

# **FTC Office of Inspector General**

## **Independent Readiness Review of FTC Management's Implementation of the Digital Accountability and Transparency Act of 2014**

Report No. AR 17-03 // March 2017



## Introduction

We have reviewed the Federal Trade Commission's (FTC) initial efforts to implement the Digital Accountability and Transparency Act of 2014 (DATA Act or the Act). Specifically, we reviewed management efforts to comply with steps 1-4 of the Department of Treasury/Office of Management & Budget's (OMB) DATA Act Playbook as of January 18, 2017. The objective of our attestation review was to determine if the FTC is on track to meet the DATA Act requirements by the May 9, 2017, deadline. FTC management is responsible for complying with the applicable guidance.

We conducted our review in accordance with attestation standards established by the U.S. Government Accountability Office and the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether material changes should be made to FTC's implementation efforts in order to meet the DATA Act requirements. A review is narrower in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we did not express an opinion.

## Background

The Digital Accountability and Transparency Act of 2014 (DATA Act or the Act), signed into law on May 9, 2014, aims to make the data on Federal expenditures easily accessible and transparent while significantly expanding the amount of information that agencies are currently required to report under the Federal Funding Accountability and Transparency Act of 2006 (FFATA). To increase transparency, achieve cost savings, and create a more data-driven government, the DATA Act directs agencies to increase the availability, accuracy, and usefulness of Federal spending information.

The DATA Act expands reporting requirements on all types of Federal spending. Currently, FFATA requires data on Federal awards including grants, contracts, and loans. Under the DATA Act, additional budgetary and financial information must be made available. The new types of information include data on goods and services purchased by the Federal government and financial arrangements of the Federal government. Additionally, new requirements pursuant to the DATA Act lower the reporting threshold from \$25,000 or greater to awards greater than the micro-purchase threshold, which is currently \$3,500<sup>1</sup>

Guidance issued pursuant to the Act requires the establishment of data standards necessary to publish agency-level financial data. To improve the usefulness of the data and assist with the reporting process, agencies must comply with the 57 standards developed and approved by the Office of Management & Budget (OMB) and the Department of the Treasury. In developing the data standards, OMB and Treasury considered the existing statutes, regulations, and business processes in addition to consultation with various stakeholders.<sup>2</sup> See Appendix B – Final 57 Data Elements. Those standards establish common reporting elements for financial data; capture and report information in a consistent and comparable manner; streamline reporting and reduce compliance costs; and provide the taxpayers with accurate, searchable data.<sup>3</sup>

In accordance with the DATA Act, Inspectors General are required to review a statistically valid sample of spending data submitted by their agencies and report on the completeness and accuracy of the data and the use of government-wide data standards. Inspectors General are required to issue three reports; the first is due in November 2016, with the remaining two reports due in November 2018 and November 2020, respectively.<sup>4</sup>

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<sup>1</sup> OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (May 8, 2015).

<sup>2</sup> OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* (May 3, 2016).

<sup>3</sup> Digital Accountability and Transparency Act of 2014, Pub. L. No. 113-101, 128 (31 U.S.C. 6101 note).

<sup>4</sup> Following enactment of the DATA Act, CIGIE identified a timing anomaly with the deadline of the first report: the report was due to Congress in November 2016, but agencies are not required to report financial data until May 2017. To address the timing anomaly, CIGIE sent a letter to notify Congress suggesting that the best course of action was to delay required reporting under the DATA Act until November 2017. See December 22, 2015 Letter from the

To assist agencies with DATA Act implementation, OMB and Treasury developed an eight-step plan (see Table 1). The plan, incorporated in the DATA Act Implementation Playbook (Treasury/OMB Playbook or the Playbook), recommends a methodology as well as a timeline for Federal agencies to meet DATA Act requirements.<sup>5</sup> The template is designed to help agencies tailor a plan that best fits their needs.

The Treasury/OMB Playbook provides the following suggested steps for DATA Act implementation:

<b>Table 1: Treasury/OMB Eight-Step Implementation Plan for Agencies</b>	
<b>Steps for agencies</b>	<b>Timeline for completion</b>
1. Organize a DATA Act team and appoint a Senior Accountable Official (SAO)	Spring 2015
2. Review DATA Act elements	Spring 2015
3. Inventory data and associated business processes	February 2015 - September 2015
4. Plan for required changes to systems and business processes and develop an implementation plan	March 2015 - September 2015
5. Execute the broker service: implement system changes and extract data	October 2015 - February 2016
6. Test broker outputs to ensure data are valid	October 2015 - February 2016
7. Update systems: implement other system changes (e.g., establish linkages between program and financial data, capture any new data)	October 2015 - February 2017
8. Submit data	March 2016 - May 9, 2017

Source: Government Accountability Office, GAO-16-261, *Data Standards*, January 2016

## Scope and Methodology

Our review covered the FTC’s efforts to comply with steps 1-4 of the Treasury/OMB DATA Act Playbook as of January 18, 2017. The overall objective of our attestation review was to determine if the FTC is on track to meet the DATA Act requirements by the May 9, 2017, deadline. We conducted our review in the FTC Headquarters building and Constitution Center located in Washington, D.C.

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Honorable Michael E. Horowitz, Chair, CIGIE, to Senate Committee on Homeland Security and Government Affairs Chairman Ron Johnson and House Committee on Oversight and Government Reform Chair Jason Chaffetz (Appendix A). As a provisional measure, CIGIE suggested that Inspectors General conduct DATA Act “readiness reviews” that would assess their agencies’ readiness to meet the initial reporting deadline in May 2017.

<sup>5</sup> Department of the Treasury, Bureau of the Fiscal Service, *The DATA Act Implementation Playbook, Version 2.0* (June 24, 2016).



We conducted interviews with the FTC work group and examined artifacts supporting the DATA Act implementation. Our work focused on the FTC implementation plan, personnel working on the implementation, and the governance team overseeing the implementation of the DATA Act. We obtained an understanding of the legislative requirements and criteria applicable to the FTC's responsibilities to report financial information under the DATA Act.

We reviewed reports to verify the capacity of the Department of the Interior's Interior Business Center (IBC) to publish information required by the DATA Act in support of the FTC's implementation efforts.<sup>6</sup> We assessed the FTC's efforts and implementation plans to report financial information under the DATA Act.

We obtained written acknowledgment in the representation letter from FTC management, which affirmed that all of its representations are accurate, and that material facts related to the implementation of the DATA Act have been disclosed to the Office of Inspector General (OIG) (Appendix C).<sup>7</sup>

To conduct our readiness review of the management's implementation efforts to date, we referred to the following criteria to inform our engagement:

- Digital Accountability and Transparency Act of 2014 (May 9, 2014)
- Treasury/OMB DATA Act Implementation Playbook, Version 2.0 (June 24, 2016)
- OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (May 8, 2015)
- OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* (May 3, 2016)
- OMB Memorandum M-17-04, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability* (November 4, 2016)

## Results of the Review

FTC management tasked its Financial Management Office (FMO) to lead the agency's DATA Act implementation. FMO includes the Acquisitions Branch, Budget Division, Financial Systems and Reporting Division, and Financial Operations Divisions. FMO is responsible for the FTC's budget development and execution, acquisitions, internal control program, policy development, and financial reporting and analysis.

<sup>6</sup> The IBC is a Federal Shared Service Provider (FSSP) that provides accounting support to the FTC and other federal agencies. IBC posts all FTC obligation documents and processes all payment documents.

<sup>7</sup> See Auditing Standards Board, *AICPA Statement on Standards for Attestation Engagements 18*, April 2016, AT-C section 210.11.

FMO receives support for its financial system through an agreement with the IBC. As part of the agreement, IBC provides the organization and services necessary for implementation of the DATA Act.<sup>8</sup> In May of 2016, FMO implemented a new acquisition system, Oracle Contract Lifecycle Management (CLM), through the IBC.<sup>9</sup> As a result, the success of FTC's DATA Act implementation is largely dependent on the success of IBC's DATA Act implementation plan. Using the methodology recommended in the Treasury/OMB DATA Act Playbook, the Department of Interior OIG assessed that as of December 2016, IBC is on track to implement the DATA Act requirements by the May 2017 deadline.<sup>10</sup>

Based on our discussions with the DATA Act workgroup and review of documentation, we found that a challenging workload had an impact on the FTC's DATA Act implementation effort. Both IBC and the FTC workgroup encountered challenges throughout the implementation of the DATA Act. In particular, the FTC's internal work group experienced the loss of key personnel in the first part of FY 2017. Moreover, IBC, while embarking on several new initiatives in addition to the DATA Act implementation, has also added larger customers with more complex demands to its federal customer portfolio.

During our review, we found that the FTC followed the suggested approach of the Playbook by forming the DATA Act work group and designating a Senior Accountability Officer (SAO).<sup>11</sup> Accordingly, we have organized the results of our review to align with the initial four steps of the Playbook. Below we discuss the status of those four steps as of January 18, 2017, and provide information on the implementation progress occurring subsequent to our fieldwork.

### **Step 1: Organize a DATA Act Team and Appoint a Senior Accountable Official**

The Treasury/OMB Playbook recommends that agencies appoint a SAO and create a work group comprised of subject matter experts to accomplish the DATA Act implementation. In January 2016, the FTC established a DATA Act work group, initially headed by the Chief Financial Officer (CFO), to manage the implementation and fulfill the role of SAO.<sup>12</sup> The work group includes subject matter experts with experience and sufficient understanding of the accounting and budgeting processes, as well as knowledge of IT systems supporting the implementation.

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<sup>8</sup> Federal Trade Commission, *Response to OMB Memorandum M-15-12 DATA Act Implementation Plan* (December 2, 2015).

<sup>9</sup> CLM is a module of FTC's current Oracle-based financial system (OFF) which replaces Comprizon for all contract awards, Interagency Agreements, and C-documents. CLM is a comprehensive contract-writing and acquisition management tool that supports the end-to-end procurement process.

<sup>10</sup> U.S. Department of the Interior Office of Inspector General, *DATA Act Readiness Review of Interior Business Center for the U.S. Department of the Interior* (December 15, 2016) (hereafter cited as DOI OIG report on IBC), at page 10.

<sup>11</sup> SAOs are high-level senior officials who are accountable for the quality and objectivity of Federal spending information under the DATA Act. These senior leaders ensure that the information conforms to OMB guidance.

<sup>12</sup> The FTC appointed the CFO as the SAO in October 2015. The work group initiated work on the DATA Act implementation in January 2016. In August 2016, the Deputy CFO assumed the role of SAO.

The work group understands the relationship between the data elements and systems necessary to meet DATA Act requirements. Additionally, we found that the work group understands how source systems (e.g., CLM and OFF) interact and link together.<sup>13</sup> The work group coordinates with IBC and monitors the changes to systems and business processes necessary to capture data. IBC contracted with Oracle to make system changes through a series of patches that configure systems to make DATA Act implementation possible. Oracle delivered the last patch on December 23, 2016. IBC plans to perform functional testing on the data and systems interaction with the goal of having data of Federal clients submitted to the DATA Act Broker by April 30, 2017.<sup>14</sup>

The work group is informed of implementation progress through regular communication with IBC. Further, the work group stays current on emerging issues by monitoring the DATA Act Community page on MAX.gov and the DATA Act Monthly Digest.<sup>15</sup> Additionally, the work group regularly participates in monthly SAO meetings. We noted that meeting minutes are routinely prepared by work group members. The Playbook also recommends that the work group determine key implementation milestones. The IBC developed a timeline of milestones for its Federal customers, including the FTC, based on the eight-step implementation plan suggested by Treasury/OMB.<sup>16</sup>

In sum, we found that the SAO is knowledgeable of the DATA Act requirements and understands the roles and responsibilities associated with DATA Act reporting. Specifically, we found that the SAO is familiar with the requirement to provide reasonable assurance on the internal controls affecting the reliability and validity of data submitted for publication on USAspending.gov.<sup>17</sup>

In December 2016, FMO experienced loss of key personnel and will rely upon contractors, in addition to IBC, to fulfill important roles related to the implementation of the DATA Act.

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<sup>13</sup> “Source systems” are systems or files that capture, process, or hold data of interest. Examples of source systems are financial management and reporting, acquisition management, and grant management systems.

<sup>14</sup> The DATA Act Broker is a software layer that ingests agency data, validates the data against the DATA Act Schema, and ultimately allows agencies to submit their data for publication.

<sup>15</sup> OMB hosts an online collaboration space on MAX.gov to provide executive branch agencies with updates and additional guidance on DATA Act implementation. The website, accessible to executive branch agencies, can be found at <https://community.max.gov/x/BYbyL>.

<sup>16</sup> Pursuant to an agreement with Department of Interior’s Federal Shared Service Provider, IBC, the FTC receives a variety of financial and IT services from IBC, including DATA Act implementation services. IBC developed an Implementation Plan to support Federal customers that use the Oracle Federal Financials (“OFF”) software for financial management. The implementation plan follows the approach of the Treasury/OMB Playbook and includes a timeline of milestones that aligns with DATA Act reporting deadlines.

<sup>17</sup> See OMB Management Procedures Memorandum No. 2016-03, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information* (May 3, 2016). 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. SAOs must provide this assurance for data they submit to Treasury on a quarterly basis beginning with FY 2017 second quarter data.

## **Step 2: Review DATA Act Elements**

The Treasury/OMB Playbook recommends that agencies review the DATA Act elements and determine how they relate to agency operations and systems. We found that the FTC work group is aware of the DATA Act elements, how the elements are defined, and how they relate to FTC operations. We noted that the work group understands the relationship between the data elements and systems critical to meeting DATA Act requirements and the work group is familiar with requirements established in OMB Memorandum M-15-12.<sup>18</sup>

The FTC work group performed an inventory on the FTC's data, associated business processes, and IT systems. The work group determined that 54 of the 57 DATA Act elements apply to the FTC and must be reported in accordance with the DATA Act (see Appendix B - Final 57 Government-wide Data Elements).<sup>19</sup>

## **Step 3: Inventory data and Associated Business Processes**

The Treasury/OMB Playbook suggests that agencies review the DATA Act elements and understand how those elements are used across financial and management systems. It further recommends that agencies understand gaps in IT systems and processes. The FTC work group received guidance and worked closely with IBC on the review of data linkages, creating the inventory list, and identifying standardized data elements. The work group has coordinated with IBC throughout the process and stays up to date on the system changes (e.g., patches) necessary to properly capture and process data.

The FTC work group developed a strategy to make necessary changes to processes and identify gaps within the IT systems. Following the departure of key FMO personnel in December 2016, FMO obtained contracted services in January 2017 to assist with the implementation effort. The contractors will assist with mapping data elements and developing reports to support the FMO's efforts to review, validate, and correct data elements in USAspending.gov.

## **Step 4: Comprehensive plan for addressing gaps in data, changes to IT systems, and business processes**

The Treasury/OMB Playbook recommends that agencies develop an implementation plan that includes the necessary changes to processes and systems to address gaps in agency data. As previously discussed, the FTC receives a variety of support services from IBC, including assistance with the DATA Act. Much of the implementation effort, including the implementation plan, was accomplished by IBC, in coordination with FTC work group (Appendix D – FTC

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<sup>18</sup> Guidance included as part of OMB Memorandum M-15-12 indicates that data elements currently reported through existing transparency requirements (e.g., Federal Funding Accountability and Transparency Act) should continue to be reported.

<sup>19</sup> The three elements that do not apply to the FTC relate to grant awards. The FTC does not award grants and does not have grant-making authority.



Response to OMB Memorandum M-15-12). The IBC’s plan for implementing the DATA Act follows the steps outlined in OMB Memorandum M-15-12.<sup>20</sup>

Further, the IBC plan identifies technical changes and adjustments necessary to facilitate the effective implementation of the DATA Act. IBC recognized early in the process that several key adjustments would be necessary for implementation. IBC contracted with Oracle to deliver a series of five patches required to configure systems to support requirements under the DATA Act.<sup>21</sup> The patches are required to enable customers, such as the FTC, to perform its Government Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting services for the DATA Act initiative.<sup>22</sup>

In November 2016, IBC provided the FTC work group with a status update, reporting that the initial four patches were implemented.<sup>23</sup> IBC received the final patch and successfully uploaded it on December 23, 2016. Based on our review of the December 2016 DATA Act Agency Progress Dashboard, it appears that IBC has completed the Design and Strategize phase, which is Step-4 of Treasury/OMB’s eight-step plan. Further, it appears that IBC was close to finishing Step 5 (Preparing Data for Submission to the Broker) of the plan in December 2016.<sup>24</sup>

## Conclusion

Overall, we found that as of January 18, 2017, the initial three steps of the FTC’s DATA Act implementation plan are complete, and that significant progress has been made on the fourth step. Substantial portions of the DATA Act implementation effort have been accomplished either by IBC or in close coordination with IBC. The FTC work group continues to monitor IBC’s progress and engages in regular discussions with IBC.

FMO provided the OIG with documentation to support the activities of the work group through January 18, 2017. Based on our review of that documentation, we determined that the work group stays current on DATA Act related issues by monitoring MAX.gov, attending workshops and meetings, and reviewing guidance issued by OMB. We noted that the team communicates regularly with each other, IBC, and FTC stakeholders. The SAO possesses appropriate knowledge, level of authority, and influence within the FTC to manage the DATA Act

<sup>20</sup> OMB Memorandum M-15-12 suggests implementation plans include the estimated resource requirements, an implementation timeline, foreseeable challenges, risk mitigation strategy, and policy priorities.

<sup>21</sup> The Oracle patches will create the necessary linkages for FTC’s Comprizon and Contract Lifecycle Management (CLM) acquisition systems to meet the DATA Act requirements.

<sup>22</sup> The GTAS replaces the functionality of FACTS I, FACTS II, IFCS, and IRAS trial balance reporting systems as the primary means of reporting agency trial balance data.

<sup>23</sup> DOI OIG report on IBC, at page 9.

<sup>24</sup> The DATA Act Agency Progress Dashboard is a reporting tool that is uploaded to MAX.gov. Agencies self-report their progress on the DATA Act implementation.

implementation. The work group is comprised of experienced personnel with diverse backgrounds as suggested by the Treasury/OMB Playbook.

We found that the most significant challenges the FTC has encountered in meeting the DATA Act requirement relate to staffing resources and IBC's ability to execute the implementation plan in a timely fashion. There are several factors that will continue to affect the FTC's DATA Act implementation. These factors include:

- 1) **FTC Staffing Resources** - FMO has recently experienced a loss of key personnel and must rely on contractors to fill important roles related to the implementation of the DATA Act.
- 2) **IBC Resources** - The IBC staff must accomplish a challenging workload with limited resources. IBC supports two financial management systems. The Department of Interior (and IBC) utilizes the Financial and Business Management System (FBMS), and IBC's customers utilize Oracle Federal Financials. Both systems place unique and separate demands on the IBC staff; in addition, IBC has undertaken several initiatives in addition to the DATA Act that, taken together, place additional burdens on IBC personnel and resources.
- 3) **Schedule** – Possible delays in software updates required from the software vendors, will reduce the time available for IBC and FTC to review and evaluate the DATA Act structure updates and their impact on the accuracy of the financial system.

To alleviate the impact of some of these challenges, the FTC work group acquired the assistance of contractors to assist with the implementation effort. These challenges, coupled with the uncertainty related to data testing in the DATA Act Broker, tight timeframes, and unanticipated disruptions offer little flexibility to reach the May 9, 2017, reporting deadline. We emphasize the need for the FTC work group to continue to monitor IBC efforts closely and address emerging risks or challenges quickly and effectively.

Based on the results of our review, except for the challenges identified above, nothing came to our attention that caused us to believe the FTC will not meet the DATA Act reporting requirements and deadline. As part of our responsibility to provide oversight of DATA Act implementation, we will conduct future audits of the FTC's DATA Act implementation.<sup>25</sup>

## Management's Response

Management's response to our report is included in its entirety in Appendix E.

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<sup>25</sup> The DATA Act directs Inspectors General to issue three reports on statistically-valid samplings of agency data submitted to the Treasury.

**APPENDIX A - THE CIGIE DATA ACT LETTER**



December 22, 2015

The Honorable Ron Johnson  
Chairman  
The Honorable Thomas Carper  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, D.C.

The Honorable Jason Chaffetz  
Chairman  
The Honorable Elijah Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, D.C.

Dear Mr. Chairmen and Ranking Members:

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) recognizes and appreciates your leadership on issues of Government transparency and accountability. In particular, we believe the enactment last year of the Digital Accountability and Transparency Act of 2014 (DATA Act) will significantly improve the quality of Federal spending data available to Congress, the public, and the accountability community if properly implemented. To make sure this happens, the DATA Act provides for strong oversight by way of the Federal Inspectors General and the Government Accountability Office (GAO). In particular, the DATA Act requires a series of reports from each to include, among other things, an assessment of the completeness, timeliness, quality, and accuracy of data submitted by agencies under the DATA Act.

I am writing this letter on behalf of CIGIE to inform you of an important timing anomaly with the oversight requirement for Inspectors General in the DATA Act. Your staffs have been briefed on this timing anomaly, which affects the first Inspector General reports required by the DATA Act. Specifically, the first Inspector General reports are due to Congress in November 2016. However, the agencies we oversee are not required to submit spending data in compliance with the DATA Act until May 2017. As a result, Inspectors General would be unable to report on the spending data submitted under the Act, as this data will not exist until the following year. This anomaly would cause the body of reports submitted by the Inspectors General in November 2016 to be of minimal use to the public, the Congress, the Executive Branch, and others.

To address this reporting date anomaly, the Inspectors General plan to provide Congress with their first required reports in November 2017, a one-year delay from the due date in statute, with subsequent reports following on a two-year cycle, in November 2019 and November 2021. We believe that moving the due dates back one year will enable the Inspectors General to meet the

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intent of the oversight provisions in the DATA Act and provide useful reports for the public, the Congress, the Executive Branch, and others.

Although we think the best course of action is to delay the Inspector General reports, CIGIE is encouraging the Federal Inspector General Community to undertake DATA Act “readiness reviews” at their respective agencies well in advance of the first November 2017 report. Through a working group, CIGIE has developed guidance for these reviews. I am pleased to report that several Inspectors General have already begun reviews at their respective agencies, and many Inspectors General are planning to begin reviews in the near future. We believe that these reviews, which are in addition to the specific oversight requirements of the Act, will assist all parties in helping to ensure the success of the DATA Act implementation.

We have kept GAO officials informed about our plan to delay the first Inspector General reports for one year, which they are comfortable with, and our ongoing efforts to help ensure early engagement through Inspector General readiness reviews.

Should you or your staffs have any questions about our approach or other aspects of our collective DATA Act oversight activities, please do not hesitate to contact me at (202) 514-3435.

Sincerely,



Michael E. Horowitz  
Chair, Council of the Inspectors General on Integrity and Efficiency  
Inspector General, U.S. Department of Justice

cc: The Honorable David Mader, Controller, OMB  
The Honorable Gene Dodaro, Comptroller General, GAO





**APPENDIX B - FINAL 57 GOVERNMENT-WIDE DATA ELEMENTS**

Item	Data Element	Item	Data Element
1	<b>Appropriations Account</b>	30	<b>Record Type</b>
2	<b>Budget Authority Appropriated</b>	31	<b>Amount of Award</b>
3	<b>Object Class</b>	32	<b>Current Total Value of Award</b>
4	<b>Obligation</b>	33	<b>Federal Action Obligation</b>
5	<b>Other Budgetary Resources</b>	34	* Non-Federal Funding Amount
6	<b>Outlay</b>	35	<b>Potential Total Value of Award</b>
7	<b>Program Activity</b>	36	<b>Awardee/Recipient Legal Entity Name</b>
8	<b>Treasury Account Symbol (excluding sub-account)</b>	37	<b>Awardee/Recipient Unique Identifier</b>
9	<b>Unobligated Balance</b>	38	<b>Highly Compensated Officer Name</b>
10	<b>Action Date</b>	39	<b>Highly Compensated Offer Total Compensation</b>
11	<b>Action Type</b>	40	<b>Legal Entity Address</b>
12	<b>Award Description</b>	41	<b>Legal Entity Congressional District</b>
13	<b>Award Identification (ID) Number</b>	42	<b>Legal Entity Country Code</b>
14	<b>Award Modification/Amendment Number</b>	43	<b>Legal Entity Country Name</b>
15	<b>Award Type</b>	44	<b>Ultimate Parent Legal Entity Name</b>
16	<b>Business Types</b>	45	<b>Ultimate Parent Unique Identifier</b>
17	* Catalog of Federal Domestic Assistance Number	46	<b>Awarding Agency Code</b>
18	* Catalog of Federal Domestic Assistance Title	47	<b>Awarding Agency Name</b>
19	<b>North American Industrial Classification System Code</b>	48	<b>Awarding Office Code</b>
20	<b>North American Industrial Classification System Description</b>	49	<b>Awarding Office Name</b>
21	<b>Ordering Period End Date</b>	50	<b>Awarding Sub Tier Agency Code</b>
22	<b>Parent Award Identification Number</b>	51	<b>Awarding Sub Tier Agency Name</b>
23	<b>Period of Performance Current End Date</b>	52	<b>Funding Agency Code</b>
24	<b>Period of Performance Potential End Date</b>	53	<b>Funding Agency Name</b>
25	<b>Period of Performance Start Date</b>	54	<b>Funding Office Code</b>
26	<b>Primary Place of Performance Address</b>	55	<b>Funding Office Name</b>
27	<b>Primary Place of Performance Congressional District</b>	56	<b>Funding Sub Tier Agency Code</b>
28	<b>Primary Place of Performance Country Code</b>	57	<b>Funding Sub Tier Agency Name</b>
29	<b>Primary Place of Performance Country Name</b>		

\* Data Element does not apply to the Federal Trade Commission

**APPENDIX C – MANAGEMENT REPRESENTATION LETTER**



Financial Management Office

United States of America  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

January 19, 2017

Roslyn A. Mazer  
Inspector General  
Federal Trade Commission  
Office of the Inspector General  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Ms. Mazer,

The Financial Management Office (FMO) is providing this letter in connection with your readiness review of the Federal Trade Commission's (FTC) implementation efforts required by the Digital Accountability and Transparency Act of 2014 (DATA Act). We understand that you conducted your review in accordance with U. S. generally accepted government auditing standards (GAGAS) for attestation engagements. We understand that the purpose of a GAGAS review is to provide a limited form of assurance, and the purpose of your readiness review is to provide assurance that nothing came to the attention of the OIG that indicates the FTC will not meet DATA Act May 2017 reporting deadlines.

FMO management is responsible for making all DATA Act information available for OIG's review. We confirm that we are responsible for the fair presentation of the information submitted to meet DATA Act requirements. We agree to disclose to the OIG all material facts that could impact the fair presentation of DATA Act submissions. Further, we acknowledge that the readiness review does not relieve us of our responsibilities.

FMO management confirms, to the best of our knowledge, as of January 18, 2017, the following representations we made to you during your review:

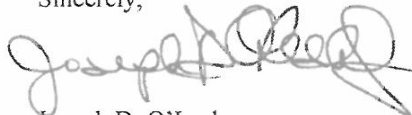
1. We are responsible for FTC's compliance with all applicable laws and regulations related to the DATA Act.
  2. We have disclosed all material facts, challenges, episodes of noncompliance, and foreseeable risks impacting implementation of DATA Act requirements.
  3. We have identified and disclosed all laws, regulations, and related financial records that have a direct and material effect on the determination of amounts reported within the submission of the DATA Act.
  4. There are no violations of laws or regulations having a material impact on disclosure in the DATA Act submission of May 2017.
  5. We are not aware of any violations of the DATA Act, P.L. No. 113-101 or OMB M-15-12 that we are required to report to the Congress in our DATA Act submissions, through the date of this letter.
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Assertions in Accordance with DATA Act Regulations

1. FTC has completed, or is on track to complete, steps 1-4 from the DATA Act Playbook.
  - a. A DATA Act work group has been established and includes the impacted offices within FMO.
  - b. A Senior Accountability Officer (SAO) has been designated.
  - c. FMO has reviewed the list of DATA Act elements and participated in data definitions standardization. FMO has performed an inventory of agency data and associated business processes and systems.
  - d. FMO has been kept apprised of the Interior Business Center (IBC) coordination with Oracle in regards to necessary system changes needed to properly capture financial and procurement data.
  
2. Challenges related to FTC's implementation of the DATA Act are primarily associated with FMO staffing resources and with the FTC's Federal Shared Service Provider – the Interior Business Center (IBC). Challenges include:
  - a. **Staffing Resources** – The FTC's Financial Management Office has recently experienced turnover of key FTE's and will rely upon contracted resources to fill important roles related to the implementation of the DATA Act.
  - b. **Funding** - IBC operates under Working Capital Fund authority on a full cost recovery basis, but does not permit retention of operating reserves. IBC clients operate with limited resources and may not have the funding necessary to pay IBC to prepare their Oracle Federal Financials data to submit for DATA Act requirements.
  - c. **Increased Demands** - IBC has undertaken several concurrent initiatives in addition to the DATA Act, that are collectively stressing the capacity of IBC resources. These initiatives include implementation of a new Oracle business intelligence reporting tool, migration to Treasury's Invoice Payment Platform, and implementation of a second instance of Oracle Federal Financials to support the large scale implementation of key components of the Department of Homeland Security – the U.S. Coast Guard and the Transportation Security Administration.
  - d. **Systems** - IBC supports two financial management systems. The Department of Interior (and IBC) utilize the Financial and Business Management System (FBMS) and IBC's customers utilize Oracle Federal Financials.
  - e. **Schedule** – Any further delays in software updates required from the software vendors, will reduce the time available for IBC and FTC to review and evaluate the DATA Act structure updates and their impact on the accuracy of the financial system.

FMO management confirms that FTC executive leadership has been apprised of the above-referenced challenges to FTC's successful implementation of the DATA Act.

Sincerely,



Joseph D. O'Leska  
Deputy Chief Financial Officer  
Federal Trade Commission





**APPENDIX D - FTC RESPONSE TO OMB M-15-12**

**Federal Trade Commission (FTC)  
Response to OMB Memorandum M-15-12  
DATA Act Implementation Plan**

The FTC currently receives hosting and application management support for its core financial system, Oracle Federal Financials (OFF), through an agreement with the U.S. Department of the Interior, Interior Business Center (IBC), a Federal Shared Service Provider (FSSP). In addition, during Fiscal Year 2016, the FTC will be implementing the acquisition system, Oracle Contract Lifecycle Management (CLM), through IBC. As a result, the FTC's implementation plan for complying with the DATA Act is reflective of IBC's implementation plan.

**Timeline**

IBC anticipates completion of all plan phases and implementation by May 2017.

See attached *IBC Oracle Federal Financials (OFF) DATA Act Implementation Timeline*

**Estimate**

The total costs to the FTC have not yet been determined. IBC has passed on an initial share of the costs to its clients in the FY 2016 Interagency Agreements. However, as IBC continues to analyze the impact of DATA Act requirements, additional increases may be assessed. It is anticipated that the bulk of the costs will be incorporated in the FY 2017 agreement. When these costs are passed on to the FTC, we will be seeking to include those costs in the FY 2018 budget request. Because no estimate was available, no cost was included in the FY 2017 budget request.

**Narrative**

As communicated to us by IBC, the implementation plan includes several key elements involving business process changes, data improvements, and functional and technical changes to OFF.

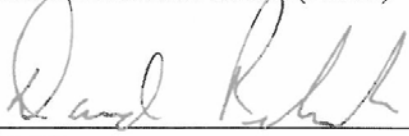
See attached *IBC OFF DATA Act Implementation Plan Narrative*

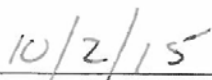
**Project Plan**

See attached *IBC OFF DATA Act Implementation Project Plan*

David Rebich, Chief Financial Officer

\_\_\_\_\_  
Name of Accountable Official (Printed)

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

## **APPENDIX E – MANAGEMENT COMMENTS**



United States of America  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

Office of the Chief Financial Officer

March 22, 2017

**MEMORANDUM**

TO: Roslyn A. Mazer  
Inspector General

FROM: David Rebich  
Chief Financial Officer

A handwritten signature in blue ink that reads "David Rebich".

SUBJECT: Management's Response to the Draft DATA Act Readiness Review

Management has reviewed the Discussion Draft for the Office of the Inspector General's Independent Readiness Review of the FTC's Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act). We appreciate that the Inspector General's review recognized the challenges the FTC's Financial Management Office (FMO) has encountered in meeting the DATA Act requirements, and that nothing came to your attention that would cause you to believe that the FTC will not meet the DATA Act reporting requirements and the May 9, 2017 deadline.

Since providing the management representation letter on January 19, 2017, FMO has continued to focus on DATA Act implementation. Significant efforts have been made to ensure our data is in the required DATA Act reporting format. We have also continued to collaborate with the Interior Business Center (IBC) in review and preparation of our DATA Act files from Oracle.

With respect to the challenges we have encountered in meeting the DATA Act requirements, we have some updates to our January 19, 2017 memo:

1. **Staffing Resources** – The FTC Financial Management Office has retained two experienced contractors to assist with DATA Act implementation efforts.
2. **Schedule** - Delays in receipt of software updates from Oracle will reduce time for the IBC and FTC to review DATA Act structure in the financial system.
  - Oracle released the final DATA Act patch on December 23, 2016. IBC received the patch on December 27, 2016 and has dedicated resources to reviewing and testing the patch. Due to breadth of impacts to Oracle Federal Financials from the patch, FMO has also conducted extensive testing to verify functionality. The current IBC goal is to have the patch placed into production over the weekend of March 25-26, 2017.
  - IBC has begun producing test DATA Act files for their clients. For the FTC, IBC has been able to successfully produce 2 of the 3 files from Oracle. However, the data has not been accurate. IBC is continuing to research, test, and correct errors. The third file will be produced and reviewed upon successful production of the first two files.

If you have any other questions or concerns regarding the FTC's implementation of the DATA Act, please contact Joe O'Leska on 202 326-2716.

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**Complaints may be made anonymously.**

Any information you provide will be held in confidence. However, providing your name and means of communicating with you may enhance our ability to investigate.

