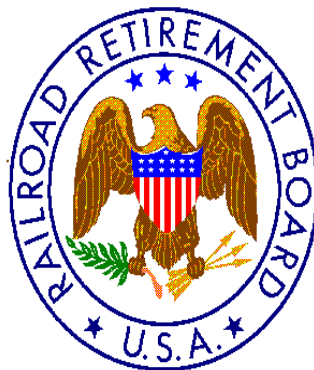# OFFICE OF INSPECTOR GENERAL

# Audit Report

## Railroad Retirement Board's Initial DATA Act Submission, While Timely, Was Not Complete or Accurate

## Report No. 18-01
## November 8, 2017

# RAILROAD RETIREMENT BOARD

## EXECUTIVE SUMMARY

**Background**

The Office of Inspector General (OIG) conducted an audit of Railroad Retirement Board's (RRB) compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act), as mandated.

**Key Findings**

Our audit determined that RRB made its initial certified DATA Act submission by the required due date and implemented the required data elements. However, the data files were not complete or accurate and did not agree to RRB's source systems. The RRB's submission did not include two months of benefit payments, resulting in an underreporting of approximately $2 billion. Also, benefit payment amounts that were reported did not agree to RRB source systems.

We identified the following control issues over RRB's DATA Act submission process.

- The Senior Accountable Official (SAO) was not adequately involved in the designation of the DATA Act certifiers, whom also did not attend training on the requirements of the certifier.

- Neither the SAO, nor her designees, developed adequate internal controls to confirm the reliability and validity of RRB's summary level and award level data reported for publication on USASpending.gov.

- RRB had few, if any, procedures for the validation and the reconciliation of the data or the files for the DATA Act submission. Bureau of Fiscal Operations (BFO) staff, and their contractor, CGI Federal Incorporated, relied extensively on automated validation checks in the DATA Act Broker, and did not adequately reconcile or validate RRB's DATA Act files. In addition, they failed to perform basic reasonableness testing and did not keep any copies of the information that was submitted or certified, which resulted in files not including information for all of the correct time periods, and other inaccuracies, which they seemed to be unaware of at the time of our audit.

- BFO staff had no procedures in place to work with procurement staff to ensure that the procurement file was complete or accurate prior to DATA Act certification.

- BFO staff had no procedures in place to work with staff from the RRB's Bureau of the Actuary and Research (BOA) to ensure that the benefit payment files were complete or accurate prior to DATA Act certification.

- Controls over RRB's source files and systems for benefit payment data were insufficient and these files were submitted by BOA approximately 2 months late. This resulted in incomplete benefit payment files.

**Key Recommendations**

To address identified weaknesses, we made seven recommendations to ensure that RRB's future DATA Act submissions are accurate and complete, which include:

- strengthening procedures for source data;

- establishing comprehensive controls and procedures for the submission and certification of DATA Act files;

- providing training to staff involved in the DATA Act process; and

- ensuring that the SAO provides adequate written assurance that RRB's internal controls support the reliability and validity of the RRB's DATA Act submission.

**Management's Response and Our Comments**

RRB management disagreed with the report's characterization of their overreliance on its contractor for DATA Act oversight and the development of policies and procedures, but concurred with the seven recommendations made in this report. Their response described actions they have taken subsequent to their initial DATA Act submission and as a result of deficiencies noted during our audit. In their response, they stated that they believe that their actions fully address our recommendations and requested closure of each of the recommendations made.

OIG reiterates that RRB's inadequate oversight was demonstrated by the fact that CGI did not provide a complete or accurate file C for the RRB's initial DATA Act submission. If RRB had performed minimal oversight or review of this file, such as performing reasonableness tests of the amounts included in the file, they would have noted that the file did not include 2 of 3 months of benefit payments, totaling over $2 billion.

Further, as our audit was conducted, we asked RRB to provide its DATA Act policies and procedures. We were provided an overview of the file generation process and instructions for how to submit the files in the DATA Act Broker. However, we were not provided any procedures to ensure that RRB's DATA Act submission was complete, accurate and timely. At that time, we were told procedures and controls were being developed. In August 2017, we were provided a process flow that: defined DATA Act related tasks to be completed, such as reconciliations and validations; assigned roles and responsibilities to complete these tasks; and established timelines for DATA Act reporting activities.

Given that the DATA Act mandated reporting by May 2017, development of policies and procedures prior to RRB's initial DATA Act submission should have assured better control and improved completeness and accuracy.

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## INTRODUCTION

This report presents the results of the Office of Inspector General's (OIG) audit of Railroad Retirement Board's (RRB) compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act), as mandated.[1]

### Background

RRB is an independent agency in the executive branch of the Federal Government. RRB administers comprehensive retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA). These programs provide income protection during old age and in the event of disability, death, temporary unemployment, or sickness. During fiscal year 2016, RRB paid retirement and survivor benefit payments totaling approximately $12.5 billion to about 553,000 retirement and survivor beneficiaries. RRB also paid net unemployment/sickness benefits of $132 million to about 34,000 claimants.

The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA), which required the Office of Management and Budget (OMB) to ensure the existence and operation of a single searchable website of federal award information, accessible by the public at no cost.[2] The federal award information that agencies must make available under FFATA included, but was not limited to, the name of the entity receiving the award; the amount of the award; information on the award, including transaction type, funding agency, program source, and an award title descriptive of the purpose of each funding action; the location of the entity receiving the award; and the primary location of performance under the award.

The DATA Act expanded FFATA and:

- required disclosure of direct federal agency expenditures and linkage of federal contract, loan, and grant spending information to federal programs so taxpayers and policy makers can more effectively track federal spending;

- established governmentwide data standards for financial data to provide consistent, reliable, and searchable governmentwide spending data that are displayed accurately for taxpayers and policy makers;

- simplified reporting for entities receiving federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency;

- improved the quality of data submitted by holding federal agencies accountable for the completeness and accuracy of the data submitted; and

- applied approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal Government.

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[1] Public Law 113-101 (May 9, 2014).
[2] Public Law 109-282 (September 26, 2006).

The DATA Act charged OMB and the Department of the Treasury (Treasury) with issuing guidance on the data standards needed to implement the DATA Act and required full disclosure of federal funds on the public website USASpending.gov (or a successor system) no later than May 2017.[3] The DATA Act further required the Secretary of the Treasury, in consultation with the Director of OMB, to ensure that the information is posted to the public website at least quarterly, but monthly when practicable. The DATA Act did not provide any additional funding dedicated to its implementation.

In May 2015, OMB and Treasury published 57 data definition standards and required federal agencies to submit financial data in accordance with these elements, to the Treasury's DATA Act Broker, beginning January 2017. Treasury developed the broker to translate and validate data from federal agencies to the USASpending.gov website. The broker is a gateway for the agencies' data to USASpending.gov and also ensures the accuracy of the data. Once submitted, the data is to be displayed on USASpending.gov.

The DATA Act Schema Data Dictionary details which of the OMB 57 required DATA elements are to be included in each file. Completion can be required, conditional per validation rule, or optional. Not all DATA elements are required for every file. DATA elements are reported in certain groupings including: appropriations account detail; object class and program activity detail; award and financial detail; award and awardee attributes; and sub-award attributes. They include things like federal action obligation, contract award type, awardee or recipient legal entity name, and primary place of performance.[4]

The DATA Act also required a series of oversight reports by the agency's OIG to include a review of a statistically valid sample of the agency's data submitted under the DATA Act and an assessment of the completeness, timeliness, quality, and accuracy of data submitted. The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the DATA Act. The first OIG reports on the DATA Act were due to the Congress in November 2016; however, federal agencies were not required to report spending data until May 2017. To address this anomaly, the Congress allowed OIGs to provide the first required reports in November 2017, a 1-year delay from the statutory due date, with subsequent reports following on a 2-year cycle. OIGs were encouraged to undertake DATA Act readiness reviews at their respective agencies, well in advance of the first November 2017 report. In 2016, we conducted a review of RRB's readiness for the implementation of the DATA Act, and reported our findings in a memorandum to RRB's three member Board on October 4, 2016.[5] This report presents our first assessment of the RRB's implementation of the DATA Act.

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[3] Office of Management and Budget (OMB), *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, OMB Memorandum 15-12 (Washington, D.C.: May 8, 2015).

[4] OMB, *Federal Spending Transparency Data Standards* (Washington, D.C.: August 31, 2015).

[5] RRB OIG, *Memorandum: Digital Accountability and Transparency Act of 2014 Readiness Assessment for the Railroad Retirement Board* (Chicago, IL: October 4, 2016).

For its initial submission under the DATA Act, RRB was required to submit and certify DATA Act Files A through F for the second quarter of fiscal year 2017. Information on DATA Act Files A through F is shown in Table 1.

**Table 1: Description of Information Contained in DATA Act Files A through F**

| File | File Name | File Description |
|---|---|---|
| File A | Appropriations Account Detail | Contains appropriation summary level data that are aligned to the SF133 Report on Budget Execution and Budgetary Resources (SF133). |
| File B | Object Class and Program Activity Detail | Includes obligation and outlay information at the program activity and object class level based on the SF133. |
| File C | Award and Financial Detail | Includes obligations at the award and object class level. It contains procurement and benefit payment information obtained from RRB's Financial Management Integrated System (FMIS), data provided by procurement staff in RRB's Office of Administration and data provided by staff from RRB's Bureau of the Actuary and Research (BOA). Obligations on file C should total obligations on files D1 and D2. |
| File D1 | Award and Awardee Attributes (Procurement) | Reports award and awardee attributes for procurement data pulled from the Federal Procurement Data System – Next Generation (FPDS-NG). DATA in FPDS-NG was provided by FMIS, procurement staff input and the System for Award Management (SAM). |
| File D2 | Award and Awardee Attributes (Financial Assistance) | Reports award and awardee attributes for financial assistance data (benefit payments at RRB) pulled from the Awards Submission Portal (ASP). Data in ASP was submitted by BOA staff. |
| File E | Additional Awardee Attributes | Includes the additional prime awardee attributes from SAM. Consists mainly of information on highly compensated executives. |
| File F | Sub-award Attributes | Includes sub-award attributes reported from the FFATA Sub-award Reporting System (FSRS). |

*Source:* OMB Memorandum 17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring DATA Reliability,* November 4, 2016; and Treasury, *DATA Act Implementation Playbook Version 2.0*, June 24, 2016.

RRB's Bureau of Fiscal Operations (BFO) compiles and reports financial data through FMIS. CGI Federal Incorporated (CGI) serves as RRB's shared service provider for FMIS, as well as the shared service provider for other federal customers for DATA Act implementation.

RRB's Deputy Chief Financial Officer is the designated Senior Accountable Official (SAO) for RRB's DATA Act activities. OMB's DATA Act implementation guidance states that "[o]n a quarterly basis, agency Senior Accountable Officials must provide reasonable assurance that their internal controls support the reliability and validity of the agency account level and award-level data they submit to Treasury for publication on USASpending.gov."[6]

### Audit Objectives

The objectives for this audit were to assess the:

1. completeness, timeliness, quality, and accuracy of fiscal year 2017, second quarter financial and award data submitted by RRB for publication on USASpending.gov; and

2. RRB's implementation and use of the governmentwide financial data standards established by OMB and Treasury.

### Scope

The scope of this audit was fiscal year 2017 second quarter financial and award data that RRB submitted for publication on USASpending.gov, and applicable procedures, certifications, documentation, and controls to achieve this submission.

### Methodology

To accomplish the audit objectives, we:

- obtained an understanding of any regulatory criteria related to RRB's responsibilities to report financial and award data under the DATA Act;

- assessed RRB's systems, processes, and internal controls in place over data management under the DATA Act; [7]

- assessed the general and application controls pertaining to the financial management systems (e.g. benefit payments, procurements) from which the data elements were derived and linked;

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[6] OMB, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, OMB Management Procedures Memorandum 2016-03 (Washington, D.C.: May 3, 2016).
[7] For the purposes of this audit, data management refers to the policies and procedures RRB has in place to manage the flow of federal and spending award data throughout its entire life cycle.

- assessed RRB's internal controls in place over financial and award data reported to USASpending.gov in accordance with OMB Circular A-123;[8]

- tested a statistically valid sample of procurement transactions from RRB's procurement (D1) file that was submitted by RRB for publication on USASpending.gov;

- assessed the completeness and accuracy of the procurement data sampled (see Appendix II for methodology and results); and

- assessed RRB's implementation and use of the 57 data definition standards established by OMB and Treasury.

Given the governmentwide reporting requirements, CIGIE and its Federal Audit Executive Council (FAEC) established the DATA Act Working Group (Working Group) to assist the OIG community in understanding and meeting its DATA Act oversight requirements. The Working Group created the *Inspectors General Guide to Compliance under the DATA Act* (the guide). The guide was intended to provide the OIG community with a baseline framework for their reviews under the DATA Act. The guide instructed OIG DATA Act engagement teams to adhere to the overall methodology, objectives, and review procedures outlined in the guide, to the extent possible, but also instructed them to modify the guide using professional judgment, based on specific systems and controls in place at their agencies. We used this guide to plan and conduct this audit.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We conducted our fieldwork at RRB headquarters in Chicago, Illinois from May 2017 through October 2017.

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[8] OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (Washington, D.C.: July 15, 2016).

Our audit determined that RRB made its initial certified DATA Act submission by the required due date and implemented the required data standards. However, the data files were not complete or accurate and did not agree to RRB's source systems.

**RRB's Initial DATA Act Submission was Neither Complete nor Accurate and Internal Control Weaknesses Should be Addressed**

RRB was required to certify the completeness and accuracy of their data files, contained in the DATA Act Broker, by May 2017. Our audit found that RRB certified their DATA Act files timely. Certifications for all files were complete by May 1, 2017. However, RRB's initial DATA Act submission for benefit payments (Files C and D2), for the 2nd quarter of fiscal year 2017, was not complete. These files should have contained all benefits paid to retirement, survivor, sickness, and unemployment beneficiaries and claimants from January 1, 2017 to March 31, 2017, a total of approximately $3.2 billion. The benefit payment files (Files C and D2) that were submitted and certified did not include RRA benefit payments for the months of February and March 2017 and RUIA benefit payments for March 2017. As a result, the benefit payments were underreported by over $2 billion.

In addition to being incomplete, the benefit payment files were not accurate. RRB made an across-the-board adjustment of approximately $460,000 (net amount) to the monthly benefit payment files so that the total dollars paid out of each fund would match the monthly cash statements in FMIS. The differences were the result of adjustments and recoveries to some payments. This across-the-board adjustment was applied as a percentage to each of the funds in total, rather than to the individual payments actually affected. Therefore, the adjustment process made each reported line item inaccurate.

Given the significant amount of benefit payment data not reported in RRB's 2nd quarter fiscal year 2017 DATA Act submission and the error we identified with the across-the-board adjustment, which resulted in an incomplete and inaccurate submission, we determined that inclusion of the C and D2 files in our statistical sample was not prudent and excluded these files.

Unlike the C and D2 files, based on our initial review, RRB's DATA Act procurement file (D1 file) was sufficiently complete, and controls over RRB's source systems for this file were sufficiently reliable. Therefore, we used this file for our sample testing.

As mandated, we tested a statistically valid sample of 156 procurement transactions from RRB's D1 DATA Act file, to determine if the file passed a series of compliance tests. We determined if each required data element for the file was included and accurate when compared to underlying RRB documentation and source systems. Our tests determined an error rate of 6 percent for the completeness of data (94 percent were complete) and an error rate of 91 percent for the accuracy (9 percent were accurate) of data in the 2nd quarter DATA Act submission. We considered a sample item to be an error for completeness when a required data element was left empty. A sample item was an error for accuracy when any required data field did not agree to RRB

supporting documentation, RRB source systems, or an authoritative source system. An error for any data element caused the sampled item to be an error.

During the course of this audit, governmentwide data reporting issues were identified by various OIGs. These issues were present in our sample results. Given these issues, we also calculated a secondary error rate excluding these errors. Once excluded, our sample showed an error rate of 6 percent for the completeness of data (94 percent were complete) and an error rate of 81 percent for the accuracy of data (19 percent were accurate) in the 2nd quarter DATA Act submission. Further details on these issues and governmentwide observations are presented in Appendix II, along with our sampling methodology and results.

RRB's first DATA Act submission was not complete or accurate because internal controls over RRB's DATA Act submission itself, and controls over some of the source systems for the data, were either missing or ineffective. We identified the following internal control issues over RRB's DATA Act submission process.

- The SAO was not adequately involved in the designation of the DATA Act certifiers whom also did not attend training on the requirements of the certifier.

- Neither the SAO, nor her designees, developed adequate internal controls to confirm the reliability and validity of RRB's summary level and award level data reported for publication on USASpending.gov.

- RRB had few, if any, procedures for the validation and the reconciliation of the data or the files for the DATA Act submission. BFO staff, and their contractor, CGI, relied extensively on automated validation checks in the DATA Act Broker, and did not adequately reconcile or validate RRB's DATA Act files. In addition, they failed to perform basic reasonableness testing and did not keep any copies of the information that was submitted or certified, which resulted in files not including information for all of the correct time periods, and other inaccuracies, which they seemed to be unaware of at the time of our audit.

- BFO staff had no procedures in place on how to work with procurement staff to ensure that the procurement file (D1) was complete or accurate prior to DATA Act certification.

- BFO staff had no procedures in place to work with staff from BOA to ensure that the benefit payment (Files C and D2) files were complete or accurate prior to DATA Act certification.

We also identified the following internal control weaknesses over the source systems utilized in RRB's DATA Act submission.

- Controls over RRB's source files and systems for benefit payment data were insufficient. Monthly RRA and RUIA benefit payment (D2) files, which were used by both CGI to generate RRB's file C submission, and by the DATA Act Broker to generate the quarterly D2 file, were consistently submitted by RRB's BOA approximately 2 months late. This resulted in the incomplete files C and D2 in RRB's 2nd quarter fiscal year 2017 DATA Act submission. The monthly D2 file was submitted late because BOA staff:
    - waited for cash statements from BFO to verify source data and to generate the monthly D2 file;
    - were not aware of the reporting deadlines for the monthly files; and
    - did not understand that delays in the monthly benefit payment file submission caused the benefit payment files for RRB's 2nd quarter fiscal year 2017 DATA Act submission to be incomplete and inaccurate.

- BOA's validation process over the source files for benefit payment information is not sufficient. During the audit, we found that the BOA's monthly D2 file submission to USASpending.gov for March 2017 did not include data for the majority of benefit payment accounts. Therefore, if the monthly file for March had been timely, there would have been further inaccuracies in the DATA Act benefit payment files (Files C and D2). BOA's procedure of comparison to the cash statement should have identified this discrepancy. When we notified BOA of this error, they submitted the corrected files to USASpending.gov.

The overarching cause of all of our findings is that RRB's SAO and delegated certifier were unprepared to and did not provide meaningful assurance that RRB's first DATA Act submission was complete or accurate. Instead, RRB relied exclusively on its FMIS contractor, CGI, to meet all of their DATA Act reporting requirements, with minimal oversight by RRB.

During the course of our audit, RRB officials explained that as the May 2017 DATA Act submission was its first, they had yet to develop any internal controls over the submission process. RRB officials also told us that, for this first submission, RRB relied on CGI's testing and internal procedures and controls over the DATA Act file generation and controls over FMIS. They indicated that in the future they planned to develop procedures and controls to obtain assurance from management responsible for certain types of data (procurement, etc.), before they certify the DATA Act submission.

When we asked the CGI representative what types of controls there were at CGI to ensure that RRB's DATA Act submission files were valid, reliable, complete, accurate, and timely, he told us that the majority of the controls were built into the DATA Act Broker. He indicated that there were extensive edits and validations that the files went through upon upload to the DATA Act Broker, which would determine if all required data elements were included in a file, therefore there would be no chance of not including the required data elements in a file. Other edits and validations would review for the format of the data element included in the file and for the length of data element. Finally, there

were edits and validations that compared amounts from the various files and extensive cross validation between the files. These automated validation checks and other controls performed by CGI were not effective in assuring that RRB's DATA Act files as submitted and certified were valid, complete, or accurate.

In its October 2016 memorandum outlining the results of its readiness review, the OIG raised concerns to RRB management related to RRB's heavy reliance on its contractor as its solution for implementing the DATA Act. In that memorandum, OIG made four recommendations to BFO to take action to ensure that RRB would be ready to meet the requirements for their first DATA Act submission in May 2017. The recommendations included: developing milestones to facilitate better oversight of CGI; holding regular status meetings; forming a formal DATA Act work group with appropriate levels of management; and expediting system changes to prepare for DATA Act implementation. At that time, RRB management only partially concurred with our recommendations and have not yet submitted any corrective actions for our review.

During this audit, but after RRB's first DATA Act submission, we presented our preliminary findings to RRB management and staff whom confirmed our findings on the completeness and accuracy of the submission. Subsequently, RRB has taken action to establish some procedures for future DATA Act submissions. These procedures include defining DATA Act related tasks to be completed, such as reconciliations and validations; assigning roles and responsibilities to complete these tasks; and establishing timelines for DATA Act reporting activities. We have reviewed these corrective actions but have not yet assessed their effectiveness as they are outside the scope of this audit.

Recommendations

We recommend the Bureau of Fiscal Operations:

1. establish procedures to ensure that the source data for the DATA Act files are timely, accurate, and complete, prior to the quarterly DATA Act submissions and certifications;

2. work with Bureau of the Actuary and Research to ensure that all benefit payment data in the DATA Act files are complete and accurate prior to submission and certification;

3. work with Office of Administration's procurement staff to ensure that all procurement data in the applicable DATA Act file is complete and accurate prior to submission and certification;

4. work with necessary contractor staff to ensure that all data in the DATA Act files are complete and accurate prior to submission and certification;

5. establish comprehensive controls and procedures over the submission and certification of RRB's DATA Act files;

6. assess the training needs of RRB staff involved in the DATA Act process and assure training is identified and conducted in a timely manner; and

7. ensure that the SAO, or designee, provides adequate written assurance that RRB's internal controls support the reliability and validity of RRB's summary level and award-level data reported for publication on USASpending.gov.

Management's Response and Our Comments

RRB management disagreed with the report's characterization of their overreliance on its contractor for DATA Act oversight and the development of policies and procedures, but concurred with the seven recommendations made in this report. Their response described actions they have taken subsequent to their initial DATA Act submission and as a result of deficiencies noted during our audit. In their response, they stated that they believe that their actions fully address our recommendations and requested closure of each of the recommendations made. We have not assessed the efficacy of RRB's actions as it was outside of the scope of this audit. We will assess said actions through the standard process in place for such review.

For Recommendation 1, RRB management stated that, through cooperation with CGI support staff, the Contracting Officer's Representative and principle stakeholders from the Bureau of Fiscal Operations, Bureau of the Actuary and Research and Acquisitions Management, they enhanced and expanded upon their original procedures. They stated that the revised comprehensive procedures are in place and operating effectively and are entitled DATA Act Process Flow.

For recommendation 2, RRB management stated in order to improve the accuracy and completeness of railroad retirement and unemployment and sickness payment data that updates the USA Spending site and Federal Assistance Award Data System, the Bureau of the Actuary and Research no longer makes adjustments to match the accounting cash statement. They stated that the submitted files rely solely on payment data provided by the Master Benefit File and UI/SI MACRO system. In addition, RRB management further stated that designated contacts in the Bureau of the Actuary and Research participate in the "pre" and "post" broker reviews as outlined in the "DATA Act Process Flow" and sign off on data relating to this area, signifying approval for the Certifier to load the data into the broker.

For recommendation 3, RRB management stated as detailed with the DATA Act Process Flow procedure the designated contacts in Acquisition Management participate in the "pre" and "post" broker reviews and provide signatory approval for the Certifier to load the data into the broker.

For recommendation 4, RRB management stated the DATA Act Process Flow procedures detail the contractor staff responsibilities under section 1.8. Additionally, they stated the DATA Act Process Flow procedures detail roles and responsibilities associated with ensuring accurate and complete DATA Act files for all responsible or designated RRB staff, as well.

For recommendation 5, RRB management stated the revised procedures entitled, DATA Act Process Flow establishes comprehensive controls and procedures covering the submission and certification of RRB's DATA Act files, to include review of source and resulting data to be submitted.

For recommendation 6, RRB management stated that they assessed staff training needs and arranged for CGI staff to conduct on-site training for DATA Act reporting in December 2016. They stated that they have not identified any additional training needs as of the third quarter's successful submission.

For recommendation 7, RRB management stated RRB's comprehensive review process for DATA Act file submissions provides the internal controls to support the reliability and validity of the data submitted to Treasury for publication on USASpending.gov under the DATA Act. They indicated that RRB's process is comparable to that used by other mid-sized Federal agencies and has been approved by the Senior Accountable Official. The Senior Accountable Official stated that she has designated staff to serve as file submitters, certifiers and, as appropriate, backups. RRB management stated that the RRB has not submitted any files, without written assurance of the designated BFO point of contact attesting to the completeness and accuracy of the files.

The OIG disagrees with RRB management's statements for recommendation 7. The RRB did not provide adequate written assurance for its internal controls to support the reliability and validity of their DATA Act submission. The only assurance provided by the RRB for the second quarter was the certification of the files in the DATA Act Broker. However, this certification did not serve as a reliable control as the certified files were not complete or accurate. Over 2 months of benefit payments totaling over $2 billion were not included in the submission.

The actions BFO has taken to address the report recommendations relate mainly to the development of new procedures for the RRB's DATA Act submission. BFO stated that in order to provide the required assurance that internal controls support the reliability and validity of the data submitted under the DATA Act, BFO staff and CGI drafted a comprehensive review process for use in the 3rd quarter (and all subsequent) DATA Act file submissions.

The OIG agrees that the RRB's DATA Act policies and procedures evolved with the process and concurrent with the IG's review. However, this should not have been the case. RRB's DATA Act Certifier informed us on May 23, 2017 that the RRB had not yet developed internal controls and procedures to gain assurance on the DATA Act submission and that RRB planned to develop these controls and procedures in the future. RRB has been aware of the required DATA Act reporting deadline for several years. Policies and procedures should have been developed for the DATA Act submission prior to the first mandated DATA Act submission, rather than after our audit field work started and we had notified RRB of our preliminary findings. Improved controls and oversight should better assure that future submissions are complete and accurate.

**RRB Implemented and Used the Governmentwide Financial Data Standards in its DATA Act Submission**

RRB implemented the required data standards in its DATA Act submission. Each of the files required to be submitted for DATA Act reporting contained the applicable OMB data standards.

We reviewed, at a high level, all DATA Act data submitted and found that the data elements were generally present and included data. Our review of the files generated by RRB (Files A, B, and C) found that RRB included the required DATA elements for these files and entered information into the fields as required. Files D1, D2, E, and F were generated by the DATA Act Broker and contained the required data elements.

As we did not identify errors related to the implementation and use of the governmentwide financial data standards, we are not making any recommendations in this area.

UNITED STATES GOVERNMENT        **FORM G-115f (1-92)**

*MEMORANDUM*         RAILROAD RETIREMENT BOARD

November 3, 2017

**TO** : Heather J. Dunahoo
Assistant Inspector General for Audit

**FROM** : Shawna R. Weekley      SHAWNA   Digitally signed by SHAWNA WEEKLEY
Deputy Chief Financial Officer   WEEKLEY   DN: c=US, o=U.S. Government, ou=Railroad Retirement Board, cn=SHAWNA WEEKLEY, 0.9.2342.19200300.100.1.1=60001 000028809
Date: 2017.11.03 15:35:57 -05'00'

**SUBJECT:** Draft Report – Railroad Retirement Board's Initial DATA Act
Submission, While Timely, Was Not Complete or Accurate

This memorandum provides comments regarding your asserted findings and concurrence on recommendations addressed to the Bureau of Fiscal Operations in the above named draft report relating to the RRB's initial DATA Act submission. This memorandum also describes our actions subsequent to the initial DATA Act submission as they relate to your recommendations. Finally, we believe that our actions fully address your recommendations and therefore request closure of each of the recommendations.

We emphatically disagree with the OIG's assertion that "RRB relied exclusively on its FMIS contractor, CGI, to meet all of our DATA Act reporting requirements with minimal oversight by RRB." We only partially concurred with the recommendations made in the OIG's previous readiness review because we did not believe that our reliance on the contractor was excessive or that oversight was inadequate.

As a shared service provider under the contract, CGI is required to provide all software maintenance required to meet Federal government reporting and processing requirements, which included the DATA Act. RRB provides oversight of their contracted system maintenance through its Financial Management Integrated System (FMIS) Contracting Officer's Representative (COR) and other agency stakeholders; namely RRB Data Act Points of Contact, appointed as early as November of 2015.

The primary method of oversight was communication via regular meetings and conference calls, occurring weekly, and sometimes daily, in order to monitor CGI's progress and milestones. We ensured that all appropriate stakeholders were actively involved and engaged as we progressed. We collaborated with CGI and the OMB's DATA Act Program Management Office to work through and resolve issues. Additionally, we hosted on-site trainings and workgroup meetings to explore how the existing FMIS software would meet the DATA Act requirements. Our efforts working with CGI resulted in the RRB successfully and timely meeting the requirement of OMB Budget Data request 16-02 that required agencies to submit an "Object Class/Program Activity"

file (a precursor to the Data Act File A). While many Federal agencies were not able to meet this requirement on the mandated date, RRB did, in large part, due to the oversight we provided.

We provided documentation for all our oversight activity during your readiness review. We believe that we met or exceeded our COR oversight responsibilities in working with the contractor to meet the RRB's DATA Act reporting responsibilities.

We also disagree with the reports' characterization of our efforts to develop policies and procedures. DATA Act implementation was an evolving process for all federal agencies. RRB's policies and procedures evolved with the process and concurrent with the IG's review.

While we disagree with the reports' characterization of our oversight role and efforts, we do concur with the recommendations addressed to the Bureau of Fiscal Operations in the above named draft report relating to the RRB's initial DATA Act submission. The following comments describe our actions subsequent to the initial submission as they relate to your recommendations.

1. *Establish procedures to ensure that the source data for the DATA Act files are timely, accurate, and complete, prior to the quarterly DATA Act submissions and certifications.*

   Through cooperation with CGI support staff, the Contracting Officer's Representative and principle stakeholders from the Bureau of Fiscal Operations, Bureau of the Actuary and Research and Acquisition Management, we enhanced and expanded upon our original procedures. The revised comprehensive procedures are in place and operating effectively. The revised comprehensive procedures, entitled *Data Act Process Flow*, are attached for your convenience.

2. *Work with Bureau of the Actuary to ensure that all benefit payment data in the DATA Act files are complete and accurate prior to submission and certification.*

   In order to improve the accuracy and completeness of railroad retirement and unemployment and sickness payment data that updates the USA Spending site and Federal Assistance Award Data System, the Bureau of the Actuary and Research no longer makes adjustments to match the accounting cash statement. The submitted files rely solely on payment data provided by the Master Benefit File and UI/SI MACRO system. In addition, designated contacts in the Bureau of the Actuary and Research participate in the "pre" and "post" broker reviews as outlined in the "Data Act Process Flow" and sign off on data relating to this area, signifying approval for the Certifier to load the data into the Broker.

3. *Work with Office of Administration's procurement staff to ensure that all procurement data in the applicable DATA Act file is complete and accurate prior to submission and certification.*

   As detailed with the *Data Act Process Flow* procedure the designated contacts in Acquisition Management participate in the "pre" and "post" broker reviews and provide signatory approval for the Certifier to load the data into the Broker.

4. *Work with necessary contractor staff to ensure that all data in the DATA Act files are complete and accurate prior to submission and certification.*

The *Data Act Process Flow* procedures detail the contractor staff responsibilities under section 1.8. Additionally, the *Data Act Process Flow* procedures detail roles and responsibilities associated with ensuring accurate and complete DATA Act files for all responsible or designated RRB staff as well.

5. *Establish comprehensive controls and procedures over the submission and certification of RRB's DATA Act files.*

The revised procedures entitled, *Data Act Process Flow* establishes comprehensive controls and procedures covering the submission and certification of RRB's DATA Act files, to include review of source and resulting data to be submitted.

6. *Assess the training needs of RRB staff involved in the DATA Act process and assure training is identified and conducted in a timely manner.*

We assessed staff training needs and arranged for CGI staff to conduct on-site training for Data Act reporting in December 2016. The presentation from this training is attached and is posted to the FMIS SharePoint site for staff reference. We have not identified any additional training needs as of the third quarter's successful submission.

7. *Ensure that the SAO, or designee, provides adequate written assurance that the agency's internal controls support the reliability and validity of the agency's summary level and award-level data reported for publication on USASpending.gov.*

RRB's comprehensive review process for Data Act file submissions provides the internal controls to support the reliability and validity of the data submitted to Treasury for publication on USASpending.gov under the DATA Act. RRB's process is comparable to that used by other mid-sized Federal agencies and has been approved by me, in my capacity as Senior Accountable Official. I have designated staff to serve as file submitters, certifiers and as appropriate backups. The RRB has not submitted any files, without written assurance of the designated BFO point of contact attesting to the completeness and accuracy of the files.

Attachments:
Data Act Process Flow
Data Act Requirements Presentation

cc:     Lawrence Haskin, Chief, Treasury, Debt Recovery and Systems Division
        Kris Garmager, Financial Systems Manager
        David Miller, Finance Officer
        Michael J. Rizzo, Supervisory Statistician
        Jeffery Baer, Director of Audit Affairs and Compliance

## Statistical Sample Methodology and Results

This appendix presents the methodology and results of our statistical sample to assess the completeness and accuracy of selected required data fields submitted as part of Railroad Retirement Board's (RRB) Digital Accountability and Transparency Act of 2014 (DATA Act) D1 File.

**Scope**

Our sample was selected from procurement award data included in RRB's DATA Act File D1 submission for the second quarter of fiscal year 2017, submitted for publication on USASpending.gov. This file consisted of procurement transactions for the period October 1, 2016 through March 31, 2017. This universe included procurement transactions (new awards and modifications to existing awards) made by RRB. The universe consisted of 261 procurement transactions included in File D1 as extracted by the DATA Act Broker from Federal Procurement Data System-Next Generation (FPDS-NG).

**Review Methodology**

We used attribute sampling to test the completeness and accuracy of data reported for each procurement transaction in File D1. We did not select our sample from procurement and benefit payment transactions in File C because this file was not complete and benefit payment amounts on File C were known not to agree to RRB benefit payment systems. The guide directed us to sample from Files D1 and D2. However, File D2 was also incomplete and contained inaccurate amounts for benefit payments. Therefore, we selected our sample from File D1.

Based on sampling criteria contained in guidance for this audit, the sample had a presumed universe error rate of 50 percent, desired precision rate of 5 percent, and desired confidence level of 95 percent. This was to result in a sample size of 385 transactions. However, because the recommended sample size of 385 represents more than 5% of the population, the guide allowed us to use the following formula to reduce the recommended sample size: $385/[1+(385/N)]$, where "N" represents the population size.[9] This resulted in a sample size of 156 procurement transactions from a universe of 261 transactions. The 156 samples were chosen randomly using EZ-Quant software. OIG transactions were excluded from our sample.

For completeness, we considered any sample item to be an error when at least one of the 39 required data fields was left empty. Each sample item did not require an entry for each data field. A sample item failed the test for accuracy when any of the required data fields did not agree to RRB supporting documentation, RRB source systems, or other authoritative systems. An error for any data element caused the sample item to be an error.

We calculated an error rate for completeness and an error rate for accuracy for each sample item based on the results of the testing of the data elements. To calculate the error rate for completeness, we divided the total number of samples with an error in

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[9] Federal Audit Executive Committee DATA Act Working Group, *Inspectors General Guide to Compliance Under the DATA Act* (February 27, 2017).

completeness by the total number of sample items. For accuracy, we divided the total number of samples with an error in accuracy by the total number of samples.

## Results

We reviewed a sample of 156 procurement transactions, drawn from a population of 261 procurement transactions on File D1. The data element tested and results of tests for the attributes of completeness and accuracy for each data element are shown in Table 2.

**Table 2: Sample Results**

| Data Element Test (data elements applicable to the D1 file) | Sample Number Tested | Errors Observed for Completeness in Sample | Completeness Errors as a Percentage of Sample[a] | Errors Observed for Accuracy in Sample | Accuracy Errors as a Percentage of Sample[a] |
|---|---|---|---|---|---|
| Procurement Instrument Identifier | 156 | 0 | - | 2 | 1% |
| Awarding Sub Tier Agency Code | 156 | 0 | - | 0 | - |
| Awarding Sub Tier Agency Name | 156 | 0 | - | 0 | - |
| Awarding Agency Code | 156 | 0 | - | 0 | - |
| Awarding Agency Name | 156 | 0 | - | 0 | - |
| Parent Award Identification Number | 156 | 0 | - | 1 | 1% |
| Award Modification Amendment Number | 156 | 0 | - | 2 | 1% |
| Contract Award Type | 156 | 0 | - | 3 | 2% |
| North American Industrial Classification System (NAICS) Code | 156 | 0 | - | 51 | 33% |
| NAICS Description | 156 | 0 | - | 0 | - |
| Awardee or Recipient Unique Identifier | 156 | 0 | - | 4 | 3% |
| Ultimate Parent Legal Entity Name | 156 | 2 | 1% | 16 | 10% |

**Statistical Sample Methodology and Results**

| Data Element Test (data elements applicable to the D1 file) | Sample Number Tested | Errors Observed for Completeness in Sample | Completeness Errors as a Percentage of Sample[a] | Errors Observed for Accuracy in Sample | Accuracy Errors as a Percentage of Sample[a] |
|---|---|---|---|---|---|
| Ultimate Parent Unique Identifier | 156 | 0 | - | 64 | 41% |
| Award Description | 156 | 0 | - | 2 | 1% |
| Primary Place of Performance Congressional District | 156 | 7 | 5% | 0 | - |
| Awardee or Recipient Legal Entity Name | 156 | 0 | - | 2 | 1% |
| Legal Entity Congressional District | 156 | 2 | 1% | 2 | 1% |
| Legal Entity Address Line 1 | 156 | 0 | - | 13 | 8% |
| Legal Entity Country Code | 156 | 0 | - | 0 | - |
| Legal Entity Country Name | 156 | 0 | - | 0 | - |
| Period of Performance Start Date | 156 | 0 | - | 6 | 4% |
| Period of Performance Current End Date | 156 | 7 | 5% | 51 | 33% |
| Period of Performance Potential End Date | 156 | 7 | 5% | 7 | 5% |
| Ordering Period End Date | 156 | 0 | - | 1 | 1% |
| Action Date | 156 | 0 | - | 16 | 10% |
| Action Type | 156 | 0 | - | 0 | - |
| Federal Action Obligation | 156 | 0 | - | 2 | 1% |
| Current Total Value of Award | 156 | 7 | 5% | 91 | 58% |
| Potential Total Value of Award | 156 | 0 | - | 97 | 62% |
| Funding Sub Tier Agency Code | 156 | 0 | - | 0 | - |
| Funding Sub Tier Agency Name | 156 | 0 | - | 0 | - |
| Funding Office | 156 | 0 | - | 0 | - |

**Statistical Sample Methodology and Results**

| Data Element Test (data elements applicable to the D1 file) | Sample Number Tested | Errors Observed for Completeness in Sample | Completeness Errors as a Percentage of Sample[a] | Errors Observed for Accuracy in Sample | Accuracy Errors as a Percentage of Sample[a] |
|---|---|---|---|---|---|
| Code | | | | | |
| Funding Office Name | 156 | 0 | - | 0 | - |
| Awarding Office Code | 156 | 0 | - | 0 | - |
| Awarding Office Name | 156 | 0 | - | 0 | - |
| Funding Agency Code | 156 | 0 | - | 0 | - |
| Funding Agency Name | 156 | 0 | - | 0 | - |
| Primary Place of Performance Country Code | 156 | 7 | 5% | 0 | - |
| Business Type | 156 | 0 | - | Not reviewed | |

[a] Rounded to the nearest whole percentage for reporting purposes. When the percentage was less than 1% we always rounded up to 1%.

**Conclusion**

Based on the sample above, we determined an error rate of 6 percent for the completeness of data (94 percent were complete) and an error rate of 91 percent for the accuracy (9 percent were accurate) of data in the 2nd quarter DATA Act submission. We also determined the accuracy error rate when excluding governmentwide data reporting errors, discussed further below, to be 81 percent (19 percent were accurate).

We found that 8 of the data elements accounted for the majority of accuracy errors in our sample transactions. These 8 transactions had errors ranging from 8 percent to 62 percent of the sample. The remaining 30 data elements had errors as a percentage of the sample of 5 percent or less.

Governmentwide Data Reporting Issues

During the course of this audit and similar audits undertaken throughout the Inspector General community, governmentwide data reporting issues were identified. These data errors are generally due to DATA Act Broker issues. These issues include errors in how data is extracted by the DATA Act Broker for several data elements. The following describes the governmentwide data issues identified that are present in RRB's DATA Act submission.

Data from the (1) Current Total Value of Award and (2) Potential Total Value of Award elements are extracted from FPDS-NG via the legacy USASpending.gov and provided

to the DATA Act Broker.[10] Specifically, data for these elements are extracted from the following FPDS-NG fields respectively: (1) base and exercised options value and (2) base and all options value. These two fields are categorized in FPDS-NG under two columns for data entry labeled "Current" and "Total". The "Current" column contains amounts entered into the system by the agency. The "Total" column contains cumulative amounts computed by FPDS-NG based on the modification amounts entered into the system by the agency. Procurement award modifications, included in our sample, reported values for these elements from FPDS-NG's "Current" column, which displays the modification amount, rather than the "Total" column, which displays the total award value. As a result, data for the Current Total Value of Award and Potential Total Value of Award elements were inconsistent with agency records. A no-cost modification would cause the "Total" column to display an erroneous zero balance. Procurement awards (base awards) that were not modified did not produce these same errors.

Treasury's PMO governmentwide DATA Act Program Management Office officials confirmed that they are aware that the broker currently extracts data for these elements from the "Current" column rather than the "Total" column. A Treasury official stated that the issue will be resolved once DATA Act Information Model Schema version 1.1 is implemented in the broker and related historical data from USASpending.gov are transferred to Beta.USASpending.gov during fall 2017. We did not evaluate the reasonableness of Treasury's planned corrective action.

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[10] OMB defines the current total value of award data element as the total amount obligated to date on a contract, including the base and exercised options. Potential total value of award is defined as the total amount that could be obligated on a contract, if the base and all options are exercised. The legacy USASpending.gov uses FPDS Version 1.4 to extract and map that data from FPDS-NG. This was a one-time extraction for 2nd quarter transactions.