

**COURT SERVICES OFFENDER SUPERVISION AGENCY (CSOSA)**

**Performance Audit of the Agency's  
Compliance with DATA Act of 2014  
FY 2017 - Quarter 2**

**November 8, 2017**



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November 3, 2017

Grace Zhao  
Deputy Associate Director  
Office of Financial Management  
Court Services Offender Supervision Agency

**Report on the Court Services Offender Supervision Agency's Compliance with DATA Act for FY 2017 Quarter 2**

Williams, Adley & Company-DC, LLP conducted a performance audit of the Court Services Offender Supervision Agency's (CSOSA) Compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) for FY 2017 Quarter 2. The audit was performed in accordance with the *Inspector General's Guide to Compliance Under the DATA Act*, dated February 27, 2017. This report presents the results of the audit, and includes recommendations to help improve CSOSA's compliance with the DATA Act.

Our audit was conducted in accordance with applicable *Government Auditing Standards*, 2011 revision. The audit was a performance audit, as defined by Chapter 2 of the *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.

We appreciate the opportunity to have conducted this audit. Should you have any questions or need further assistance, please contact Kola A. Isiaq, Partner at (202) 371-1397.

Sincerely,

*Williams, Adley & Company-DC, LLP*  
Washington, District of Columbia

## EXECUTIVE SUMMARY

We conducted a performance audit of the Court Services Offender Supervision Agency's (CSOSA) compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) for FY 2017, Quarter 2. Our audit was performed in accordance with generally accepted Government Auditing Standards (GAGAS) using the methodology described in the *Inspector General's Guide to Compliance Under the DATA Act*, issued February 27, 2017. Accordingly, our audit included examining, on a test basis, evidence about the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the Government-wide financial data standards by CSOSA related to its FY 2017 Quarter 2 (Q2) submission.

Overall, we determined that CSOSA partially compliant with the DATA Act for FY 2017 Q2. Quarter 2 data was complete and submitted timely however we noted issues with accuracy of the data submitted. We noted 13 procurement awards included in File C that either didn't match File D1 or weren't included in File D1. These errors were due to errors entering awards into Federal Procurement Data System (FPDS-NG), not entering information into FPDS-NG in a timely manner, or other issues that CSOSA could not provide an explanation for.

We recommend that CSOSA's management perform a validation check (i.e. tracing File C to File D1) as required by the Data Act guidance and improve their procurement and/or DATA Act procedures to ensure that the buyers in procurement update the FPDS-NG system timely and accurately to ensure that File C and File D1 match.

## BACKGROUND

The Digital Accountability and Transparency Act of 2014 (DATA Act) was signed into law in May 2014 in an effort to increase the transparency of federal spending data by making it more accessible, searchable, and reliable to taxpayers. The DATA Act expanded on the requirements of the Federal Funding Accountability and Transparency Act of 2006 (FFATA) by requiring Federal agencies to report financial and award data in accordance with Government-wide financial data standards. In May 2015, the Office of Management and Budget (OMB) and 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 policy makers.

The DATA Act also required Inspectors General to review a statistically valid sample of the spending data submitted by its Federal agency and to submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the Government-wide financial data standards by the agency. In February 2017, Treasury issued the *Inspectors General Guide to Compliance Under the DATA Act* (OIG-CA-17-012) to provide IGs with a common methodological and reporting approach to use when performing this mandated work. CSOSA does not have an OIG and contracted with Williams Adley to conduct an audit of its Q2 submission to satisfy this requirement.

CSOSA uses the Interior Business Center (IBC) Oracle software as its accounting system and uses it to produce its File C. CSOSA then submits this spending data into the DATA Act broker. CSOSA has assigned the Deputy Associate Director of the Office of Financial Management (OFM) as the Senior Accountable Officer (SAO) to review and certify the quarterly submission.

## RESULTS OF AUDIT

The objective of our audit was to assess the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the Government-wide financial data standards by CSOSA as it relates to its Q2 submission. Further details regarding the audit scope, objective, and methodology can be found in [Appendix B](#).

Overall we noted that the information submitted for inclusion in USASpending.gov for FY 2017 Q2 was timely, complete, and in accordance with data standards but information submitted in Files C and D1 was not accurate. Our testing of File C showed an error rate related to accuracy of 44.8%, as shown in [Appendix A](#).

### **Awards from File C Not Accurately Reflected in File D1**

Per our detail testing of award linkages, we noted 13 procurement awards in File C that either didn't match File D1 or weren't listed in File D1 as shown below:

- Ten (10) Procurement Instrument Identifiers (PIIDs) were listed in File C that weren't listed in File D1. Nine (9) of which were erroneously omitted from File D1, one was erroneously included in File C.
- For three (3) PIIDs the obligated balances in File C did not agree to the obligated balances in File D1.

Error Type	CSP		PSA		Total	
Erroneously omitted from File D1	6	\$ (474,699.68)	3	\$ 7,182.34	9	\$ (467,517.34)
Erroneously included in File C	0	\$ -	1	\$ (12,745.00)	1	\$ (12,745.00)
Balance in C doesn't agree with D1	2	\$ 234,110.76	1	\$ (4,000.00)	3	\$ 230,110.76
<b>Total:</b>	<b>8</b>	<b>\$ (240,588.92)</b>	<b>5</b>	<b>\$ (9,562.66)</b>	<b>13</b>	<b>\$ (250,151.58)</b>

\*Negative numbers represent deobligations or instances where amounts in File D1 were higher than in File C.

These variances were caused by issues related to the accuracy of information being entered into FPDS-NG. CSP and PSA do not have adequate controls in place to ensure data is entered into FPDS-NG accurately and timely, causing differences with their accounting system, Oracle. Specifically, we noted the following:

**Pretrial Services Agency (PSA):**

- One record, for a de-obligation of \$12,482 for which the Federal Procurement Data System (FPDS-NG) Contract Action Report (CAR) entry was not completed by the buyer. CSOSA notified the buyer to enter the CAR for this modification after the variance was found.
- One variance totaling \$12,745, related to an obligation where the FPDS CAR was entered twice. The buyer initially entered the CAR with the wrong contract identification number. Upon realizing he entered the wrong number, he entered a corrected CAR but did not delete the first one. Once notified of the duplicate entry, the duplicate CAR was deleted.
- PSA could not provide us with an explanation for two variance in the amounts of \$5,300 and \$4,000. We reviewed contract documents for these two awards and determined they were valid awards and should have been included in file D1.

**Community Supervision Program (CSP):**

- There were 5 obligations totaling \$474,699.68, where the PIID in File C was not located in File D1. CSP's procurement department could not explain the reason for 1 of the variances identified. The remaining 4 contracts, there was an internal CSOSA communication and process issue relating to updating awards in FPDS, which was why the obligations were not in File D1. We reviewed contract documents for these awards and determined they were valid awards and should have been included in file D1.
- There were 2 obligations where the obligated amounts in File C did not match the obligated amounts reported in File D1 by \$234,110.76, with File D1 being higher. For one variance, CSP Procurement did not have information available to explain the

reason for the variances identified. Per CSOSA, the remaining variance was due to Oracle having a separate requisition, in the amount of \$750.00 which is not tied to this contract action.

Not submitting required awards in the DATA Act Broker or the FPDS-NG not being updated timely or accurately may cause CSOSA's File C or File D1 to be inaccurate and not agree. This may cause spending data reported on usaspending.gov to be inaccurate. Specifically, based on our sample testing, File C was not in agreement with File D1 in the amount of \$250,151.58

OMB Management Procedures Memorandum M-17-04 states:

*“Agency's SAO assurance will be submitted quarterly through the forthcoming DATA Act Broker process. The quarterly process will require the SAO to assure the following:*

- The alignment among the Files A-F is valid and reliable. Since a DATA Act submission contains a combination of many data sets, the SAO will be required to attest to the validity and reliability of the complete DATA Act submission, including the interconnectivity/linkages (e.g. award ID linkage) across all the data in Files A, B, C, D, E, and F. Where there are legitimate differences between files, the SAO should have categorical explanations for misalignments. To provide this assurance, agencies should have internal controls in place over all of the data reported for display in USASpending.gov per A-123.”*

**Recommendation:**

We recommend that CSOSA's management ensure that they perform a validation check (i.e. tracing File C to File D1) as required by the Data Act guidance. This will help to ensure that all obligations in File C correspond to the award data in File D1.

Moreover, we recommend CSOSA's management improve controls over procurement to ensure that the buyers in procurement update the FPDS-NG system timely and accurately to ensure File C and File D1 match.

**Management Response:**

Management concurred with our finding and stated that both CSP and PSA would take, or are taking, specific steps to improve their procurement process. See management's complete response in [Appendix C](#).

**Auditor Analysis:**

We believe that CSOSA's proposed corrective actions, if properly implemented would address the intent of the recommendations.

## APPENDIX A - Summary of DATA Act Results

### Summary of DATA Act Results Court Services and Offender Supervision Agency (CSOSA) 2<sup>nd</sup> Quarter, Fiscal Year 2017

<b>Section 1: Results of Assessment of Internal Controls over Source Systems</b>			
<b><u>Control Objectives</u></b>	<b>Controls Properly <u>Designed</u> to Achieve Control Objective? (Yes/No)</b>	<b>Controls <u>Implemented</u> to Achieve Control Objective? (Yes/No)</b>	<b>Controls <u>Operating</u> Effectively to Achieve Control Objective? (Yes/No)</b>
Overall Conclusion	Yes	Yes	Yes
Internal controls over data management to ensure the integrity and quality of the data.	Yes	Yes	Yes
Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.	Yes	Yes	Yes
<b>*Auditors Note: If selected "No" in any columns above, include details in section 3.</b>			
<b>Section 2: Results of Assessment of Internal Controls over Data Management and Processes (DATA Act Submission)</b>			
<b><u>Control Objectives</u></b>	<b>Controls Properly <u>Designed</u> to Achieve Control Objective? (Yes/No)</b>	<b>Controls <u>Implemented</u> to Achieve Control Objective? (Yes/No)</b>	<b>Controls <u>Operating</u> Effectively to Achieve Control Objective? (Yes/No)</b>
Overall Conclusion	Yes	No	No
Internal controls over data management to ensure the integrity and quality of the data.	Yes	No	No
Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.	Yes	No	No
<b>*Auditors Note: If selected "No" in any columns above, include details in section 3.</b>			
<b>Section 3: Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy</b>			
	<b><u>Impact of Control Deficiency</u></b>		
<b><u>Description of Control Deficiency</u></b>	<b><u>Completeness</u><sup>1</sup></b>	<b><u>Timeliness</u><sup>2</sup></b>	<b><u>Accuracy</u><sup>3</sup></b>
Per our detail testing of award linkages, we noted 13 procurement awards in File C that either didn't match File D1 or weren't listed in File D1.	No	No	Yes
<b>Section 4: Results of Sample Tests Performed at the Award-Level Transactions</b>			
<b><u>Description of Attribute Testing</u></b>	<b><u>Completeness</u><sup>1</sup></b>	<b><u>Timeliness</u><sup>2</sup></b>	<b><u>Accuracy</u><sup>3</sup></b>

Error Rate <sup>4</sup>	0%	0%	44.8% (13 errors/29 samples)
Sampling Error (margin of error)	4.7%	4.7%	4.7%
Source of Sample (File C, D1, D2)	File C	File C	File C
Population Size (# and \$ of each type of transactions for grants, loans, contracts, and others)	#31 \$2,113,949.49 (contracts)	#31 \$2,113,949.49 (contracts)	#31 \$2,113,949.49 (contracts)
Type of Statistical Sampling Methodology Used <sup>5</sup>	Random	Random	Random
Confidence Level	95%	95%	95%
Expected Error Rate	50%	50%	50%
Sample Precision	+/-5%	+/-5%	+/-5%
Sample Size	29	29	29
<b>Section 5: Overall Assessment of Implementation and Use of Data Standards<sup>6</sup></b>			
<b>Describe any differences between the agency's definitions of the data standards and OMB guidance:</b>			
None noted.			
<b>List specific data elements identified from the sample with a rate of errors above 50%:</b>			
None noted.			
There was a timeliness and accuracy issue with the recording of the contract award or modifications and the obligation in FPDS-NG. No other issues noted.			

<sup>1</sup>Completeness is measured as the percentage of transactions containing all data elements required by the DATA Act.

<sup>2</sup>Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.

<sup>3</sup>Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.

<sup>4</sup>Error Rate - Error rate is displayed as the percentage of transactions tested that were not in accordance with policy.

<sup>5</sup>Type of statistical sampling methodology used could include dollar unit sampling, classical variables estimation, classical probability proportional to size, or random.

<sup>6</sup>Agency's implementation and use of data standards is assessed as part of the tests for completeness of summary-level data and award-level transaction data.

## APPENDIX B - Objectives, Scope, and Methodology

### Objectives:

Our objectives were to:

1. obtain an understanding of any regulatory criteria to report financial and award data;
2. assess agency's systems, processes, and internal controls in place over data management;
3. assess the general and application controls pertaining to the financial management systems from which the data elements were derived and linked;
4. assess CSOSA's internal controls in place over the financial and award data reported to USASpending.gov;
5. assess the completeness, accuracy, timeliness, and quality of the financial and award data sampled; and
6. assess the agency's implementation and use of the 57 data definition standards.

### Scope and Methodology:

Our audit was performed in accordance with generally accepted Government Auditing Standards (GAGAS) using the methodology described in the *Inspector General's Guide to Compliance Under the DATA Act*, issued February 27, 2017. Our audit involved obtaining an understanding of internal controls over DATA Act reporting, assessing the reliability of the agency's source system, and testing CSOSA's DATA Act submission for the 2<sup>nd</sup> Quarter of FY 2017 (January 1, 2017 to March 31, 2017).

Our fieldwork was performed between October 1, 2017 and November 2, 2017 at CSOSA's headquarters in Washington DC.

To evaluate completeness, quality, timeliness and accuracy of the FY 2017 Q2 submission, we inspected CSOSA's Q2 submission to evaluate data elements and summary transactions. We selected a statistical sample based on the formula provided in the *Inspector General's Guide to Compliance Under the DATA Act*<sup>1</sup>. Because the recommended sample size of 385 represents more than 5% of the population, we reduced the sample size by applying the finite correction factor as provided by the *Inspector General's Guide to Compliance Under the DATA Act*, section 430.02, resulting in a sample size of 29 transactions. See the table below for the sample size calculation.

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<sup>1</sup> The *Inspector General's Guide to Compliance under the DATA Act* states the following: For agencies with a smaller population, where the recommended sample size of 385 represents 5 percent or more of the population, the IG may reduce the sample size by applying the finite correction factor using the following formula to determine the recommended sample size:  $385/[1+(385/N)]$ , where "N" represents the population size.

<b>Sample Size Determination</b>	
Population	31*
Formula	$385 / [1 + (385/N)]$ , where "N" represents the population size.
Calculation of sample size	28.68990385 (rounded out to 29)
% of Population tested	94%

\*File C contained multiple line items for each PIID, which represented various modifications, both financial and administrative, during FY 2017 Q2. The majority of these line items were administrative modifications and did not represent true spending data. To avoid selecting duplicate PIIDs and no-cost modifications, we used unique PIIDs with a non-zero award amount as our population. This resulted in a population of 31 unique procurement awards.

Based on our risk assessment performed, we determined that we would not rely solely on Oracle data to conduct our detailed test of award-level transactions. Instead we reviewed underlying records, such as contract documentation for our testing.

We measured completeness in two ways (1) all transactions that should have been recorded were recorded in the proper reporting period and (2) the percentage of transactions containing all applicable data elements required by the DATA Act. Accuracy was measured as the percentage of transactions that were complete and in agreement with the record systems. Timeliness was measured as the percentage of transactions reported appropriately within the period and submitted within 30 days of quarter end. We measured quality by considering utility, objectivity, and integrity of information displayed for CSOSA on [www.USAspending.gov](http://www.USAspending.gov) and reviewed system support information.

## **APPENDIX C - Management Comments to the Draft Report**

CSOSA management concurs with the results of DATA Act audit for FY 2017 Quarter 2 and auditor's recommendations. CSOSA plans to take the following actions to implement the auditor recommendations and improve the compliance with DATA Act requirements.

**CSP:** In late FY 2017, CSP engaged in a project to develop detailed policies and procedures surrounding the processing of procurements using Oracle Federal Financials, to include the posting and updating of appropriate procurement actions in FPDS-NG. CSP plans complete this project in the 1<sup>st</sup> quarter of 2018 at which time we expect to realize significant improvements in the timeliness and accuracy of FPDS-NG data.

**PSA:** Current procedures and checklists will be reviewed and updated to ensure reportable contract actions are processed in FPDS-NG prior to final submittal/release. The updated review procedures/checklist will include checking the FPDS-NG CAR for accuracy. PSA plans to complete its review of current procedures and implement changes by December 31, 2017. Additionally, procurement staff will be required to complete training related to making FPDS-NG entries, to be completed prior to December 31, 2017.