




**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416**

Final Report Transmittal
Report Number: 20-02

DATE: November 7, 2019

TO: Christopher M. Pilkerton
Acting Administrator and General Counsel

FROM: Hannibal "Mike" Ware
Inspector General 

SUBJECT: Independent Auditors' Report on SBA's Compliance with DATA Act Reporting

We contracted with the independent certified public accounting firm KPMG LLP (KPMG) to perform a performance audit as required by the Digital Accountability and Transparency Act of 2014 (DATA Act). The objectives of this engagement were to assess (1) the completeness, accuracy, timeliness, and quality of the U.S. Small Business Administration's (SBA's) fiscal year (FY) 2019, first quarter financial and award data submitted for publication on USASpending.gov, and (2) SBA's implementation and use of the governmentwide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Department of the Treasury (Treasury). KPMG conducted the engagement in accordance with consulting services standards established by the American Institute of Certified Public Accountants, the standards applicable to performance audits contained in the U.S. Government Accountability Office's (GAO's) Government Auditing Standards issued by the Comptroller General of the United States, and guidance as defined by the Council of the Inspectors General on Integrity and Efficiency (CIGIE)/Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance Under the DATA Act (the Guide).

The attached independent auditors' report presents KPMG's findings on SBA's FY 2019, first quarter data submission required under the DATA Act. Specifically, KPMG reported that

- the data submission was of higher quality, but SBA did not submit certain data completely, accurately, or timely, and
- SBA implemented and used the governmentwide financial data standards established by OMB and Treasury under the DATA Act.

Details regarding KPMG's conclusions are included in the results and conclusion, and findings sections in this report. We reviewed a copy of KPMG's report and related documentation and made necessary inquiries of their respective representatives. Our review was not intended to enable us to express—and we do not express—an opinion on SBA's FY 2019, first quarter data submission or KPMG's conclusions about the effectiveness of internal controls. However, our review disclosed no instances where KPMG did not comply, in all material respects, with Government Auditing Standards.

We provided a draft of KPMG's report to SBA's Acting Chief Financial Officer, who concurred with its findings and recommendations and agreed to implement the recommendations. The Agency's comments are included as attachment I to this report.

We appreciate the cooperation and assistance of SBA and KPMG. Should you or your staff have any questions, please contact me at (202) 205-6586 or Jeffrey R. Brindle, Director of Financial Management, Information Technology, and Operations, at (202) 205-7490.

cc: Dorrice Roth, Acting Chief Financial Officer and Associate Administrator for Performance Management

James Rivera, Associate Administrator, Disaster Assistance

Nate Reboja, Director, Office of Financial Systems

Emily Knickerbocker, Data Officer

Martin Conrey, Attorney Advisor

Kyong Chae, Acting Director, Office of Internal Control

Michael Simmons, Attorney Advisor

Attachment



Performance Audit of the U.S. Small Business Administration's Digital
Accountability and Transparency Act of 2014 (DATA Act) Fiscal Year
2019 Quarter 1 Financial and Award Data

Prepared for: U.S. Small Business Administration, Office of the Inspector General

Date: November 7, 2019

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Inspector General
Acting Chief Financial Officer
Senior Accountable Official
U.S. Small Business Administration

This report presents the results of our work conducted to address the performance audit objectives related to the U.S. Small Business Administration's (SBA) implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act). Our work was performed during the period of April 23, 2019 and November 1, 2019, and our results are as of November 7, 2019.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS). 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.

In addition to GAGAS, we conducted this performance audit in accordance with Consulting Services Standards established by the American Institute of Certified Public Accountants (AICPA). This performance audit did not constitute an audit of financial statements or an attestation level report as defined under GAGAS and the AICPA standards for attestation engagements.

The audit objectives¹ of our work were to assess the:

- 1) Completeness, accuracy, timeliness, and quality of the SBA FY 2019, first quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov; and
- 2) SBA's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and U.S. Department of Treasury (Treasury).

For objective 1, we determined SBA submitted data of a higher quality. However, SBA did not submit certain data completely, accurately or timely. Overall, for the 385 sampled transactions, we tested 14,262 individual data elements and identified 628 errors, which resulted in the following error rates: completeness 0.01%, accuracy 2.35%, and timeliness 2.03%.

For objective 2, we determined that SBA implemented and used the Government-wide financial data standards established by OMB and Treasury under the DATA Act.

¹ The Council of the Inspectors General on Integrity and Efficiency (CIGIE)/Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance under the DATA Act, dated February 14, 2019, provides guidance regarding the fieldwork and reporting related to these performance audit objectives.



KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

SBA's response to the findings identified in our performance audit is presented in Attachment I. SBA's response was not subjected to the auditing procedures applied in this performance audit and, accordingly, we express no opinion on the response.

This report is intended solely for the use of the U.S. Small Business Administration and Inspector General, Comptroller General, OMB, and relevant congressional committees; and is not intended to be and should not be relied upon by anyone other than these specified parties.

KPMG LLP

November 7, 2019

I. BACKGROUND

The DATA Act was enacted to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (FFATA). 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, OMB and Treasury published 57 data definition standards for DATA Act reporting. The standards are intended to help taxpayers and policy makers understand how Federal agencies spend taxpayer dollars, and to improve agencies' spending oversight and data-centric decision-making.

In addition to agency reporting requirements, the DATA Act requires the Inspector General of each agency to audit a statistical sample of the spending data submitted by its agency and to submit to Congress a publicly-available report assessing the completeness, timeliness, accuracy, and quality of the data sampled, as well as, the implementation and use of the Government-wide financial data standards by the agency.

A Treasury-assigned broker system collects agency data, validates the data, and allows the agency to submit the data for publication on USAspending.gov. The broker collects agency data through uploads and extractions, as specified by DATA Act Information Model Schema (DAIMS) requirements.

Agencies submit the following files, extracted from their financial systems, directly to Treasury's DATA Act broker in accordance with the DAIMS Reporting Submission Specification (RSS):

- File A: Appropriations Account contains appropriation summary level data aligned to the agency's quarterly SF 133, Report on Budget Execution and Budgetary Resources.
- File B: Object Class and Program Activity includes obligation and outlay information at the program activity and object class level.
- File C: Award Financial reports the obligations at the award and object class level.

Files A, B and C are linked through the Appropriations Account, Obligation Amount, Unobligated Balance, and Outlay data elements. Further, Files B and C are linked through the Object Class and Program Activity data elements.

The broker extracts data for the following files from external feeder systems as reflected in the DAIMS Interface Definition Document (IDD):

- File D1: Award (Procurement) reports award and awardee attributes for procurement data extracted from the Federal Procurement Data System-Next Generation (FPDS-NG). This information is linked to the financial information in File C using a unique Procurement Instrument Identifier (PIID).
- File D2: Award (Financial Assistance) reports award and awardee attributes for financial assistance data pulled from the Financial Assistance Broker Submission (FABS) broker system. This information is linked to the financial information in File C using a unique Federal Award Identification Number (FAIN) or Unique Record Identifier (URI).
- File E: Additional Awardee Attributes includes the additional prime awardee attributes extracted from the System for Award Management (SAM).
- File F: Sub-Award Attributes includes sub-award attributes extracted from the FFATA Sub-award Reporting System.

The Senior Accountable Official (SAO), or designee, for each agency is required to certify these seven data files for its agency's financial and award data quarterly to be published on USASpending.gov.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

We conducted this audit to assess the:

- 1) Completeness, accuracy, timeliness, and quality of SBA's FY 2019 first quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov; and
- 2) SBA's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

Scope

Our scope covered FY 2019 first quarter financial and award data that SBA submitted for publication on USASpending.gov, and the procedures, certifications, documentation, and controls it used for this submission.

We conducted this performance audit in accordance with GAGAS. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not evaluate Files E: Additional Awardee Attributes, and F: Sub-Award Attributes. File E of the DAIMS contains additional awardee attribute information the broker extracts from SAM. File F contains sub-award attribute information the broker extracts from the FFATA Subaward Reporting System (FSRS). Files E and F data remains the responsibility of the awardee in accordance with terms and conditions of Federal agreements; and the quality of this data remains the legal responsibility of the recipient. Therefore agency SAOs are not responsible for certifying the quality of File E and F data reported by awardees, but they are responsible for assuring controls are in place to verify that financial assistance awardees register in SAM at the time of the award. Further, per Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk, it is optional for Inspectors General to assess Files E and F. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the DATA Act broker system.

Methodology

To achieve the audit objectives, we:

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

- Reviewed SBA's Data Quality Plan (DQP);
- Assessed the internal and information system controls in place as they relate to the extraction of data from the source systems and the reporting of data to Treasury's DATA Act Broker, to assess audit risk and design audit procedures;
- Reviewed and reconciled the FY 2019 first quarter summary-level data submitted by SBA for publication on USASpending.gov;
- Reviewed a statistical sample from File C of the FY 2019 first quarter financial and award data submitted by SBA for publication on USASpending.gov;
- Assessed the completeness, accuracy, timeliness, and quality of the financial and award data sampled; and
- Assessed SBA's implementation and use of the 57 data elements/standards established by OMB and Treasury.

We conducted this audit and selected our statistical sample of financial and award data in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE)/Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance under the DATA Act ("The Guide"). The Guide requires the expected error rate to be determined based on the results of the November 2017 and subsequent testing of DATA Act information (as applicable). In our FY 2017 DATA Act report, we reported an error rate of 34%; therefore, we utilized an expected error rate of 34% to select our sample. Additionally, the Guide recommends a sample size based on a desired sampling precision of 5% at a 95% confidence level, with a maximum sample size of 385 records. Given these assumptions, the required sample size to achieve a sampling precision of 5% at a 95% confidence level would have been greater than 385. Therefore, we selected a simple random sample of 385 records using the File C population, which consisted of 37,126 records, 93 Procurement Instrument Identifier Numbers (PIIDs), and 37,033 Financial Assistance Identifier Numbers (FAINS). Our statistical sample of 385 items consisted of 2 PIIDs and 383 FAINS.

III. RESULTS AND CONCLUSIONS

For objective 1, we determined that SBA submitted data of a higher quality. However, SBA did not submit certain data completely, accurately or timely. Overall, for the 385 sampled transactions, we tested 14,262 individual data elements and identified 628 errors. Of the 628 errors identified, 627 were attributable to SBA, which resulted in the following error rates: completeness 0.01%, accuracy 2.35%, and timeliness 2.03%. As a result, we identified certain internal control deficiencies over SBA's DATA Act submission and proposed three related recommendations. Section IV contains details of our findings, identified internal control deficiencies, and related recommendations. There was one error attributable to third parties external to SBA. The "Analysis of Errors in Data Elements Not Attributable to SBA" section of the report details the third parties to which these errors were attributable.

For objective 2, we determined that SBA implemented and is consistently using the Government-wide financial data standards established by OMB and Treasury under the DATA Act.

IV. FINDINGS

Objective 1 - Assessment of DATA Act Submission
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Completeness and Timeliness of the Agency Submission

– **Submission was Timely, but not Complete:**

We evaluated SBA's DATA Act submission to Treasury's DATA Act Broker and determined that the submission was timely based on the revised DATA Act reporting submission date of March 20, 2019. However, we determined that the submission was not complete. To determine the completeness of the 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. We identified certain completeness errors as described in the "Summary-Level Data and Linkages for Files A, B, and C (including D1 and D2)", "Record-Level Data and Linkages for Files C and D"; and "Supplemental Analysis of the Results by Data Elements" sections of this report.

Summary-Level Data and Linkages for Files A, B, and C (including D1 and D2)

- We assessed the completeness of Files A and B and through our test work we noted that Files A and B were complete.
- We further reconciled the linkages between Files A, B, and C to determine if the linkages were valid and to identify any significant variances between the files. Our test work did not identify any significant variances between Files A, B, and C at the summary level.

We reconciled the linkages between File C and D1 and D2 by the Award Identification (Award ID) Number. As a result, we identified instances supported by the warnings reports, in which Award IDs are included in File C that are not included in Files D1 or D2. We also identified instances, supported by the warnings reports, in which Award IDs are included in Files D1 and D2 that are not included in File C. SBA reviews the warnings report and researches the issues, documents their cause, and where applicable, determines corrective actions for those warnings requiring resolution.

Cause: The inappropriate linkages were caused by timing differences between when award actions occurred within SBA's source systems.

Record-Level Data and Linkages for Files C and D

– **Record-Level Data Sample Testing**

We selected a sample of 385 records and tested 14,262 data element attributes to assess the completeness, accuracy, and timeliness. Out of the 14,262 data element attributes tested, 2 had completeness errors, 336 had accuracy errors, and 290 had timeliness errors.

- **Completeness of the Data Elements**

The projected error rate for the completeness of the data elements is **0.01%**. Based on a 95% confidence level, the projected error rate for the completeness of the data elements is between 0% and 0.12%. 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 error rate for the accuracy of the data elements is **2.35%**. Based on a 95% confidence level, the projected error rate for the accuracy of the data elements is between 0.84% and 3.86%, of which 2.35% is the midpoint. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS RSS, IDD, and the DATA Act Online Data Dictionary, and agreed with the authoritative source records. In accordance with the Guide, we considered completeness exceptions to be accuracy exceptions as well.

- **Timeliness of the Data Elements**

The projected error rate for the timeliness of the data elements is **2.03%**. Based on a 95% confidence level, the projected error rate for the timeliness of the data elements is between 0.63% and 3.43%, of which 2.03% is the midpoint. The timeliness of data elements was based on the reporting schedules defined by the procurement and financial assistance requirements (FFATA, FAR, FPDS-NG, FABS and DAIMS).

- **Quality**

In accordance with the Guide, 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 Guide provides the following table defining the range of errors 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 results and the highest error rate of **2.35%**, we determined that the quality of SBA's data is considered **Higher**.

Supplemental Analysis of the Results by Data Elements

- **Data Element Analysis**

The following provides the testing results by data element in descending order by the accuracy attribute's error rate percentage. The error rate percentage is calculated by dividing total errors (per data element) by the total number of applicable data elements sample items tested for each attribute.

SBA's Results Listed in Descending Order by Accuracy Error Rate Percentage				
Completeness (C), Accuracy (A), Timeliness (T)				
Data Element No.	Data Element Name	Error Rate		
		C	A	T
37	Business Types	0.00%	10.18%	2.09%
30	Primary Place of Performance Address	0.00%	2.86%	2.08%
31	Primary Place of Performance Congressional District	0.00%	2.60%	2.08%
11	Federal Action Obligation	0.00%	2.34%	2.08%
14	Current Total Value of Award	0.00%	2.34%	2.08%
25	Action Date	0.00%	2.34%	2.08%
42	Funding Office Name	0.26%	2.34%	2.34%
43	Funding Office Code	0.00%	2.34%	2.08%
48	Awarding Office Name	0.26%	2.34%	2.34%
49	Awarding Office Code	0.00%	2.34%	2.08%
5	Legal Entity Address	0.00%	2.34%	2.08%
53	Obligation	0.00%	2.34%	1.56%
6	Legal Entity Congressional District	0.00%	2.34%	2.08%
19	CFDA Number	0.00%	2.09%	2.09%
20	CFDA Title	0.00%	2.09%	2.09%
35	Record Type	0.00%	2.09%	2.09%
1	Awardee/ Recipient Legal Entity Name	0.00%	2.08%	2.08%
16	Award Type	0.00%	2.08%	2.08%
22	Award Description	0.00%	2.08%	2.08%
23	Award Modification / Amendment Number	0.00%	2.08%	2.08%
32	Primary Place of Performance Country Code	0.00%	2.08%	2.08%
33	Primary Place of Performance Country Name	0.00%	2.08%	2.08%
34	Award ID Number (PIID/FAIN - Files D1/D2)	0.00%	2.08%	2.08%
36	Action Type	0.00%	2.08%	2.08%
38	Funding Agency Name	0.00%	2.08%	2.08%
39	Funding Agency Code	0.00%	2.08%	2.08%
40	Funding Sub Tier Agency Name	0.00%	2.08%	2.08%
41	Funding Sub Tier Agency Code	0.00%	2.08%	2.08%
44	Awarding Agency Name	0.00%	2.08%	2.08%
45	Awarding Agency Code	0.00%	2.08%	2.08%
46	Awarding Sub Tier Agency Name	0.00%	2.08%	2.08%
47	Awarding Sub Tier Agency Code	0.00%	2.08%	2.08%
7	Legal Entity Country Code	0.00%	2.08%	2.08%
8	Legal Entity Country Name	0.00%	2.08%	2.08%
34	Award ID Number (PIID/FAIN - File C)	0.00%	1.56%	1.56%
50	Object Class	0.00%	1.56%	1.56%
51	Appropriations Account	0.00%	1.56%	1.56%
12	Non-Federal Funding Amount	0.00%	0.00%	0.00%
13	Amount of Award	0.00%	0.00%	0.00%
15	Potential Total Value of Award	0.00%	0.00%	0.00%
17	NAICS Code	0.00%	0.00%	0.00%

SBA's Results Listed in Descending Order by Accuracy Error Rate Percentage				
Completeness (C), Accuracy (A), Timeliness (T)				
Data Element No.	Data Element Name	Error Rate		
		C	A	T
18	NAICS Description	0.00%	0.00%	0.00%
2	Awardee/ Recipient Unique Identifier	0.00%	0.00%	0.00%
24	Parent Award ID Number (File C)	0.00%	0.00%	0.00%
24	Parent Award ID Number (Files D1/D2)	0.00%	0.00%	0.00%
26	Period of Performance Start Date	0.00%	0.00%	0.00%
27	Period of Performance Current End Date	0.00%	0.00%	0.00%
28	Period of Performance Potential End Date	0.00%	0.00%	0.00%
29	Ordering Period End Date	0.00%	0.00%	0.00%
3	Ultimate Parent Unique Identifier	0.00%	0.00%	0.00%
4	Ultimate Parent Legal Entity Name	0.00%	0.00%	0.00%

- Accuracy of Dollar-Value Related Data Elements

The table below summarizes the accuracy of dollar-value related data elements. The absolute value of the error is calculated as the absolute value of the amount that was reported less the amount that should have been reported. These data elements may be related to either File C, File D1, or File D2 and include: Federal Action Obligation, Current Total Value of Award, Potential Total Value of Award, Transaction Obligation Amount, and Amount of Award. The amounts reflected are not projectable because the statistical sample test was performed on attributes and not monetary amounts.

PIID/FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
PIID	DE 11 Federal Action Obligation	2	0	0	2	0.0%	\$0
PIID	DE 14 Current Total Value of Award	2	0	0	2	0.0%	\$0
PIID	DE 15 Potential Total Value of Award	2	0	0	2	0.0%	\$0
PIID	DE 53 Obligation	2	0	0	2	0.0%	\$0
FAIN	DE 11 Federal Action Obligation	374	9	0	383	2.3%	\$73,032

PIID/FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
FAIN	DE 12 Non-Federal Funding Amount	0	0	383	0	N/A	N/A
FAIN	DE 13 Amount of Award	1	0	382	1	0.0%	\$0
FAIN	DE 14 Current Total Value of Award	374	9	0	383	2.3%	\$594,000
FAIN	DE 53 Transaction Obligation Amount	374	9	0	383	2.3%	\$73,032

- Analysis of Errors in Data Elements Not Attributable to SBA

We identified the following error as a third-party error, which is not attributable to SBA. This error was included in the error rate calculations and considered in the overall quality determination. If the data element was incomplete, then it was also considered inaccurate and untimely, resulting in an exception across all three attributes.

PIID/FAIN	Data Element	Assertions Impacted	Number of Samples with Exceptions	Total Number of Exceptions	Attributed to
FAIN	DE 30 Primary Place of Performance Address	A	1	1	Treasury's DATA Act Broker Extracting from FABS

Objective 2 - Assessment of Implementation and Use of the Data Standards

We evaluated SBA's implementation and use of the Government-wide financial data standards for spending information as developed by OMB and Treasury. SBA has implemented and used those data standards as defined by OMB and Treasury.

A. DEFICIENCIES IN INTERNAL CONTROL

In planning and performing our audit of the SBA's FY 2019, first quarter financial and award data submission, we considered internal controls that were relevant to our audit objectives by obtaining

an understanding of those controls, and assessing control risk for the purposes of achieving our objectives.

The objective of our audit was not to provide assurance on internal controls; therefore, we did not express an opinion on internal controls as a whole. Our consideration of SBA's internal controls relevant to our audit objectives would not necessarily disclose all deficiencies that might be significant within the context of the audit objectives. Because of the inherent limitations on internal controls, noncompliance with the Government-wide financial data standards may nevertheless occur and not be detected. To assess the effectiveness of SBA's internal controls over source systems related to the extraction of data related to Files A, B and C, we conducted interviews; reviewed supporting documentation related to SBA's internal control testing required by OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, and reviewed assurances related to SBA's financial management systems. To assess the effectiveness of SBA's internal controls over its DATA Act submission, we evaluated controls related to SBA's data submission process including SBA's process for validating the data and resolving fatal errors. We also reviewed the SAO's assurance over the data submitted and supporting documentation such as assurances from the financial assistance awarding offices of the completeness, accuracy and timeliness of reported data.

As a result of our assessment over internal controls relevant to the audit objectives and our statistical sampling test work, we identified the following deficiencies in internal control:

1. For disaster loans, SBA does not have a formal procedure that requires the consistent and timely generation of documentary evidence to support a recorded obligation.
2. For disaster loans, the recently implemented loan origination system lacked adequate access controls which allowed a user to update the loan amount without going through approval.
3. For disaster loans, the coding used to classify business recipients was not in accordance with the DAIMS.
4. There were insufficient validation controls in place to ensure the accuracy of the Funding Office Code and Awarding Office Code elements.
5. The Legal Entity Address and Primary Place of Performance address were not verified with data in SAM.gov at the time of award.
6. The incorrect Primary Place of Performance Code was derived by the Financial Assistance Broker Submission (FABS) portal on the DATA Act broker site.
7. The inappropriate linkages between File C and Files D1 and D2 were caused by timing differences between when award actions occurred within SBA's source systems.
8. There was an inadequate review of the File B to File C reconciliation as one variance was unexplained.
9. The DQP was not updated frequently enough to coincide with changes to the DATA Act Broker system and DAIMS guidance.

B. RECOMMENDATIONS

We recommend the Acting Administrator require the Associate Administrator for the Office of Disaster Assistance to:

1. Develop a procedure that requires the consistent and timely generation of documentary evidence to support an obligation and ensure it is readily available.
2. Monitor the effective operation of the subsequent corrective action implemented to the loan origination system to prevent the ability to change loan terms without approval. In addition, determine the impact of the system deficiency across all loans and make the necessary corrections in the various systems and reports affected.
3. Implement a control to ensure the Business Type element reported for each recipient is in accordance with DAIMS and the appropriate business size and type criteria.

We recommend the Acting Administrator require the Acting Chief Financial Officer to:

4. Implement validation controls to verify the accuracy of the Funding Office Code and Awarding Office Code elements.
5. Ensure updated vendor and grantee information is obtained from SAM.gov at time of award.
6. Provide notification to Treasury's DATA Act Broker Program Management Office of the Primary Place of Performance Code element that has been derived incorrectly.
7. Prior to the end of the reporting period, perform a review of the submission to ensure timing differences are reduced.
8. Implement sufficient review of the reconciliation between File B and File C to ensure all variances are researched and necessary corrections are made to the submission prior to the SAO's certification.
9. Perform a regular review to ensure the DQP is current and updated as changes to the DATA Act broker system and DAIMS guidance are communicated.

MANAGEMENT'S RESPONSE TO THE REPORT



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

DATE: November 6, 2019

TO: Hannibal M. Ware, Inspector General

FROM: Nathaniel Reboja, SBA DATA Act Senior Accountable Official

SUBJECT: Performance Audit Report of FY 2019 Q1 SBA DATA Act Submission

The Small Business Administration (SBA) has received the independent auditor's report and assessment of the Agency's FY 2019 Q1 DATA Act submission, internal controls over reporting of the transactions in the DATA Act files and implementation and use of the Government-wide financial data standards established by the Office of Management and Budget and U.S. Department of Treasury. The auditor evaluated the Agency's submission regarding completeness, accuracy, timeliness, and quality of the SBA 2019 Q1 financial and award data submission.

The 2019 DATA Act audit was the first performance audit of an SBA DATA Act submission. In 2017, during an attestation audit of the Agency's DATA Act submission, the auditor reported a 32% error rate on a sample size of 375 awards. Since the FY 2017 audit, SBA has completed several initiatives to improve data quality and consistency in DATA Act reporting. SBA developed a DATA Act Data Quality Plan (DQP) for spending and award data that follows an Enterprise Risk framework, is in accordance with the U.S. Government Accountability Office's Green Book and includes a mapping from source system data elements to elements reported on USASpending.gov through a crosswalk and data element definitions. The DQP documents the control environment and validation processes, defines roles and responsibilities and establishes a monthly assertion process for offices that enter award data into source systems. SBA established a process to review internal DATA Act reconciliation and Treasury Broker submission reports, research any issues and provide a summary to the Senior Accountable Official prior to the certification of each quarterly DATA Act submission.

In the 2019 DATA Act audit, the auditor determined that SBA submitted data of a higher quality. Overall, for the 385 sampled transactions, the auditor calculated the following error rates: completeness 0.01%, timeliness 2.03% and accuracy 2.35%. A maximum error rate below 20% is considered higher quality under the Council of the Inspectors General on Integrity and Efficiency (CIGIE)/Federal Audit Executive Council (FAEC) Inspectors General Guide to Compliance under the DATA Act. Through SBA internal review processes, a significant number of records that contributed to the Q1 accuracy error rate had already been identified and addressed through the Treasury Broker data correction process. These corrections are not reflected in the reported accuracy error rate.

MANAGEMENT'S RESPONSE TO THE REPORT

The auditor also assessed relevant internal controls and reported identified deficiencies present during the audited submission period. SBA had already taken steps to address many of these deficiencies prior to the start of the audit. Specifically, the Office of Disaster Assistance implemented controls in the loan application system to ensure the integrity of loan term data and to ensure the Business Type element is in accordance with the DATA Act Information Model Schema (DAIMS). The Office of the Chief Financial Officer implemented validation controls to ensure the validity of the Funding Office Code and Awarding Office Code elements, implemented a process to retrieve updated vendor and grantee information from SAM.gov at the time of award, and updated the DQP to reflect the latest DAIMS guidance. SBA will continue to incorporate all recommendations as part of our continuous monitoring of submission quality.

We appreciate your efforts and those of your colleagues in the Office of the Inspector General, as well as those of the independent auditor. The independent audit process continues to provide us with new insights and valuable recommendations that improve SBA's DATA Act submissions. We remain committed to excellence in reporting the Agency's financial and award data as we strive to increase the availability, accuracy, and usefulness of federal spending information.

List of Acronyms and Short References

Acronym	Definition
AICPA	American Institute of Certified Public Accountants
Award ID	Award Identification
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DQP	Data Quality Plan
FABS	Financial Assistance Broker Submission
FAEC	Federal Audit Executive Council
FAIN	Financial Assistance Identifier Number
FAR	Federal Acquisition Regulation
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System – Next Generation
FSRS	FFATA Sub-award Reporting System
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GTAS	Government-wide Treasury Account Symbol
IDD	Interface Definition Document
IG	Inspector General
OMB	Office of Management and Budget
PIID	Procurement Instrument Identifier Number
RSS	Reporting Submission Specification
SAM	System for Award Management
SAO	Senior Accountable Official
TAS	Treasury Account Symbol
URI	Unique Record Identifiers