles and responsibilities of BFS and the Commission will provide the Commission with the internal control to assess accuracy and completeness of data submitted on its behalf and increase likelihood of successfully meeting the DATA Act reporting requirements.

Conclusion

While we have identified a need for the Commission to define the roles and responsibilities of BFS and the Commission as it relates to implementation of the DATA Act, the Commission plans to meet with BFS in April 2017 to formally define and document the roles and responsibilities of the Commission and BFS. Based on planned actions of the Commission to complete this process, we believe the Commission is sufficiently prepared to implement the DATA Act requirements and we are not making a formal recommendation.

In addition, while the Commission has not yet been able to successfully submit grant obligations data to USASpending, it is actively working with Grant Solutions to make the necessary changes to ensure the grant obligations data report is received in a DATA Act compliant format. Based on the planned actions of the Commission to complete this process, we are not making a formal recommendation.

Scope and Methodology

To accomplish our objectives, we performed this review from November 2016 to March 2017, using the Federal Accounting Executive Committee's DATA Act Working Group's Readiness Review Guide version 2.0, June 2, 2016. The Readiness Review Guide incorporates guidance from OMB, to include Memoranda M-15-12 and M-10-06. Specifically, we

- obtained an understanding of the laws, legislation, and directives related to the Commission's responsibilities to report financial and payment information under the DATA Act.
- obtained an understanding of the Commission's governance structure, processes, and controls planned and established by conducting interviews with the Commission's SAO and other finance personnel involved with DATA Act reporting.
- obtained an understanding of BFS's governance structure, processes, and controls planned and established by obtaining documentary evidence of work performed by BFS on behalf of the Commission.
- identified the major reporting components within the Commission responsible for implementation of the DATA Act.
- assessed the Commission's efforts and formal implementation plan to report financial and payment information under the DATA Act.

We performed this review under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App., § 8M). This review was conducted in accordance with the Quality Standards for Inspection and Evaluation (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency.

We would like to thank the Commission staff for their cooperation during our review. Please contact me at (206) 220-7970 if you would like to discuss the results of this review.

cc: Denali Commissioners
Corrine Eilo, Chief Financial Officer, Denali Commission
Peggy E. Gustafson, Inspector General, U.S. Department of Commerce