

**DHS Continues to Make
Progress Meeting DATA
Act Requirements, but
Challenges Remain**





OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

November 4, 2021

MEMORANDUM FOR: Stacy Marcott
Acting Chief Financial Officer
Department of Homeland Security

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V CUFFARI**
Inspector General

SUBJECT: *DHS Continues to Make Progress Meeting DATA Act Requirements, but Challenges Remain*

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JOSEPH V CUFFARI
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Attached for your action is our final report, *DHS Continues to Make Progress Meeting DATA Act Requirements, but Challenges Remain*. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving the quality of the Department's spending data. Your office concurred with all three recommendations. Based on information provided in your response to the draft report, we consider recommendations 1 and 2 open and resolved. However, we consider recommendation 3 open and unresolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act of 1978*, as amended, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Bruce Miller, Deputy Inspector General for Audits, at (202) 981-6000.

Attachment

cc: Chief Procurement Officer, DHS



DHS OIG HIGHLIGHTS

DHS Continues to Make Progress Meeting DATA Act Requirements, but Challenges Remain

November 4, 2021

Why We Did This Audit

Pursuant to the DATA Act, the DHS Office of Inspector General reviewed a statistically valid sample of DHS' fiscal year 2020, fourth quarter (FY 2020/Q4) spending data posted on USAspending.gov. We assessed the data's completeness, accuracy, timeliness, and quality, and DHS' implementation and use of government-wide financial data standards.

What We Recommend

We made three recommendations aimed at strengthening DHS' controls to improve its spending data quality.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

The Department of Homeland Security continues to make progress meeting its reporting requirements under the *Digital Accountability and Transparency Act of 2014* (DATA Act). Using the *Inspectors General Guide to Compliance under the DATA Act*, we found that the quality of the Department's DATA Act submission for FY 2020/Q4 was moderate at 84.7 of 100 points, including non-statistical and statistical testing results. When excluding third-party errors outside of DHS' control, the quality increased from moderate, which ranges from 70 to 84.99 points, to high at 85.3. DHS implemented our prior audit recommendations to improve the completeness of budgetary and award data in its DATA Act submission to make the spending information more transparent. However, system limitations hindered the Federal Emergency Management Agency's (FEMA) ability to track spending associated with the Department's response to the Coronavirus Disease 2019 (COVID-19) pandemic. Because FEMA received 98 percent (approximately \$45.4 billion) of the Department's COVID-19 funding in FY 2020, we concluded the reported spending data was not reliable.

Despite the overall moderate quality of DHS' submission, we found the quality of its spending data was high for a statistically valid sample of 103 procurement and financial assistance awards. However, system limitations continued to hamper the timeliness of FEMA's financial assistance data. FEMA did not report one-third of the sampled financial assistance award data elements within 30 days of award as required. Also, DHS needs to implement and consistently use the government-wide financial data standards to improve the accuracy of reporting for certain data elements to fully achieve the DATA Act's objective.

DHS Response

DHS concurred with all three recommendations. Appendix B contains DHS' response in its entirety.



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Abbreviations

CAP	corrective action plan
CARES Act	<i>Coronavirus Aid, Relief, and Economic Security Act</i>
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus Disease 2019
DAIMS	DATA Act Information Model Schema
DAS	DATA Act Solution
DATA Act	<i>Digital Accountability and Transparency Act of 2014</i>
DEFC	Disaster Emergency Fund Code
FEMA	Federal Emergency Management Agency
FPDS-NG	Federal Procurement Data System-Next Generation
NFIP	National Flood Insurance Program
OIG	Office of Inspector General
OMB	Office of Management and Budget
RMT	Resource Management Transformation
SAO	senior accountable official



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Background

On May 9, 2014, the President signed the *Digital Accountability and Transparency Act of 2014* (DATA Act) into law to make information about Federal spending more easy to access and transparent to the public. The DATA Act requires agencies to report spending data quarterly to USAspending.gov¹ using government-wide financial data standards established by the Department of the Treasury (Treasury) and the Office of Management and Budget (OMB). These standards specify the data elements for reporting under the DATA Act and define what each element should include to ensure data is consistent and comparable. Agencies must disclose information linking spending activity to Federal programs in the President's budget to effectively track government spending.

Office of Inspector General Responsibilities under the DATA Act

The DATA Act requires the Office of Inspector General (OIG) of each Federal agency to review a statistically valid sample of the agency's spending data submissions to USAspending.gov. Also, the DATA Act requires each OIG to submit to Congress a report that assesses the completeness, accuracy, timeliness, and quality of the data sampled, and implementation and use of government-wide financial data standards in compiling the data. This is our third mandated report on DHS' implementation of the DATA Act. This report assesses the quality of DHS' fiscal year 2020, fourth quarter (FY 2020/Q4) spending data.

The Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Federal Audit Executive Council released its updated *Inspectors General Guide to Compliance under the DATA Act* (CIGIE IG Guide) on December 4, 2020. The CIGIE IG Guide provides a common methodology and reporting approach for every OIG to use in performing work mandated by the DATA Act.

Pursuant to OMB guidance,² the CIGIE IG Guide identified two additional data elements significant in promoting transparent reporting of spending related to the Coronavirus Disease 2019 (COVID-19) pandemic response and associated supplemental relief funding. These two data elements are the National Interest Action code and the Disaster Emergency Fund Code (DEFC).

¹ USAspending.gov is a searchable database of information on Federal contracts and other Government assistance such as grants and cooperative agreements.

² OMB Memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, April 10, 2020.



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Treasury DATA Act Broker Submission

Federal agencies submit their budgetary and award data to Treasury’s DATA Act Broker (Broker). The Broker is a system that facilitates the submission, collection, validation, and certification of agencies’ spending data for publication on USAspending.gov.³ Agencies are required to upload to the Broker the files identified in Table 1, containing data from their internal financial systems.

Table 1. Agency-Created DATA Act Files

File	Name	Description	Data Source	Required Frequency
File A	Appropriations Account	Fiscal year cumulative appropriations account summary data such as the amount appropriated and obligated	Agencies’ internal financial management systems	Monthly or quarterly via DATA Act Broker submission
File B	Object Class and Program Activity	Fiscal year cumulative appropriations account summary data such as the obligations and outlays by object class, program activity, and DEFC		
File C	Award Financial	Award transaction data such as the obligation amount and DEFC for each Federal financial award made or modified during the reporting period		

Source: DHS OIG analysis of Treasury and OMB guidance

Starting with the June 2020 reporting period, agencies that received COVID-19 supplemental relief funding must submit spending data in DATA Act Files A, B, and C on a monthly basis. These monthly submissions must also include a cumulative, year-to-date outlay total for each award in File C funded with COVID-19 supplemental relief funds.⁴

After agencies upload their files, the Broker extracts spending data from government-wide award reporting systems containing data on Federal contracts, grants, and award recipients. Those systems include the Federal Procurement Data System-Next Generation (FPDS-NG) and the Financial Assistance Broker Submission. Agencies submit information about procurement awards to FPDS-NG and about financial assistance awards (grants, loans, insurance, and other assistance) to the Financial Assistance Broker Submission. Using the extracted data, the Broker generates the files identified in Table 2.

³ Treasury *DATA Act Information Model Schema (DAIMS) Practices and Procedures For DATA Act Broker Submissions Version 2.0*, May 6, 2020 (Treasury DAIMS).

⁴ OMB Memorandum M-20-21.



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Table 2. DATA Act Broker-Generated Files⁵

File	Name	Description	Data Source	Required Frequency
File D1	Procurement	Award-level data for recipients of procurement awards	FPDS-NG	Within 3 business days of contract award (\$10,000 or more) ⁶
File D2	Financial Assistance	Award-level data for recipients of financial assistance awards	Financial Assistance Broker Submission	Within 30 calendar days of grant award (\$25,000 or more)
File E	Additional Awardee Attributes	Personnel and other information about entities receiving Federal funds	System for Award Management	Broker uploads data daily to USAspending.gov
File F	Subaward Attributes	Data and other information about entities receiving subawards made by recipients of Federal funds	Federal Subaward Reporting System	Broker uploads data daily to USAspending.gov

Source: DHS OIG analysis of Treasury and OMB guidance

The Broker applies a series of validation rules to test completeness and accuracy of the data elements and linkages between budgetary and award data. OMB guidance⁷ requires agencies to link budgetary and award data across different files using unique award numbers. Through its validation process, the Broker generates data warnings and critical errors based on the application of Treasury-defined rules. For example, a data warning is generated when a unique award number exists in File C but does not exist in Files D1/D2. Errors can occur when certain data elements do not meet formatting requirements such as field length or character type. If any data in the agency submission generates critical errors, USAspending.gov will not accept that data for publication. By contrast, less severe discrepancies result in Broker-generated warnings that do not prevent this data from continuing through the publication process. Warning messages alert agencies to possible issues, which may or may not be inaccuracies in the data, worth further review. Once agency files successfully pass the Broker validations, OMB requires each agency's senior accountable official (SAO) to provide a monthly attestation, as

⁵ The quality of the data in Files E and F is the legal responsibility of the award recipient, not DHS. Therefore, we did not audit these files.

⁶ According to the Federal Acquisition Regulation § 4.604, agencies have 30 calendar days to report contracts awarded in emergency situations or urgent and compelling situations.

⁷ OMB Management Procedures Memorandum 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, May 3, 2016.



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applicable,⁸ and a quarterly certification,⁹ for DATA Act submissions. For agencies that receive COVID-19 funds, the monthly attestation means the monthly data submitted to Treasury in Files A to C was produced following the agency's normal practices and procedures used to certify its last quarterly submission. The quarterly certification provides reasonable assurance that the agency's internal controls support the validity and reliability of the budgetary and award data submitted to Treasury for publication on USAspending.gov. After the SAO completes the monthly attestation or quarterly certification in the Broker, Treasury will publish the spending data on USAspending.gov.

Each agency must develop a data quality plan that identifies risks to the quality of Federal spending data and implement a control structure to manage such risks.¹⁰ Quarterly certifications by the SAO should be based on considerations and internal controls documented in the agency's data quality plan.

DHS Governance for DATA Act Implementation

In FY 2015, DHS established a governance structure — an institutionalized set of policies and procedures — for the Department's implementation of the DATA Act. DHS' Deputy Chief Financial Officer serves as the Department's SAO. The SAO sets the strategic direction for DHS' approach to DATA Act implementation. DHS also created a Headquarters DATA Act Working Group with members from across its organizational units, including budget, accounting, procurement, and financial assistance.

DHS is responsible for establishing the internal control processes necessary to achieve compliance with the DATA Act. DHS component DATA Act teams submit their spending data monthly to the Resource Management Transformation (RMT) Division within the Office of the Chief Financial Officer to compose the Department's consolidated monthly submissions to USAspending.gov.¹¹ Components must document and implement internal control procedures to ensure their spending data is complete, accurate, and timely.

RMT developed an internal DATA Act Solution (DAS) system to collect and perform pre-check validations of DHS components' spending data to ensure it meets Broker submission requirements. On a monthly basis, as shown in

⁸ OMB Memorandum M-20-21.

⁹ OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, November 4, 2016.

¹⁰ OMB Memorandum M-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk*, June 6, 2018.

¹¹ In FY 2020, DHS received COVID-19 supplemental relief funding under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). Pursuant to OMB Memorandum M-20-21, DHS began reporting monthly DATA Act submissions starting with the June 2020 reporting period.

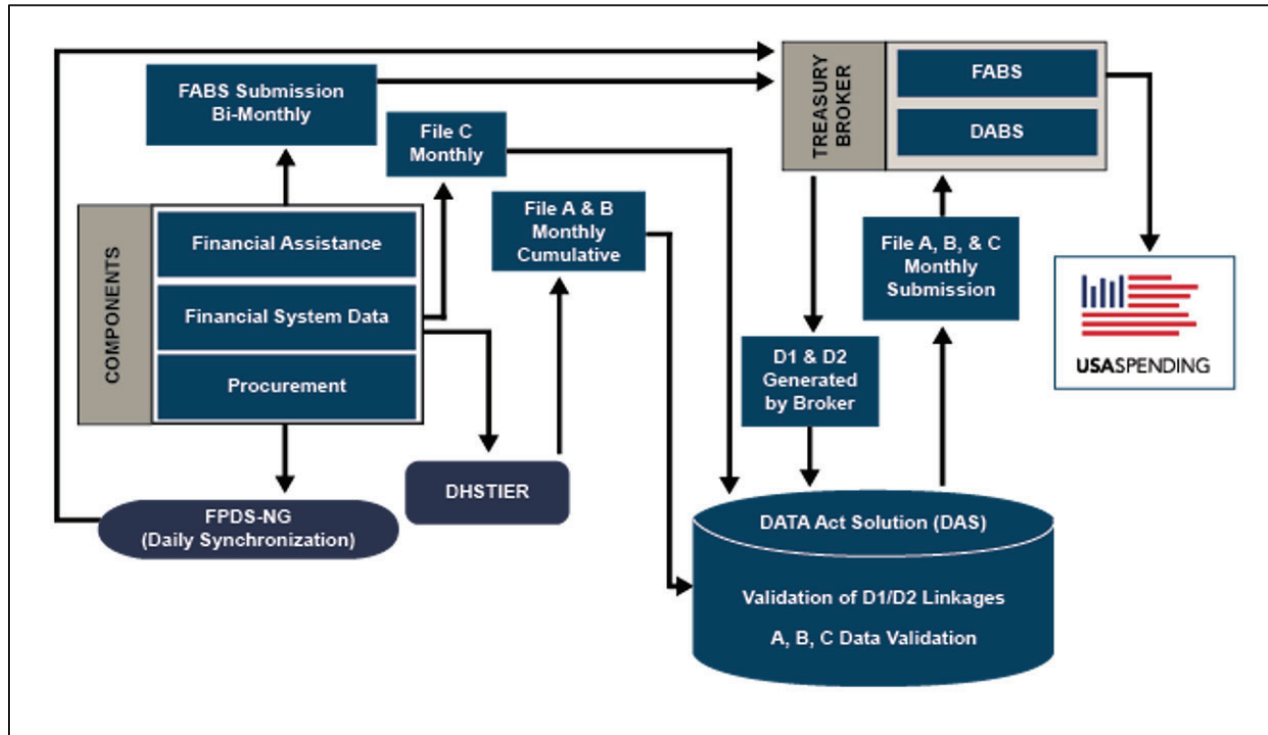


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Figure 1, RMT pulls the components' budgetary data (Files A and B) from DHS' Treasury Information Executive Repository and uploads it to the DAS, while components submit their award data (File C) directly to the DAS. Additionally, RMT downloads components' procurement award data (File D1) and financial assistance award data (File D2) from the Broker and uploads it to the DAS.

Figure 1. DHS DATA Act Solution Process



Source: DHS DATA Act Data Quality Plan, July 6, 2021

The DAS process mirrors the Broker's validation of the alignment between the budgetary and award files included in DHS' monthly submissions. The DAS process also includes additional tests for DHS to ensure transactions eventually align and to determine how long they take to align. On a monthly basis, DHS stakeholders work together to research and resolve Broker and DAS validation issues, such as missing financial information. Also, RMT conducts monthly Headquarters DATA Act Working Group and Component Implementation Working Group meetings to discuss guidance, processes, best practices, and data quality management efforts.



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Previous DHS OIG DATA Act Audits

In August 2020, we reported¹² DHS made progress meeting its DATA Act reporting requirements since our first audit in 2017,¹³ but challenges remain. As previously reported, DHS needed to take action to accurately align budgetary data with the President's budget, reduce award misalignments across DATA Act files, improve the timeliness of financial assistance reporting, implement and use government-wide data standards, and address risks to data quality. We made a total of 11 recommendations in our first two audit reports to strengthen the Department's controls to help DHS meet its goal of achieving the highest possible data quality for submission to USAspending.gov. As of October 2021, nine recommendations were closed while two recommendations remained open.

Results of Audit

DHS continues to make progress meeting its reporting requirements under the DATA Act. Using the CIGIE IG Guide, we found that the quality of the Department's DATA Act submission for FY 2020/Q4 was moderate at 84.7 of 100 points, including non-statistical and statistical testing results. When excluding third-party errors outside of DHS' control, the quality increased from moderate, which ranges from 70 to 84.99 points, to high at 85.3. DHS implemented our prior audit recommendations to improve the completeness of budgetary and award data in its DATA Act submission to make the spending information more transparent. However, system limitations hindered the Federal Emergency Management Agency's (FEMA) ability to track spending associated with the Department's response to the COVID-19 pandemic. Because FEMA received 98 percent (approximately \$45.4 billion) of the Department's COVID-19 funding in FY 2020, we concluded the reported spending data was not reliable.

Despite the overall moderate quality of DHS' submission, we found the quality of its spending data was high for a statistically valid sample of 103 procurement and financial assistance awards. However, system limitations continued to hamper the timeliness of FEMA's financial assistance data. FEMA did not report one-third of the sampled financial assistance award data elements within 30 days of award as required. Also, DHS needs to implement and consistently use the government-wide financial data standards to improve the accuracy of reporting for certain data elements to fully achieve the DATA Act's objective.

¹² *DHS Has Made Progress in Meeting DATA Act Requirements, But Challenges Remain*, OIG-20-62, August 13, 2020.

¹³ *DHS' Implementation of the DATA Act*, OIG-18-34, December 29, 2017.



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Appendix A

Objectives, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

The objectives of this audit were to assess the completeness, accuracy, timeliness, and quality of DHS' FY 2020/Q4 spending data submitted for publication on USAspending.gov, and DHS' implementation and use of the government-wide financial data standards established by OMB and Treasury.

To answer our objectives we:

- reviewed the common methodology in the CIGIE IG Guide;
- reviewed guidance issued by OMB, Treasury, and DHS to understand the criteria for reporting budgetary and award data under the DATA Act, including the new reporting requirements for tracking COVID-19 funds;
- interviewed officials from the DHS Office of the Chief Financial Officer's Resource Management Transformation, Risk Management and Assurance, and Financial Assistance Policy and Oversight Divisions, as well as the DHS Office of the Chief Procurement Officer's Acquisition Policy and Legislation Branch to gain an understanding of DHS' implementation of the DATA Act and assess its DATA Act controls in place during FY 2020/Q4;
- performed non-statistical tests of DHS' FY 2020/Q4 DATA Act submission to assess the completeness of cumulative budgetary data in Files A and B consisting of about \$160 billion in obligations and \$121 billion in outlays, as well as about \$71 billion of award obligations in File C;
- selected a statistically valid sample of 103 procurement and financial assistance award records from DHS' FY 2020/Q4 Files D1 and D2, certified and submitted for publication on USAspending.gov;
- obtained, reviewed, and tested supporting documentation for the 103 sampled award records to assess the completeness, accuracy, timeliness, and quality of the data elements, and DHS' implementation and use of the government-wide financial data standards; and



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- determined the quality of DHS' FY 2020/Q4 DATA Act submission using the methodology in the CIGIE IG Guide's quality scorecard considering the non-statistical and statistical testing results.

When selecting the statistical sample, the CIGIE IG Guide recommended using a confidence level of 95 percent, an expected error rate between 20 percent and 50 percent, and a sample precision of 5 percent. We deviated from these sampling parameters by using a confidence level of 90 percent, an expected error rate of 50 percent, and a sample precision of 8.1 percent. Based on the findings of our first two DATA Act audits and a risk assessment for our third mandated audit, we determined that deviating from the recommended sampling parameters in the CIGIE IG Guide did not impact our findings and conclusions.

Regarding DHS' internal controls, we limited the scope of our fieldwork to assessing the departmental and component-level controls supporting DHS' DATA Act submission for FY 2020/Q4. Specifically, we assessed the design, implementation, and operating effectiveness of the controls in place at both levels to extract, validate, and transmit the required spending data to achieve the intended outcomes of each objective. We also assessed DHS' implementation of its data quality plan to identify and manage risks to data quality in Federal spending data.

Based on an independent adverse opinion on DHS' internal controls over its FY 2020 financial reporting, our professional judgment was that the internal control environment has not materially changed. As a result, we did not assess the internal controls over DHS' or components' financial reporting, including those internal controls over the information systems from which the required spending data was derived.

We conducted this performance audit between August 2020 and August 2021 pursuant to the *Inspector General Act of 1978, as amended*, and according to 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 upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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Appendix B
DHS Response to the Draft Report

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

October 13, 2021

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.
Inspector General

FROM: Jim H. Crumacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

JIM H
CRUMPACKER

Digitally signed by JIM H
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SUBJECT: Management Response to Draft Report: “DHS Continues to
Make Progress Meeting DATA Act Requirements, But
Challenges Remain” (Project No. 20-042-AUD-CFO)

Thank you for the opportunity to comment on this draft report. The U.S. Department of Homeland Security (DHS or the Department) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

The Department is pleased with OIG’s recognition of DHS’s continued progress in meeting its Digital Accountability and Transparency Act of 2014 (DATA Act) reporting requirements, and the implementation of prior OIG recommendations to improve completeness of budgetary and award data in its DATA Act submission to make spending information more transparent. The OIG also acknowledged that, when excluding third-party errors outside of DHS’ control, the quality of the Department’s DATA Act submission for fiscal year (FY) 2020, fourth quarter, was “High,” and that the quality of DHS spending data was also “High.” DHS remains committed to making information on its expenditures more easily accessible and transparent to Congress and the public.

It is important to note, however, that while DHS concurs with the recommendations in this draft report, Department leadership is concerned that some of the OIG audit team’s recommended actions conflict with existing federal procurement policy and regulations. DHS encourages the OIG to work with the Council of the Inspectors General on Integrity and Efficiency, Office of Management and Budget (OMB) Office of Federal Procurement Policy, and Department of Treasury to clarify apparent misunderstandings about this guidance, to which DHS must adhere. For example:



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- The Federal Procurement Data System (FPDS) is the database that publicly reports unclassified procurements using appropriated funds, as mandated by OMB and implemented by the General Services Administration. Related guidance identifies the permissible information that may be included in the “Award Description” data element. However, OIG marked DHS entries as errors despite DHS descriptions complying with guidance for this data field.
- A vendor name and/or address on a contract document reflects the vendor address at the time of the initial award, OMB does not require the address to match the contractor’s most recent System of Award Management (SAM) registration. Pursuant to Federal Acquisition Regulations (FAR) Subpart 43, “Contract Modifications,” only an address modification requested by a vendor can change that address, and both the vendor and the government can agree for a variety of reasons that they do not wish to pursue such a modification. DHS (1) is not aware of any procurement policy or DATA Act Information Model Schema (DAIMS) requirement to have all contract award documents match the most recent SAM entry even where the vendor has not requested the change in accordance with Federal regulation, and (2) believes requiring this information match conflicts with OMB guidance and the FAR by imposing a requirement narrower than intended by the governing authorities. In addition, DHS does not believe that implementing processes and procedures to ensure such a match represents a prudent expenditure of government funds.

The draft report contained three recommendations, with which the Department concurs. Attached find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for OIG’s consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Attachment



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**Attachment: Management Response to Recommendations
Contained in 20-042-AUD-CFO**

OIG recommended that the Acting Chief Financial Officer:

Recommendation 1: Develop and apply solutions to ensure FEMA [Federal Emergency Management Agency] fully complies with the new DATA Act requirements in OMB Memorandum M-20-21 for reporting cumulative COVID-19 outlays on a monthly basis and linking spending to emergency and disaster appropriations through the Disaster Emergency Fund Code [DEFC] data element. Ensure the solutions produce complete and accurate data elements that can be independently traced and verified to an auditable file.

Response: Concur. Limitations in FEMA’s legacy financial and grant feeder systems adversely affect FEMA’s ability to fully comply with OMB’s DEFC reporting requirements. For example, several of the grant feeder systems that process the disaster allocations, commitments, and obligations have “hard coded” reports that only accept certain elements in the Line of Accounting.

Accordingly, FEMA’s Office of the Chief Financial Officer (OCFO) will need to implement code changes to several legacy systems to fully comply with the new OMB-promulgated Data Act requirements. In addition to code changes, the field width for some table values will need to be altered to accommodate the new reporting elements. Unlike modern systems that rely on application programming interface data calls to share data between systems, FEMA’s legacy systems require physical changes to the database tables and the use of flat files for sharing information with the financial system. More specifically, the FEMA’s OCFO will make changes to the following FEMA systems and/or modules to enable the use of multiple disaster fund codes:

- Web Integrated Financial Management Information System (WebIFMIS) – the core financial system;
- Disaster Financial Support Capability – an application module to support disaster awards;
- Emergency Management Mission Integration Environment system/FEMA Application Case Tracker module– which handles public assistance grant management;
- Enterprise Coordination and Approvals Processing System – a requisition application;
- Hazard Mitigation Grant Program System – which handles hazard mitigation grant management grants;
- System Oriented Architecture Financial Service module – a central interface between WebIFMIS and grant feeder systems; and



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- Individual Assistance System – which handles individual assistance management grants.

Estimated Completion Date (ECD): December 30, 2022.

Recommendation 2: Develop and apply solutions to address the challenges hampering the timeliness of FEMA’s financial assistance data, including any limitations in FEMA’s modernized National Flood Insurance Program [NFIP] system and the recurring systems integration issue caused by backdating grant awards. Ensure the solutions enable FEMA to comply with the 30-day standard for reporting financial assistance awards.

Response: Concur. During FYs 2020 and 2021, FEMA submitted insurance transactions with the date on which the claim was approved by the Write Your Own (WYO) company as the action date. Based on NFIP’s “Financial Assistance/Subsidy Arrangement,” dated October 1, 2019, and “Write Your Own Program Financial Control Plan,” dated December 1, 2020, WYOs have until the 12th of the following month to correct any discrepancies and transmit claims to FEMA’s Pivot (a NFIP system used to manage insurance contracts and claims). This helps ensure that WYO company financial statements exactly match Pivot, at which point all WYOs certify that the financial data provided to Pivot is complete and accurate. All transactions are then reviewed by the NFIP’s finance team, consolidated, and provided to FEMA’s OCFO for that month. Beginning in FY 2022, the date of FEMA’s OCFO’s review and approval will be used as the action date for insurance transactions, as this date still aligns with DATA Act requirements and will allow DHS insurance records to comply with the 30-day standard for reporting financial assistance awards. Accordingly, FEMA’s NFIP will update the DATA Act data pull routine in the Pivot system.

In addition, FEMA’s OCFO will document a resolution to the recurring systems integration issue caused by backdating grant awards in FEMA’s next update to the “Validation of Complete, Accurate, and Timely Award Financial Data for DATA Act Submission FILE C” and “Validation of Complete, Accurate, and Timely Award Financial Data for DATA Act Submission D2 file for Non-Disaster Grants, Disaster Grants, Loans and Flood Insurance” standard operating procedures (SOPs). Currently these SOPs do not address this occurrence; thus the resolution includes documenting updated processes to ensure that all new transactions are “pulled” for reporting in DATA Act financial assistance award data, even transactions dated prior to the current period for data that have not yet been submitted.

ECD: November 30, 2021.

Recommendation 3: Develop and apply solutions to improve the implementation and use of the government-wide financial data standards for procurement and financial assistance data elements that had an accuracy error rate of 10 percent or more.



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Response: Concur. DHS financial management and procurement leadership, program officials, and subject matter experts, are committed to providing “High” quality (i.e., complete, accurate, and timely) data on Departmental spending and making it more easily accessible and transparent to Congress and the public. Along these lines, DHS will take action for procurement and financial assistance data elements OIG reported as having an error rate of 15 percent or higher, which the OIG’s draft report identified as the threshold for “High” quality data. DHS will continue to rely on current controls for the identified data elements that: (1) have error rates below 15 percent; (2) are not statistically different from “Excellent” quality; and (3) have a nominal impact to users of the data. DHS will not take any action that conflicts with existing government wide policy, processes, or procedures, such as the FAR. More specifically:

- The six procurement and financial assistance data elements of “Funding Office Name,” “NAICS [North American Industry Classification System] description,” “NAICS Code,” “Award Modification/Award Amendment,” “Primary Place of Performance Congressional District,” and “Action Date,” were listed in the OIG’s draft report in Appendix C within the “High” quality threshold, and they were not significantly statistically different from “Excellent” quality. DHS leadership disagrees with the OIG’s findings related to the data element “Funding Office” because a system issue within FPDS—outside of DHS control—prevented system users from being able to pick the appropriate office code. Such an issue should not adversely affect the scoring of DHS results. Furthermore, there is nothing stated in the DAIMS, or any other policy or regulation of which the Department is aware, that prohibits a funding office from sharing the same name as a Component. Finally, Congressional Districts are a field generated by the FPDS system, and are also not something DHS provides or controls. Consequently, DHS will continue to rely on current controls for the aforementioned data elements.
- DHS will also continue to rely on current controls for the financial assistance data element “Federal Action Obligation.” We appreciate OIG updating its final report, in response to previously-submitted DHS technical comments, to disclose that this element has an insignificant \$6.47 total discrepancy in errors out of the \$105 million absolute value tested, which equates to approximately 0.000006 percent.
- In addition, DHS will continue to rely on current controls for the procurement data elements “Period of Performance Potential End Date,” “Awardee/Recipient Legal Entity Name\Address,” “Period of Performance Current End Date,” “Period of Performance Start Date,” and “Action Type”, which were not significantly statistically different from “Excellent” quality or had findings which DHS leadership, program officials, and subject matter experts believe conflict with the

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existing FAR procurement policy and/or other guidance. For example, a legal entity name and address are not required to match the contractor's most recent SAM registration, and a vendor address on a contract document reflects the vendor address at the time of the initial award. Pursuant to FAR Subpart 43, "Contract Modifications," only an address modification requested by a vendor can change that address, and both the vendor and the government can agree for a variety of reasons that they do not wish to pursue such a modification. DHS (1) is not aware of any procurement policy or DAIMS requirement to have all contract award documents match the most recent SAM entry, and (2) does not believe that implementing processes and procedures to ensure such a match represents a prudent expenditure of government funds.

- Similarly, DHS will continue to rely on current controls for the "Award Description" procurement data element, which is defined in the FPDS as follows:

"For the initial base award, enter a brief description of the goods or services you are buying or for an Indefinite Delivery Vehicle, a brief description of the goods or services available. **For modifications, either re-state the brief description of the goods or services or describe what the modification is doing. The description field may also contain additional information** [emphasis added]. It may not contain PII. This is a summary level field and it is not expected to restate the exact information from an award or modification."

It is also important to note that OMB has further emphasized this point in its "Clarifying Procurement Data" document included as part of the official Data Act Data Standards on the OMB\OFFM website¹. Accordingly, DHS will continue to follow acquisition regulations and the authorized source system definition, which note that the "Award Description" requirement can contain both plain English description of an award or modification as well as additional information; for example, OMB M-20-22, "Preserving the Resilience of the Federal Contracting Base in the Fight Against the Coronavirus Disease 2019 (COVID-19)," dated April 17, 2020, instructs users to input "COVID-19 3610" in the description field in certain situations.

DHS will, however, take action to improve the implementation and use of the data element "Primary Place of Performance Address" that pertains to both procurement and financial assistance, as well as the financial assistance data elements of: "Non-federal Funding Amount," "Amount of Award," "Legal Entity Address," "Award Description," "Action Type," "Period of Performance Start Date," "Disaster Emergency Fund Code,"

¹ Found at: <https://portal.max.gov/portal/assets/public/offm/DataStandardsFinal.htm>



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“Award Identification Number,” “Period of Performance Current End Date,” and “Awardee/Recipient Legal Entity Name,”—the eleven data elements OIG found to have an error rate of 15 percent or higher, have a significant impact to users of the data (greater than 5 percent of the total tested amounts), or to be statistically different from “Excellent” quality. Within these criteria, the Department’s OCFO will distribute guidance addressing the data elements specific to financial assistance and the DHS Office of the Chief Procurement Officer will provide guidance on the “Primary Place of Performance Address” element specific to procurement data, respectively. ECD: December 31, 2021.



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Appendix C
DHS' Results for Data Element Testing

DHS' FY2020/Q4 Results for Data Elements* (Includes Errors Attributed to DHS and Third Party)		Sample Error Rate³⁹		
DAIMS Element #	Data Element Name	A Accuracy	C Completeness	T Timeliness
12	Non-Federal Funding Amount	95.0%	0.0%	10.0%
11	Amount of Award	67.2%	0.0%	37.9%
5	Legal Entity Address	51.5%	0.0%	21.4%
22	Award Description	44.7%	0.0%	21.4%
36	Action Type	40.5%	0.0%	26.2%
26	Period of Performance Start Date	40.0%	0.0%	4.7%
430	Disaster Emergency Fund Code	34.4%	2.2%	3.3%
1	Awardee / Recipient Legal Entity Name	30.1%	0.0%	21.4%
4	Ultimate Parent Legal Entity Name	29.1%	6.3%	8.9%
34	Award Identification Number	29.0%	1.0%	13.0%
13	Federal Action Obligation ⁴⁰	27.2%	0.0%	21.4%
27	Period of Performance Current End Date	25.9%	0.0%	4.9%
42	Funding Office Name	21.4%	0.0%	21.4%
30	Primary Place of Performance Address	20.2%	0.0%	22.2%
28	Period of Performance Potential End Date	19.5%	0.0%	0.0%
17	North American Industry Classification System Code	17.8%	0.0%	0.0%
18	North American Industry Classification System Description	17.8%	0.0%	0.0%
48	Awarding Office Name	16.5%	0.0%	21.4%
25	Action Date	13.6%	0.0%	21.4%
6	Legal Entity Congressional District	12.7%	1.0%	22.5%
31	Primary Place of Performance Congressional District	12.1%	0.0%	22.2%
23	Award Modification / Amendment Number	11.8%	0.0%	0.0%
3	Ultimate Parent Unique Identifier	10.1%	5.1%	7.6%
15	Potential Total Value of Award	8.9%	0.0%	0.0%

³⁹ These error rates do not reflect projected error rates to the population but error rates from the sample alone.

⁴⁰ Due to a rounding issue, the Federal Action Obligation amount reported in File D2 was inaccurate by an absolute value of \$6.47. In terms of materiality, this inaccuracy represented less than 0.00001 percent of the total sample, which had an absolute value of about \$105 million.



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DHS' Results for Data Element Testing (continued)

DAIMS Element #	Data Element Name	A Accuracy	C Completeness	T Timeliness
43	Funding Office Code	7.8%	0.0%	21.4%
37	Business Types	6.9%	0.0%	37.9%
50	Object Class	5.6%	2.2%	3.3%
19	Catalog of Federal Domestic Assistance Number	5.2%	0.0%	37.9%
14	Current Total Value of Award	4.9%	0.0%	0.0%
24	Parent Award Identification Number	4.5%	2.3%	2.3%
53	Obligation	4.4%	2.2%	3.3%
16	Award Type	3.9%	0.0%	21.4%
2	Awardee / Recipient Unique Identifier	2.4%	0.0%	4.7%
51	Appropriations Account	2.2%	2.2%	3.3%
163	National Interest Action	2.2%	0.0%	0.0%
7	Legal Entity Country Code	0.0%	0.0%	21.4%
8	Legal Entity Country Name	0.0%	0.0%	21.4%
20	Catalog of Federal Domestic Assistance Title	0.0%	0.0%	37.9%
29	Ordering Period End Date	0.0%	0.0%	0.0%
32	Primary Place of Performance Country Code	0.0%	0.0%	22.2%
33	Primary Place of Performance Country Name	0.0%	0.0%	22.2%
35	Record Type	0.0%	0.0%	37.9%
38	Funding Agency Name	0.0%	0.0%	21.4%
39	Funding Agency Code	0.0%	0.0%	21.4%
40	Funding Sub Tier Agency Name	0.0%	0.0%	21.4%
41	Funding Sub Tier Agency Code	0.0%	0.0%	21.4%
44	Awarding Agency Name	0.0%	0.0%	21.4%
45	Awarding Agency Code	0.0%	0.0%	21.4%
46	Awarding Sub Tier Agency Name	0.0%	0.0%	21.4%
47	Awarding Sub Tier Agency Code	0.0%	0.0%	21.4%
49	Awarding Office Code	0.0%	0.0%	21.4%

Source: DHS OIG analysis of DHS component records for 103 statistically sampled awards
* in descending order by accuracy error rate



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Appendix D
DHS' Comparative Results for Data Elements

The table below identifies DHS' accuracy error rate by data element from the FY 2019/Q1 and FY 2020/Q4 audit results. The information is being provided for illustrative purposes only and may not necessarily be indicative of actual percent change based on differences in testing procedures such as population size, sample methodology, quarter tested, file tested, and changes to data definition standards.

DHS' Comparative Results for Data Elements* (Includes Errors Attributed to DHS Only)		Sample Error Rate for Accuracy		
DAIMS Element #	Data Element Name	2020	2019	Percent Change
12	Non-Federal Funding Amount	95.0%	n/a	n/a
11	Amount of Award	67.2%	83.8%	-16.5%
5	Legal Entity Address	50.5%	50.1%	0.4%
22	Award Description	44.7%	20.8%	23.9%
36	Action Type	40.5%	12.8%	27.6%
26	Period of Performance Start Date	40.0%	17.1%	22.9%
430	Disaster Emergency Fund Code	34.4%	n/a	n/a
13	Federal Action Obligation ⁴¹	27.2%	44.0%	-16.8%
34	Award Identification Number	26.4%	14.5%	11.9%
27	Period of Performance Current End Date	25.9%	20.1%	5.9%
1	Awardee / Recipient Legal Entity Name	24.3%	25.1%	-0.8%
30	Primary Place of Performance Address	20.2%	29.5%	-9.3%
28	Period of Performance Potential End Date	19.5%	14.2%	5.3%
25	Action Date	13.6%	13.1%	0.5%
31	Primary Place of Performance Congressional District	12.1%	29.0%	-16.9%
23	Award Modification / Amendment Number	11.8%	0.5%	11.2%
17	North American Industry Classification System Code	11.1%	4.9%	6.2%
18	North American Industry Classification System Description	11.1%	4.9%	6.2%
42	Funding Office Name	10.7%	0.0%	10.7%
6	Legal Entity Congressional District	9.8%	19.2%	-9.4%
15	Potential Total Value of Award	8.9%	9.2%	-0.4%
43	Funding Office Code	7.8%	0.0%	7.8%

⁴¹ Due to a rounding issue, the Federal Action Obligation amount reported in File D2 was inaccurate by an absolute value of \$6.47. In terms of materiality, this inaccuracy represented less than 0.00001 percent of the total sample, which had an absolute value of about \$105 million.



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DHS' Comparative Results for Data Elements (continued)

DAIMS Element #	Data Element Name	2021	2019	Percent Change
37	Business Types	6.9%	27.2%	-20.3%
50	Object Class	5.6%	14.4%	-8.8%
19	Catalog of Federal Domestic Assistance Number	5.2%	17.3%	-12.1%
14	Current Total Value of Award	4.9%	4.4%	0.5%
24	Parent Award Identification Number	4.5%	3.1%	1.4%
53	Obligation	4.4%	12.8%	-8.3%
16	Award Type	3.9%	10.7%	-6.8%
48	Awarding Office Name	2.9%	0.0%	2.9%
51	Appropriations Account	2.2%	11.4%	-9.2%
163	National Interest Action	2.2%	n/a	n/a
2	Awardee / Recipient Unique Identifier	1.2%	8.5%	-7.4%
3	Ultimate Parent Unique Identifier	0.0%	8.5%	-8.5%
4	Ultimate Parent Legal Entity Name	0.0%	8.5%	-8.5%
7	Legal Entity Country Code	0.0%	0.0%	0.0%
8	Legal Entity Country Name	0.0%	0.0%	0.0%
20	Catalog of Federal Domestic Assistance Title	0.0%	16.8%	-16.8%
29	Ordering Period End Date	0.0%	100%	-100%
32	Primary Place of Performance Country Code	0.0%	0.0%	0.0%
33	Primary Place of Performance Country Name	0.0%	0.0%	0.0%
35	Record Type	0.0%	16.8%	-16.8%
38	Funding Agency Name	0.0%	0.0%	0.0%
39	Funding Agency Code	0.0%	0.0%	0.0%
40	Funding Sub Tier Agency Name	0.0%	0.0%	0.0%
41	Funding Sub Tier Agency Code	0.0%	0.0%	0.0%
44	Awarding Agency Name	0.0%	0.0%	0.0%
45	Awarding Agency Code	0.0%	0.0%	0.0%
46	Awarding Sub Tier Agency Name	0.0%	0.0%	0.0%
47	Awarding Sub Tier Agency Code	0.0%	0.0%	0.0%
49	Awarding Office Code	0.0%	0.0%	0.0%

Source: DHS OIG analysis of DHS component records
 * in descending order by accuracy error rate
 Results may vary due to rounding



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Appendix E
DHS’ Data Element Accuracy by Award Type

The table below identifies the 14 procurement and 15 financial assistance data elements that had inaccurate data at least 10 percent of the time⁴² attributed to a lack of DHS controls. Based on the combined results, 19 data elements had inaccurate data at least 10 percent of the time attributed to a lack of DHS controls.

Data Element	File D1 Procurement	File D2 Financial Assistance	Combined Results
Awardee / Recipient Legal Entity Name		✓	✓
Legal Entity Address	✓	✓	✓
Legal Entity Congressional District		✓	*
Amount of Award		✓	✓
Non-Federal Funding Amount		✓	✓
Federal Action Obligation ⁴³		✓	✓
North American Industry Classification System Code	✓		✓
North American Industry Classification System Description	✓		✓
Award Description	✓	✓	✓
Award Modification / Amendment Number		✓	✓
Action Date	✓	✓	✓
Period of Performance Start Date	✓	✓	✓
Period of Performance Current End Date	✓	✓	✓
Period of Performance Potential End Date	✓		✓
Primary Place of Performance Address	✓	✓	✓
Primary Place of Performance Congressional District	✓		✓
Award Identification Number		✓	✓
Action Type	✓	✓	✓
Funding Office Name	✓		✓
Funding Office Code	✓		*
Object Class	✓		*
Disaster Emergency Fund Code		✓	✓

Source: DHS OIG analysis of agency records for 103 statistically sampled awards (45 procurement and 58 financial assistance) from DHS’ FY 2020/Q4 DATA Act submission

* Based on the combined results, these data elements did not have inaccurate data at least 10 percent of the time attributed to a lack of DHS controls

⁴² We used the midpoint error rate at the 90 percent confidence level to identify data elements by award type that had inaccurate data at least 10 percent of the time attributed to a lack of DHS controls. These figures exclude inaccurate data attributed to a third party.

⁴³ Due to a rounding issue, the Federal Action Obligation amount reported in File D2 was inaccurate by an absolute value of \$6.47.



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Appendix F
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