



March 21, 2018

To: ARC Executive Director
ARC General Counsel
ARC Director, Community Investments
ARC Director, Finance and Administration
ARC Assistant General Counsel

From: Hubert Sparks, Inspector General

Subject: Audit Report 18-12 – DATA Act

Summary

Our review disclosed that ARC, working with its shared accounting services provider and USASpending generally implemented the Data Act in accordance with applicable provisions. Errors noted related to required elements and were not considered excessive for the first submission of data under a new system. ARC continues to work with OMB to reach agreement on issues related to ARC's responsibility to comply with Federal requirements since ARC is not a Federal agency as defined in Titles 5 and 31.

Federal agencies were to begin reporting federal spending data using the new data standards for the second quarter of FY 2017 in May 2017, which ARC accomplished.

Results

Our review found that through the process of ARC working with its shared accounting services provider and USASpending that although there were errors in reporting it was not an unusual amount of mistakes for the first submission of data in a new system. The errors reported were not of financial significance other than for the grants and contracts processed without a System for Award Management (SAM) identifiers. This resulted in about 10 percent of grants being rejected for submission to USA Spending because grantees were not in SAM at time of applications. ARC notifies grantees to enter into SAM.

We observed errors related to required elements such as zip code 4, business type, primary place of performance, performance congressional district, award descriptions etc. This was due to first time submission confusion as to whether the accounting services provider or ARC would submit this data.

The USDA PFS shared services agreement to provide financial services was amended to include the requirement that USDA would provide the mandatory DATA Act reporting requirements. The agreement for FY 18 includes meeting DATA Act requirements for ARC,

but does not go into detail. Therefore, we recommend that ARC work with USDA to identify OMB requirements that USDA is to perform and insert them into the agreement.

Although a preliminary plan was developed which identified gaps and issues that needed to be resolved or pursued, a formal plan was not completed to implement the results of the initial survey. The preliminary plan was used to address the issues identified as ARC staff worked through the process.

The ARC staff had discussions with OMB during the process of bringing the system into compliance and discussed areas needing further consideration. A senior official stated OMB had not reached a conclusion on certain procurement issues and those issues were on hold until OMB decisions are made. This included certifying the required files of the various reporting requirements. In essence ARC and OMB have not concluded whether the ARC unique structure permits ARC to report as was done prior to the Data Act.

It is recommended that ARC resolve any remaining issues related to Data Act reporting.