



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



November 20, 2020

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

FROM: /Amy J. Frontz/
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-17-20-54000*

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 performance audit were to assess: (1) the timeliness, accuracy, completeness, and quality of the financial and award data from the second quarter of fiscal year (FY) 2020 that had been submitted for publication on <https://www.usaspending.gov> and (2) HHS's implementation and use of the Governmentwide 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 second quarter for FY 2020 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 second 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" without "critical broker warnings;" and HHS implemented the Oracle patches for a long-term automated solution of capturing the data from each operating division.

EY also identified areas that HHS should continue to focus on improving. EY noted certain deficiencies related to the information technology environment associated with access controls, configuration management, segregation of duties, and interface controls. EY also noted that HHS has made significant improvements in maturing its IT systems security and control posture in the past few years. There is still a need for continued focus to resolve the remaining deficiencies in its financial, grant, and acquisition systems. EY also recommended that HHS continue to progress toward producing high-quality data; remediating deficiencies in financial,

procurement, and grant-related systems; and better automating DATA Act collection and submission processes.

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 Carla J. Lewis, Acting Assistant Inspector General for Audit Services, at (202) 205-9125 or Carla.Lewis@oig.hhs.gov. Please refer to report number A-17-20-54000.

Attachment

cc:

Jennifer Moughalian
Acting Assistant Secretary for Financial Resources
and Acting Chief Financial Officer

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

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

Second Quarter Ended March 31, 2020

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)

Second Quarter Ended March 31, 2020

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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 second quarter of fiscal year (FY) 2020. 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 2020 Statement of Work (BPA No: HHSP233201700040B). The specific scope and methodology are summarized in Section II of this report.

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

November 20, 2020

U.S. Department of Health and Human Services

Report in Brief

Why We Did Audit?

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires each agency's Inspector General to perform a biannual 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 the 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 second quarter of fiscal year (FY) 2020. The performance audit assessed the completeness, quality, accuracy and timeliness of the data transmitted through the HHS submission and whether HHS implemented and used the Government-wide financial data standards.

What Was HHS Required to Do?

The DATA Act requires federal agencies to implement the Government-wide financial data standards and 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 implemented and used Government-wide financial data standards and complied with the reporting requirements of the DATA Act as stipulated by OMB and Treasury. To further improve operation efficiency, HHS has also implemented an end to end system solution to automate the DATA Act reporting in FY 2020. While HHS met the reporting requirements, our performance audit determined that:

- Although there have been 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, segregation of duties and interface controls supporting the new automated process.
- For the period of performance dates, we found discrepancies between File D₂ and the supporting documents. HHS management indicated that a gap exists between the OpDiv's (Operating Division) understanding of the standard interface file (SIF) creation process for these fields. Multiple date fields are collected through the SIF process and the OpDiv misinterpreted the different definitions for these date fields, specifically related to the period of performance data element.

What We Recommend

We recommend that HHS continue to focus its efforts on resolving issues related to its IT system controls. 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.

Additionally, we recommend that HHS focus on refreshing the OpDiv's understanding of the Departmental guidance and identifying any potential needs for OpDiv training to prevent and detect future accuracy issues related to the performance dates.

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 policymakers 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 the Inspector General (OIG) engaged us to assist in its evaluation of HHS's second quarter for FY 2020, DATA Act submission to determine whether its use of the 57 data standards complies 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 second quarter for FY 2020 financial and financial awards data.

We conducted a performance audit to determine HHS's compliance with the DATA Act as of the second quarter for FY 2020, 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

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> Unified Financial Management System (UFMS), National Institutes of Health (NIH) Business System (NBS), and Healthcare Integrated General Ledger Accounting System (HIGLAS)
File B	Program activity and object class	Reporting of Obligations and Outlays at the TAS, Program Activity and Object Class levels. 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> UFMS, NBS, and HIGLAS
File C	Award-level financial	Reporting of Obligations 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> UFMS, NBS, and HIGLAS/ Financial Business Intelligence System (FBIS)

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Section I: Background

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-NG)
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 compensated officer information from award-level transactions from Files D ₁ and D ₂ .	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 D ₁ and D ₂ .	Extracted by DATA Act Broker from the Federal Funding Accountability and Transparency Act Subaward 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.¹ The DATA Act further describes how each aspect will be measured, as follows:

- Timeliness is measured by determining whether 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. For the second quarter of FY

¹ On a biannual basis, the DATA Act requires that agency IGs review a statistically valid sample of spending data submitted by the agency to Treasury and report on the results. FY 2020 is a non-required reporting period. HHS OIG has chosen to report on compliance annually through the required period, which ends with FY 2022.

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Section I: Background

2020, the due date for agency submission was May 15, 2020. 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 (FFATA, FAR, FPDS-NG, FABS, and DATA Act Information Model Schema (DAIMS)).

- 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, Reporting Submission Specification (RSS), Interface Definition Document (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 error rate is between 21% and 40%, the quality would be considered Moderate. If the highest error 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 second quarter for fiscal year FY 2020 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 2020 second quarter financial and award data that 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 HHS's responsibilities to report financial and award data under the DATA Act
- Assessed HHS's 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

- Reviewed a statistically valid sample of 191 items from the second quarter for FY 2020'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 2020 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 second quarter for FY 2020 DATA Act reporting deadline of May 15, 2020
- 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 File A agree to File B
- 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 \$651 million, or 9.14%, difference for File D₁ and with a \$274 million, or 0.07%, difference for File D₂), and contain demographic information for reportable recipient, vendors and subawardees 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
- Implemented the Oracle patches for a long-term automated solution of capturing the data from each OpDiv

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 warning counts of \$149 million was flagged by the broker as invalid program activity in File B. This is not considered a data error as the program name was valid. However, we noted that 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

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

- We reconciled Files A and B to determine whether 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 whether 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 Files B and C.
- We tested the various reconciliations performed by HHS to support its second quarter FY 2020 DATA Act submission and found the reconciliations were performed with differences being researched and reconciled on a timely basis. Of the approximate \$373.5 billion in total award level obligations reported in File C, \$28.4 million, or 0.01%, of total awards during the second 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 191 records and tested 57 data elements for completeness, accuracy, timeliness and quality. The following represents the projected errors per criterion:

Completeness of the Data Elements

The projected errors rate for the completeness of the data elements is 0.09%.² 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 1.08%.² 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.

² 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

Timeliness of the Data Elements

The projected error rate for the timeliness of the data elements is 0.09%.² 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 error 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 1.08%, 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 is 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., Procurement Instrument Identifier (PIID), Federal Award Identification Number (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 second quarter of FY 2020 DATA Act submission as compared with prior performance audit results.

U.S. Department of Health and Human Services

Section III: Findings and Recommendations

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 appears to be adequate to identify and address risks associated with data quality for FY 2021.

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	–%	–%	–%
2	Awardee/Recipient Unique Identifier	–%	–%	–%
3	Ultimate Parent Unique Identifier	–%	–%	–%
4	Ultimate Parent Legal Entity Name	2.59%	2.59%	2.59%
5	Legal Entity Address	–%	2.15%	–%
6	Legal Entity Congressional District	0.54%	1.08%	0.54%
7	Legal Entity Country Code	–%	–%	–%
8	Legal Entity County Name	–%	–%	–%
9	Highly Compensated Officer Name	N/A ³	N/A ³	N/A ³
10	Highly Compensated Officer Total Compensation	N/A ³	N/A ³	N/A ³
11	Federal Action Obligation	–%	0.54%	–%
12	Non-Federal Funding Amount	–%	–%	–%

³ Reported in Files E and F.

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Section III: Findings and Recommendations

Table II: HHS's Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
13	Amount of Award	–%	–%	–%
14	Current Total Value of Award	–%	–%	–%
15	Potential Total Value of Award	–%	–%	–%
16	Award Type	–%	–%	–%
17	NAICS Code	–%	–%	–%
18	NAICS Code Description	–%	–%	–%
19	Catalog of Federal Domestic Assistance (CFDA) Number	–%	–%	–%
20	Catalog of Federal Domestic Assistance (CFDA) Title	–%	–%	–%
21	Treasury Account Symbol (excluding Sub-Account)	N/A ⁴	N/A ⁴	N/A ⁴
22	Award Description	–%	–%	–%
23	Award Modification/Amendment Number	–%	–%	–%
24	Parent Award ID Number	–%	–%	–%
25	Action Date	–%	0.54%	–%
26	Period of Performance Start Date	–%	28.57%	–%
27	Period of Performance Current End Date	–%	29.57%	–%
28	Period of Performance Potential End Date	–%	2.94%	–%

⁴ Included with data element 51.

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Section III: Findings and Recommendations

Table II: HHS's Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
29	Ordering Period End Date	–%	–%	–%
30	Primary Place of Performance Address	0.55%	1.10%	0.55%
31	Primary Place of Performance Congressional District	–%	–%	–%
32	Primary Place of Performance Country Code	–%	–%	–%
33	Primary Place of Performance Country Name	–%	–%	–%
34	Award ID Number (PIID/FAIN/Unique Record Identifier (URI))	–%	–%	–%
35	Record Type	–%	–%	–%
36	Action Type	–%	–%	–%
37	Business Type	–%	0.68%	–%
38	Funding Agency Name	–%	–%	–%
39	Funding Agency Code	–%	–%	–%
40	Funding Sub Tier Agency Name	–%	–%	–%
41	Funding Sub Tier Agency Code	–%	–%	–%
42	Funding Office Name	–%	–%	–%
43	Funding Office Code	–%	–%	–%
44	Awarding Agency Name	–%	–%	–%
45	Awarding Agency Code	–%	–%	–%

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Section III: Findings and Recommendations

Table II: HHS's Results Listed by Data Element				
		Error Rate		
Data Element No.	Data Element Name	C (Completeness)	A (Accuracy)	T (Timeliness)
46	Awarding Sub Tier Agency Name	-%	-%	-%
47	Awarding Sub Tier Agency Code	-%	-%	-%
48	Awarding Office Name	-%	-%	-%
49	Awarding Office Code	-%	-%	-%
50	Object Class	-%	-%	-%
51	Appropriations Account	-%	-%	-%
52	Budget Authority Appropriated	N/A ⁵	N/A ⁵	N/A ⁵
53	Obligation	1.05%	1.05%	1.05%
54	Unobligated Balance	N/A ⁶	N/A ⁶	N/A ⁶
55	Other Budgetary Resources	N/A ⁵	N/A ⁵	N/A ⁵
56	Program Activity	N/A ⁶	N/A ⁶	N/A ⁶
57	Outlay	N/A ⁶	N/A ⁶	N/A ⁶

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 Tested⁷	Error Rate	Absolute Value of Errors
PIID	DE 11 Federal Action Obligation	37	1	2	40	0.54%	\$ 0.04

⁵ Only applicable to File A.

⁶ Optional data element in File C.

⁷ Selected a total of 191 samples (40 PIID and 151 FAIN/URI).

U.S. Department of Health and Human Services

Section III: Findings and Recommendations

Table III: Analysis of the Accuracy of Dollar Value-Related Data Elements							
PIID/FAIN or URI	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested ⁷	Error Rate	Absolute Value of Errors
PIID	DE 14 Current Total Value of Award	34	–	6	40	–%	\$ –
PIID	DE 15 Potential Total Value of Award	38	–	2	40	–%	\$ –
PIID	DE 53 Obligation	39	1	–	40	2.50%	\$ (9,547,667) ⁸
FAIN/URI	DE 11 Federal Action Obligation	148	–	3	151	–%	\$ –
FAIN/URI	DE 12 Non-Federal Funding Amount	25	–	126	151	–%	\$ –
FAIN/URI	DE 13 Amount of Award	148	–	3	151	–%	\$ –
FAIN/URI	DE 14 Current Total Value of Award	–	–	151 ⁹	151	–%	\$ –
FAIN/URI	DE 53 Obligation	150	1	–	151	0.66%	\$(938,177,000) ¹⁰
	Total	616	3	293	875		

⁸ We compared File C (DE53) to File D1 (DE11) and noted a difference of -\$9,547,667. Per discussion with the HHS DATA Act team, the difference is related to a correction made to correct the Q1 submission. EY determined as of Q2 the data was correct as the difference is related to correction of the Q1 submission.

⁹ The HHS DATA Act team informed us that this data element for File D2 is only required for loans. As our selections did not include any loans, this data element was not applicable for all of our FAIN/URI samples.

¹⁰ We compared File C to File D2 (DE53) and noted a difference of -\$938,177,000. The HHS DATA Act team informed us that the discrepancy was corrected in the May 5th FABS submission, prior to certification.

U.S. Department of Health and Human Services

Section III: Findings and Recommendations

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 explained that the error in Table IV is most likely due to errors in the external entity registration from 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 191 File C samples for timeliness, completeness, quality and accuracy. Based on these considerations, we determined that HHS did not fully meet the quality attributes for its second quarter for FY 2020 submission. We found that HHS has issues with its data quality reflected in ongoing HHS efforts to remediate deficiencies in IT systems and accurate reporting of period of performance efforts 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 and there are new automated controls implemented that serve to mitigate some of the inherent risks from the previously manual processes, we identified the following:

- Financial systems have deficiencies related to access controls, configuration management and segregation of duties covered within the FISCAM procedures leading to the significant deficiency for both CMS and non-CMS environments within HHS.
- There is a manual component for the D2 file for the transmission of data between the grant systems to the Tracking Accountability in Government Grants System (TAGGS). The risk would include potential updates or modifications to the files that are emailed and uploaded into TAGGS.

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- The policies and procedures or relevant interface documentation are inconsistent and insufficient to detail the automated interface controls utilized in the DATA Act reporting solutions.

With source data originated and processed in an IT environment for which a significant deficiency exists for both CMS and non-CMS, we are not able to rely on the IT controls to validate that quality data is used for its DATA Act submissions.

Period of Performance Dates

We found that for 34 out of 49 CMS FAIN samples, the period of performance did not agree with the supporting documentation provided. We have determined that HHS followed existing operating guidance when populating the D₂ file. HHS used the award project period data in the standard interface file (SIF) to populate the period of performance fields in FABS. HHS's root cause analysis has determined that a gap exists in the OpDiv's understanding of the standard interface file (SIF) creation process for these fields. The SIF is a multipage file where multiple date fields are collected. Department-level guidance was provided, which includes specific definitions for what each field should represent. HHS believes that the OpDiv used a slightly different definition for these fields which caused the SIF to capture the incorrect date field.

Recommendations

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, and update interface controls to delineate details related to the automated interface controls utilized in the DATA Act reporting solutions. 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 and improve interface controls.

Additionally, we recommend that HHS focus on refreshing the OpDiv's understanding of the Departmental guidance and identifying potential needs for OpDiv training to prevent and detect future accuracy issues related to the performance dates. HHS also indicated that it is currently engaged in a Government-wide initiative to clarify the definition for the performance dates and other fields. The new 2 CFR final rule that OMB issued in August 2020 will also serve to clarify the definitions of these fields once the rule is adopted by HHS. Once the rule is finalized, HHS stated that it will provide refreshed guidance to the grants management data owners throughout the Department on the performance dates and other definitions.

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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.

Appendix – HHS Management Comments



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary
Washington, DC 20201

To: Amy J. Frontz, Deputy Inspector General for Audit Services

From: Sheila Conley, Deputy Assistant Secretary, Finance and Deputy Chief
Financial Officer
Mary S.
Conley -S

Subject: FY 2020 Digital Accountability and Transparency Act of 2014 (DATA Act)
Performance Audit

Digitally signed by Mary
S. Conley -S
Date: 2020.11.19
12:28:32 -05'00'

Thank you for the opportunity to comment on the results of the FY 2020 Independent Auditors' Report. We appreciate the diligent work of the Office of the Inspector General (OIG) and independent auditors, Ernst & Young (EY), throughout the audit of the U.S. Department of Health and Human Services' (HHS) Fiscal Year (FY) 2020 DATA Act submission.

We are pleased to receive your determination that HHS met the requirements of the DATA Act. We generally concur with the auditors' findings. We will continue to actively identify root causes, implement corrective actions, and monitor remediation efforts.

Overall, we have made strong progress in enhancing our internal control environment. We are proud of our progress and remain committed to ensuring high standards of data integrity and transparency in our financial reporting.

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