



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



October 23, 2019

TO: Alex M. Azar II
Secretary of Health and Human Services

FROM: /Gloria L. Jarmon/
Deputy Inspector General for Audit Services

SUBJECT: U.S. Department of Health and Human Services Met the Requirements of the Digital Accountability and Transparency Act of 2014, With Areas That Require Improvement (A-17-19-54000)

This memorandum transmits the Ernst & Young (EY), LLP, report on the results of the Department of Health and Human Services' (HHS's) compliance with the Digital Accountability and Transparency Act (DATA Act; P.L. No. 113-101). The objectives of this audit were to assess (1) the timeliness, accuracy, completeness, and quality of the financial and award data from the first quarter of fiscal year (FY) 2019 that had been submitted for publication on USASpending.gov and (2) HHS's implementation and use of the Government-wide financial data standards issued by the Office of Management and Budget and Treasury. The DATA Act expands the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (P.L. No. 109-282). EY, under its contract with the HHS Office of Inspector General (OIG), audited the first quarter for FY 2019 to determine HHS's compliance with the DATA Act and related guidance.

EY determined HHS met the requirements of the DATA Act, but areas require improvement. EY determined that HHS met the first quarter reporting deadline; the submitted data met the requirements for timeliness, accuracy, completeness, and quality within the specified error rates as noted in the report; HHS submitted files "A," "B," and "C" with no "critical broker warnings;" and HHS improved communication between stakeholders while refining and executing its DATA Act processes.

EY also identified areas that HHS should focus on improving. EY noted certain deficiencies related to the information technology environment associated with access controls, configuration management, and segregation of duties. EY also noted that HHS continued its ongoing data clean-up to improve its data integrity within HHS's financial systems and related data. To meet the first quarter FY 2019 DATA Act submission requirement, HHS continued to utilize an interim solution, which relied on multiple data owners and systems throughout HHS to manually create crosswalks and reports to match transactional and reference data. While the interim solution bridged the immediate technology gaps, it relied heavily on manual activities and

extensive reconciliations and validations to meet the submission requirement. The continued use of the interim solution introduces the possibility of issues with data quality.

We reviewed EY's audit of HHS's compliance with the DATA Act by:

- evaluating the independence, objectivity, and qualifications of EY auditors and specialists;
- reviewing the approach and planning of the audit;
- attending key meetings with auditors and CMS officials;
- monitoring the progress of the audit;
- examining audit documentation; and
- reviewing the auditors' report.

EY is responsible for the attached report and the conclusions expressed in the report. Our monitoring review of EY's audit, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to express, and we do not express, an opinion on HHS's compliance with the DATA Act. Our monitoring review disclosed no instances in which EY did not comply in all material respects with generally accepted government auditing standards.

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that the Office of Inspector General (OIG) post its publicly available reports to the OIG website. Accordingly, this report will be posted at <https://oig.hhs.gov>.

Should you wish to discuss this letter, please contact Carrie A. Hug, Assistant Inspector General for Audit Services, at (202) 619-1157 or through e-mail at Carrie.Hug@oig.hhs.gov. Please refer to report number A-17-19-54000.

Attachment

cc:

Jennifer Moughalian
Acting Assistant Secretary for Financial Resources
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Sheila Conley
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and Deputy Chief Financial Officer

**Report of Independent Auditors on HHS's Compliance
with the Digital Accountability and Transparency Act
of 2014 (DATA Act)**

First Quarter Ended December 31, 2018

Ernst & Young LLP



U.S. Department of Health and Human Services

Report of Independent Auditors on HHS’s Compliance with the
Digital Accountability and Transparency Act of 2014 (DATA Act)

First Quarter Ended December 31, 2018

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Report of Independent Auditors on HHS's Compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act)

The Secretary and the Inspector General
U.S. Department of Health and Human Services

We have conducted a performance audit of the U.S. Department of Health and Human Services' (Department/HHS) compliance with the Digital Accountability and Transparency Act of 2014 (The DATA Act, P.L. No. 113-101) for the first quarter of fiscal year (FY) 2019. The DATA Act requires that federal agencies report financial and award data in accordance with data standards established by the Department of Treasury (Treasury) and the Office of Management and Budget (OMB).

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To assess HHS's compliance, we performed specific procedures to address the objectives summarized in the 2019 Statement of Work (BPA No: HHSP233201700040B). The specific scope and methodology are summarized in Section II of this report.

In our opinion, HHS met the requirements of the DATA Act with areas identified that require improvement. Our detailed findings and recommendations are documented in Section III of this report.

This report is intended solely for the information and use of HHS and the HHS Office of Inspector General, Office of Management and Budget, Congress, and the U.S. Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 17, 2019

U.S. Department of Health and Human Services

Report in Brief

Why did we audit?

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires each agency's Inspector General to perform a bi-annual performance audit of the agency's compliance with the DATA Act reporting requirements, as stipulated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Office of Management and Budget (OMB) and the U.S. Department of Treasury (Treasury) guidance. The Office of Inspector General (OIG) engaged EY to conduct an independent performance audit to determine whether HHS was in compliance with reporting requirements of the DATA Act for the first quarter of fiscal year (FY) 2019. The performance audit assessed the completeness, quality, accuracy and timeliness of the data transmitted through the HHS submission.

What was HHS required to do?

The DATA Act requires federal agencies to report financial and award data to Treasury on a quarterly basis in accordance with the Government-wide financial data standards established by OMB and Treasury. Once submitted, the data is displayed on www.USASpending.gov for taxpayers and policymakers.

What We Found

Our performance audit determined that HHS complied with the reporting requirements of the DATA Act as stipulated by OMB and Treasury. While HHS met the reporting requirements, our performance audit determined that:

- Although improvements with respect to the controls within its information technology (IT) infrastructure and financial systems, we have observed deficiencies related to access controls, configuration management and segregation of duties.
- HHS continues to pursue ongoing data clean-up as part of its data standardization efforts. These efforts acknowledge that there is a need for HHS to consistently apply standardized object class codes in compliance with OMB A-11 and standardized US Standard General Ledger (SGL) account codes.
- In the absence of the Oracle patches to map data elements directly from feeder award systems to its financial systems, HHS continues to utilize an interim solution which heavily relies on manual processes to collect data from multiple owners and systems.

What We Recommend

We recommend that HHS continue to focus its efforts on resolving issues related to its IT system controls, completing data cleanup activities, and applying the Oracle patches. HHS has made significant improvements in maturing its IT systems security and control posture in the past few years, and there is a need for continued focus to resolve remaining deficiencies in its financial, grant and acquisition systems. With regards to data cleanup, we recommend that HHS standardize object class codes and SGL accounts as part of the system requirements. Finally, we recommend that HHS continue to test Oracle patches in its IT systems and implement the patches to reduce reliance on manual processes. HHS should continue to progress toward producing high-quality data through data clean-up efforts, remediation of deficiencies in financial, procurement and grant-related systems, and better automation of DATA Act data collection and submission processes.

U.S. Department of Health and Human Services

Section I: Background

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted by Congress on May 9, 2014. The DATA Act in part, requires federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. In May 2015, the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) published 57 data definition standards and required federal agencies to report financial data in accordance with these standards for DATA Act reporting, beginning January 2017. Once submitted, the data is displayed on USASpending.gov for taxpayers and policymakers. The purposes of the DATA Act are as follows:

- Expanding the Federal Funding Accountability and Transparency Act (FFATA) of 2006 by disclosing direct federal agency expenditures and linking federal contract, loan and grant spending information to programs of federal agencies to enable taxpayers and policy makers to track federal spending more effectively.
- Establishing Government-wide data standards for financial data and providing consistent, reliable and searchable spending data that is displayed accurately for taxpayers and policymakers on the USASpending.gov website.
- Simplifying reporting for entities receiving federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency.
- Improving the quality of data submitted to USASpending.gov by holding federal agencies accountable for the completeness and accuracy of the data submitted.
- Applying approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal Government.

The Department of Health and Human Services (HHS) Office of Inspector General (OIG) engaged us to assist in its evaluation of HHS's first quarter for FY 2019, DATA Act submission to determine if its use of the 57 data standards comply with the DATA Act requirements, as well as to assess the timeliness, accuracy, completeness and quality of the data submitted. We conducted a performance audit to determine HHS's compliance with DATA Act submission requirements when submitting its first quarter for FY 2019 financial and financial awards data.

We conducted a performance audit to determine HHS's compliance with the DATA Act as of the first quarter for FY 2019, in accordance with the related Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) DATA Act Working Groups' "Inspectors General Guide to Compliance Under the DATA Act," as amended (CIGIE guide).

U.S. Department of Health and Human Services

Section I: Background (continued)

Under the DATA Act, HHS is required to submit a series of files, including procurement and direct assistance activity to include 57 required data elements through a single Treasury system. Table I below provides information on the files containing the financial and award information that will be submitted to the Treasury Broker or pulled from Government-wide intermediary systems. Table I also shows all the file submissions associated with the DATA Act process as well as the content of each file and a brief description and source.

Table I: Submission Data by File			
File Name	File Contents	File Description	Source
File A	Appropriation account	Reporting at the Treasury Account Symbol (TAS) level, including Budget Authority Appropriated, Unobligated Balance and Other Budgetary Resources. Data requirements are similar to what is reported in GTAS and published in the SF-133.	Submitted to Broker by HHS <u>Primary Source:</u> Consolidated Financial Reporting System (CFRS)
File B	Program activity and object class	Reporting of Obligations and Outlays at the TAS, Program Activity and Object Class level. Data requirements are similar to the Object Class and Program Activity reporting required in the 2015 release of OMB Circular A-11.	Submitted to Broker by HHS <u>Primary Source:</u> CFRS
File C	Award-level financial	Reporting of Obligations and Outlays at the Award ID level, including TAS, Program Activity and Object Class. Data requirements do not align with any current Government-wide financial reporting.	Submitted to Broker by HHS <u>Primary Source:</u> CFRS/ Financial Business Intelligence System (FBIS), Unified Financial Management Systems (UFMS), National Institutes of Health (NIH) Business System (NBS) and the Healthcare Integrated General Ledger System (HIGLAS)

U.S. Department of Health and Human Services

Section I: Background (continued)

Table I: Submission Data by File			
File Name	File Contents	File Description	Source
File D ₁	Award and awardee attributes (procurement)	Reporting of procurement award actions and their associated data, which is an expansion of existing FFATA reporting requirements.	Pulled by Treasury from the Data Broker by action date, following submission via intermediary system Federal Procurement Data System (FPDS)
File D ₂	Award and awardee attributes (financial assistance)	Reporting of financial assistance award actions and their associated data, which is an expansion of existing FFATA reporting requirements.	Pulled by Treasury from the Data Broker by action date, following submission via Financial Assistance Broker Submission (FABS)
File E	Additional awardee attributes	Reporting of detailed highly-compensation officer information from award-level transactions from Files D1 and D2	Extracted by DATA Act Broker from the System for Award Management (SAM) on a quarterly basis.
File F	Sub-award attributes	Reporting of sub-award information for award-level transactions from Files D1 and D2	Extracted by DATA Act Broker from the Federal Funding Accountability and Transparency Act Sub-award Reporting System (FSRS) on a quarterly basis.

In addition, the DATA Act requires that agency Inspector Generals (IGs) review a statistically valid sample of the spending data submitted by the agency and report on the timeliness, accuracy, completeness and quality of the data sampled and the implementation and use of the data standards by the agency. The Act further describes how each aspect will be measured as follows:

- Timeliness is measured by determining if the submission by the Agency to the DATA Act Broker is in accordance with the reporting schedule established by the Treasury DATA Act PMO, traditionally within 45 days of quarter end. Due to the government shutdown furlough, the due date for agency submission for FY2019, first quarter was March 20,2019. Timeliness is also measured by the percentage of required data elements that were reported in accordance with the reporting schedules defined by the financial, procurement, and financial assistance requirements (FFTA, FAR, FPDS-NG, FABS, and DAIMS).

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Section I: Background (continued)

- Completeness is measured in two ways: (1) all transactions and events that should have been recorded are recorded in the proper reporting period and (2) as the percentage of transactions containing all data elements required by the DATA Act was reported in the appropriate Files A through D2.
- Accuracy is measured as the percentage of amounts and other data relating to the recorded transaction have been recorded in accordance with the DAIMS RSS, IDD, and the online data dictionary; and agrees with the authoritative source records.
- Quality of the data sampled is defined as data that is complete, accurate, and provided timely. If the highest error rate of completeness, accuracy and timeliness is between 0% and 20% the quality would be considered Higher. If the errors rate is between 21% and 40% the quality would be considered Moderate. If the highest errors rate is 41% or more, the quality would be considered Lower.

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Section II: Performance Audit Objective, Scope and Methodology

Performance Audit Objective

The DATA Act submission impacts all of HHS Operating Divisions (OpDivs) and grant-making Staff Divisions (StaffDivs). The submission required tight coordination among the many stakeholders and extensive input from subject-matter experts across information technology, finance, acquisitions and grants offices.

The objectives of this performance audit are to assess the (1) timeliness, accuracy, completeness and quality of the first quarter for fiscal year FY 2019 financial and award data submitted for publication on USASpending.gov and (2) Federal agency's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Scope

The scope of this report encompasses the FY 2019 first quarter financial and award data for which HHS submitted for publication to the USASpending.gov website and any applicable procedures, certifications, documentation and controls to achieve this process.

Methodology

In developing the methodology for this performance audit, we considered CIGIE's *Inspectors General Guide to Compliance Under the DATA Act*, as amended on February 14, 2019, as well as the DATA Act guidance and suggested criteria established by Treasury, OMB and GAO.

To accomplish the objectives of the performance audit, we:

- Obtained an understanding of any regulatory criteria related to its HHS's responsibilities to report financial and award data under the DATA Act
- Assessed HHS' systems, processes and internal controls in place over data management under the DATA Act
- Assessed the general and application controls pertaining to the financial management systems (e.g., grants, loans, procurement) from which the data elements were derived and linked
- Assessed HHS's internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123

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Section II: Performance Audit Objective, Scope and Methodology (continued)

- Reviewed a statistically valid sample of 285 items from the first quarter for FY 2019's financial and award data submitted by HHS for publication on USASpending.gov
- Assessed the timeliness, accuracy, completeness and quality of the financial and award data sampled
- Assessed HHS's implementation and use of the 57 data definition standards established by OMB and Treasury

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Section III: Findings and Recommendations

HHS has made significant progress during FY 2019 implementing processes and building an infrastructure for submitting its data under the DATA Act requirements. Examples of activities HHS performed to meet the requirements include the following:

- Met the first quarter for FY 2019 DATA Act reporting deadline of March 20, 2019
- Submitted files A, B and C without critical Broker warnings
- Submitted data that met the requirements for timeliness, accuracy, completeness and quality within the specified error rates listed in Table II below.
- Submitted data in which the totals of Files A and B agree
- Submitted data in which File C reflects and links to reportable award-level transactions via an award identification number (Award ID)
- Submitted data in which Files D1 through F link to File C (with a \$266M or 9.04% difference for File D1 and within a \$1.86B or 0.61% difference for File D2), and contain demographic information for reportable recipient, vendors, sub-awardees reported in Files D1 and D2
- Reconciled amounts generated from HHS's financial systems to the data files transmitted to Treasury, including intra-governmental transfers (IGT), to develop a basis that the files were properly quantified and complete
- Improved communication between stakeholders while refining and executing its DATA Act processes

As part of our audit, we identified the following results:

Completeness and Timeliness of the Agency Submission

We evaluated HHS's DATA Act submission to Treasury's DATA Act Broker and determined that the submission was complete and submitted timely. To be considered a complete submission, we evaluated Files A, B and C to determine that all transactions and events that should have been recorded were recorded in the proper period. HHS noted differences between the supported HHS and Broker warning counts. The difference in the warnings counts of \$102.3 million was flagged by the broker as invalid program activity in File B. This is not considered a data error but as the program name was valid; however, even though HHS, working with OMB, had made the request for the program to be added to the broker listing, it had not been updated as of the date of the submission due to timing of the budget data request process.

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Section III: Findings and Recommendations (continued)

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

- We reconciled Files A and B to determine if they were accurate. Through our test work, we noted that Files A and B were accurate. Additionally, we reconciled the linkages between Files A, B and C to determine if the linkages were valid and to identify any variances between the files. Our test work did not identify any variances between the obligation amounts and Treasury Symbols between Files A and B, and no differences were identified in Treasury Symbols and Object Classes between File B and C.
- We tested the various reconciliations performed by HHS to support its first quarter FY 2019 DATA Act submission and found the reconciliations were performed with differences being researched and reconciled on a timely basis. Of the approximate \$307.8 billion in total award level obligations reported in File C, \$74 million or 0.02% of total awards during the first quarter were not submitted for validation due to the lack of linkage between the award data and financial obligation.

Record-Level Data and Linkages for Files C and D

We selected a sample of 285 records and tested 57 data elements for completeness, accuracy, timeliness, and quality. The following represents the projected errors for per criteria:

Completeness of the Data Elements

The projected errors rate for the completeness of the data elements is 0.70%¹. A data element was considered complete if the required data element that should have been reported was reported.

Accuracy of the Data Elements

The projected errors rate for the accuracy of the data elements is 1.47%¹. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with DAIMS, FFATA, and the FAR, and agree with the authoritative source records.

¹ Based on a 95% confidence level, the projected error rate for completeness, accuracy, and timeliness of the data elements is between 0% and 20%.

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Section III: Findings and Recommendations (continued)

Timeliness of the Data Elements

The projected error rate for the timeliness of the data elements is 1.01%¹. The timeliness of data elements was based on the reporting schedules defined by the procurement and financial assistance requirements (FFATA, FAR, and DAIMS).

Quality

The quality of the data elements was determined using the midpoint of the range of the proportion of errors (error rate) for completeness, accuracy and timeliness. The highest of the three errors rates was used as the determining factor of quality. The following table provides the range of error in determining the quality of the data elements.

Highest Error Rate	Quality Level
0%–20%	Higher
21%–40%	Moderate
41% and above	Lower

Based on our test work and the higher rate of 1.47%, we determined that the quality of HHS’s data is considered Higher.

Implementation and Use of the Data Standards

We have evaluated HHS’s implementation and use of the government-wide financial data standards for spending information developed by OMB and Treasury. HHS has fully implemented and are using those data standards as defined by OMB and Treasury. HHS has achieved a high-quality DATA Act reporting submission with a low error rate. Further, HHS has identified, linked by common identifiers (e.g., PIID, FAIN), all the data elements in the agency’s procurement, financial, grants and loan systems. We also noted significant progress in the development and documentation of processes to support the first quarter of FY 2019 DATA Act submission as compared to prior performance audit results.

U.S. Department of Health and Human Services

Section III: Findings and Recommendations (continued)

Standardized results of Data Elements

We reviewed HHS’s Data Quality Plan (DQP) and noted the procedures have been planned to assess risk and the resultant data quality at the key data element level. While these procedures have not yet been completed, the methodology portrayed in the HHS DQP appear to be adequate to identify and address risks associated with data quality for FY2020.

Table II below shows the error rates determined for each element regarding accuracy, completeness, and timeliness. The data elements that were optional and not reported by the Agency or not applicable to the Agency, were marked as N/A.

Table II: HHS’s Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
1	Awardee/Recipient Legal Entity Name	0.71%	0.71%	1.06%
2	Awardee/Recipient Unique Identifier	1.20%	1.20%	1.20%
3	Ultimate Parent Unique Identifier	1.23%	1.23%	1.23%
4	Ultimate Parent Legal Entity Name	4.32%	4.94%	4.32%
5	Legal Entity Address	0.71%	0.71%	0.71%
6	Legal Entity Congressional District	0.71%	0.71%	1.06%
7	Legal Entity Country Code	0.71%	0.71%	1.06%
8	Legal Entity County Name	0.71%	0.71%	1.06%
9	Highly Compensated Officer Name	N/A ²	N/A ²	N/A ²
10	Highly Compensated Officer Total Compensation	N/A ²	N/A ²	N/A ²
11	Federal Action Obligation	0.71%	2.47%	1.06%
12	Non-Federal Funding Amount	–%	–%	–%
13	Amount of Award	–%	–%	0.44%

² Reported in Files E and F

U.S. Department of Health and Human Services

Section III: Findings and Recommendations (continued)

Table II: HHS's Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
14	Current Total Value of Award	3.92%	3.92%	3.92%
15	Potential Total Value of Award	3.57%	7.14%	3.57%
16	Award Type	0.71%	0.71%	1.06%
17	NAICS Code	3.57%	3.57%	3.57%
18	NAIC Code Description	3.57%	3.57%	3.57%
19	Catalog of Federal Domestic Assistance (CFDA) Number	–%	–%	0.44%
20	Catalog of Federal Domestic Assistance (CFDA) Title	–%	–%	0.44%
21	Treasury Account Symbol (excluding Sub-Account)	N/A ³	N/A ³	N/A ³
22	Award Description	0.71%	0.71%	1.06%
23	Award Modification / Amendment Number	2.06%	2.06%	2.06%
24	Parent Award ID Number	3.57%	3.57%	3.57%
25	Action Date	1.06%	12.37%	1.06%
26	Period of Performance Start Date	1.80%	8.98%	1.80%
27	Period of Performance Current End Date	1.85%	4.94%	1.85%
28	Period of Performance Potential End Date	3.92%	13.73%	3.92%
29	Ordering Period End Date	–%	–%	–%
30	Primary Place of Performance Address	0.72%	1.08%	1.08%

³ Included with data element #51

U.S. Department of Health and Human Services

Section III: Findings and Recommendations (continued)

Table II: HHS's Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
31	Primary Place of Performance Congressional District	0.72%	0.72%	1.08%
32	Primary Place of Performance Country Code	0.72%	0.72%	1.08%
33	Primary Place of Performance Country Name	0.72%	0.72%	1.08%
34	Award ID Number (PIID/FAIN/URI)	0.71%	0.71%	1.06%
35	Record Type	–%	–%	0.44%
36	Action Type	–%	–%	0%
37	Business Type	–%	–%	0.44%
38	Funding Agency Name	0.71%	0.71%	1.07%
39	Funding Agency Code	0.71%	0.71%	1.07%
40	Funding Sub Tier Agency Name	0.71%	0.71%	1.07%
41	Funding Sub Tier Agency Code	0.71%	0.71%	1.06%
42	Funding Office Name	0.72%	1.45%	1.09%
43	Funding Office Code	0.72%	0.72%	1.09%
44	Awarding Agency Name	0.71%	0.71%	1.06%
45	Awarding Agency Code	0.71%	0.71%	1.06%
46	Awarding Sub Tier Agency Name	0.71%	4.95%	1.06%
47	Awarding Sub Tier Agency Code	0.71%	4.95%	1.06%
48	Awarding Office Name	0.71%	1.06%	1.06%
49	Awarding Office Code	0.71%	0.71%	1.06%
50	Object Class	–%	–%	0.35%

U.S. Department of Health and Human Services

Section III: Findings and Recommendations (continued)

Table II: HHS's Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
51	Appropriations Account	–%	–%	0.36%
52	Budget Authority Appropriated	N/A ⁴	N/A ⁴	N/A ⁴
53	Obligation	–%	–%	0.35%
54	Unobligated Balance	N/A ⁵	N/A ⁵	N/A ⁵
55	Other Budgetary Resources	N/A ⁴	N/A ⁴	N/A ⁴
56	Program Activity	N/A ⁵	N/A ⁵	N/A ⁵
57	Outlay	N/A ⁵	N/A ⁵	N/A ⁵

Table III below shows the error rate and the accuracy results by category and data element. Table III also displays the absolute value of the dollar amount associated with the error rates.

Table III. Analysis of the Accuracy of Dollar Value-related Data Elements							
PIID/FAIN or URI	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested⁶	Error Rate	Absolute Value of Errors
PIID	DE 11 Federal Action Obligation	49	7	–	56	12.50%	\$ 22,058,359
PIID	DE 14 Current Total Value of Award	49	2	5	56	3.92%	\$ 25,129
PIID	DE 15 Potential Total Value of Award	52	4	–	56	7.14%	\$ 912,596,979 ⁷

⁴ Only applicable to File A

⁵ Optional data element

⁶ Selected a total of 285 samples (56 PIID and 229 FAIN/URI)

⁷ Based on the supporting documents provided, most of the difference is due to one sample item whose potential value of award was different from the amount reported in File D1. File D1 was understated by \$910,951,038.40. Per inspection of the contract, the base and all options value equal \$1,599,172,500, however File D1 shows the Potential Total Value as \$688,221,461.60.

U.S. Department of Health and Human Services

Section III: Findings and Recommendations (continued)

Table III. Analysis of the Accuracy of Dollar Value-related Data Elements							
PIID/FAIN or URI	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested⁶	Error Rate	Absolute Value of Errors
PIID	DE 53 Obligation	56	–	–	56	–%	\$ –
FAIN/URI	DE 11 Federal Action Obligation	227	–	2	229	–%	\$ –
FAIN/ URI	DE 12 Non-Federal Funding Amount	61	–	168	229	–%	\$ –
FAIN/URI	DE 13 Amount of Award	227	–	2	229	–%	\$ –
FAIN/URI	DE 14 Current Total Value of Award	0	–	229	229	–%	\$ –
FAIN/URI	DE 53 Obligation	229	–	–	229	–%	\$ –
	Total	950	13	406	1,369		

The errors shown in Table IV below are errors related to Treasury’s DATA Act Broker. The errors are not from the HHS side; they are from the third-party system.

Table IV. Analysis of Errors in Data Elements Not Attributable to the Agency			
PIID/FAIN	Data Element		Attributed to
FAIN	4	Ultimate Parent Legal Entity Name	Treasury’s DATA Act Broker extracting from SAM.gov

HHS management explain that the for the error in Table IV is most likely due to errors in the external entity registration into Sam.gov. We inquired of HHS management who indicated that the exceptions have not been communicated to Treasury due to lack of legal responsibility over the quality of data in SAM.gov per OMB M-18-16.

As outlined in CIGIE guidance, we assessed the quality attributes of HHS’s DATA Act submission through consideration of the following: (1) HHS’s internal controls over its DATA Act submission, (2) HHS’s internal controls over its source systems, and (3) the results of testing 285 File C samples for timeliness, completeness, quality and accuracy. Based on these considerations,

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Section III: Findings and Recommendations (continued)

we determined that HHS did not fully meet the quality attributes for its first quarter for FY 2019 submission. We found that HHS has issues with its data quality reflected in ongoing HHS efforts to remediate deficiencies in IT systems, data cleanup efforts and heavy reliance on manual processes for its DATA Act submission; as follows:

IT Systems

Although HHS has made significant improvements toward improving the controls within its supporting information technology (IT) infrastructure and financial systems, we have observed deficiencies related to access controls, configuration management and segregation of duties. With source data originated and processed in a deficient IT environment, it is difficult for HHS to ensure that quality data is used for its DATA Act submissions.

Data Cleanup

HHS continues to have ongoing data cleanup efforts to improve its data integrity within the Department's and its OPDIVs financial systems and related data. Specifically, impacting the DATA Act, HHS has an ongoing effort toward using standard object class codes, as defined in OMB A-11, *Preparation, Submission, and Execution of the Budget* and United States Standard General Ledger. During our testing of File C samples, we encountered the use of nonstandard object class codes in which the Department had to crosswalk nonstandard object class codes to standard OMB codes to develop a DATA Act submission that met the requirements within the error rates described above. While HHS has made progress with cleaning its data and continues to consider this an important initiative, data cleanup was still in progress at the time of the first quarter for FY 2019 DATA Act file submission.

Manual Processes

In May 2017, HHS made the decision to pursue an interim solution to meet DATA Act requirements when it became clear that the Department could not reasonably rely on having functional Oracle patches in place in UFMS, HIGLAS, and NBS which it continues to utilize in support of the March 2019 reporting deadline. HHS's interim solution relied on multiple data owners and systems throughout the agency to manually create crosswalks and reports to match transactional and reference data. While the interim solution bridged the immediate technology gaps, it was heavily reliant on manual activities and extensive reconciliations and validations. We understand the significant efforts that HHS undertook to meet the deadline and the hours of testing that were required to ensure the data was complete, timely and accurate and that variances were explained, but this is resource intensive and may not be a sustainable solution. Additionally, it introduces the possibility of issues with data quality.

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Section III: Findings and Recommendations (continued)

Recommendation

In order to improve data quality related to HHS's DATA Act submission, we recommend that HHS continue to focus its efforts on resolving outstanding issues related to its IT system controls, completing data cleanup activities, and applying the Oracle patches. HHS has made significant improvements in maturing its IT systems security and control posture in the past few years, and there is a need for continued focus to resolve remaining deficiencies in its financial, grant and acquisition systems. With regards to data cleanup, we recommend that the Department standardize object class codes and United States Standard General Ledger accounts as part of the system requirements. Finally, we recommend that HHS continue to test Oracle patches in its IT systems and implement the patches to reduce reliance on manual processes. HHS should continue to progress toward producing high-quality data through data clean-up efforts, remediation of deficiencies in financial, procurement and grant-related systems, and better automation of DATA Act data collection and submission processes.

HHS Management Comments

In its comments on our draft report, HHS generally concurred with the findings and emphasized its commitment to remediate focus areas to improve its process in meeting the DATA Act requirements. HHS's comments are included in Appendix A.

U.S. Department of Health and Human Services

Appendix A – HHS Management Comments



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary
Washington, DC 20201

OCT 16 2019

To: Joanne M. Chiedi, Acting Inspector General

From: Sheila Conley, Deputy Assistant Secretary, Finance and Deputy Chief
Financial Officer

Subject: First Quarter, FY 2019 Digital Accountability and Transparency Act of 2014
(DATA Act) Performance Audit

Thank you for the opportunity to comment on the results of the independent auditors' report concerning the performance audit of the U.S. Department of Health and Human Services' (HHS) first quarter fiscal year (FY) 2019 DATA Act submission.

We are pleased that the independent auditors found that HHS met the requirements of the DATA Act. We generally concur with the audit findings and will develop corrective action plans to address identified areas that require improvement. HHS leadership is dedicated to effectively resolving our challenges.

The audit results are consistent with our expectations based on procedures performed in the development of the HHS Data Quality Plan (DQP). HHS plans to use the audit results to improve data quality in future submissions.

We would like to thank the Office of the Inspector General (OIG) and the independent auditors, Ernst & Young LLP, for your efforts on our behalf. We appreciate the continued collaboration of the OIG to improve our stewardship and transparency of taxpayer funds.

A handwritten signature in blue ink, appearing to read "Sheila Conley".

Sheila Conley
Deputy Assistant Secretary, Finance and
Deputy Chief Financial Officer