



**U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION**  
**Washington, D.C. 20507**

Office of Inspector General


November 15, 2017

MEMORANDUM

TO: United States House Committee on Oversight and Government Reform  
The Honorable Trey Gowdy, Chairman  
The Honorable Elijah E. Cummings, Ranking Member  
2157 Rayburn House Office Building  
Washington, DC, 20515

United States Senate Committee on the Budget  
The Honorable Mike Enzi, Chairman  
The Honorable Bernie Sanders, Ranking Member  
624 Dirksen Senate Office Building  
Washington, DC 20510

United States House Committee on the Budget  
The Honorable Diane Black, Chairperson  
The Honorable John Yarmuth, Ranking Member  
B-234 Longworth House Office Building  
Washington, D.C. 20515

FROM: Milton A. Mayo, Jr.   
Inspector General

SUBJECT: PERFORMANCE AUDIT OF THE COMPLIANCE WITH THE FINANCIAL  
AND AWARD DATA SUBMISSIONS FOR THE SECOND QUARTER  
FY 2017 (2017-06-AOIG)

This memorandum transmits the Harper, Rains, Knight & Company (HRK), P.A. Certified Public Accountants final report on the results of the Equal Employment Opportunity Commission's (EEOC's) compliance with the Digital Accountability and Transparency Act (DATA Act; P.L. No. 113-101). The DATA Act expands the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (P.L. No. 109-282). HRK determined EEOC met the requirements of the DATA Act.

cc:

Victoria A. Lipnic, Acting Chair  
Germaine Roseboro, Chief Financial Officer  
Raj Mohan, Director, Finance and System Services Division  
Cynthia Pierre, Chief Operating Officer  
Mona Papillon, Deputy Chief Operating Officer  
Jim Paretti, Chief of Staff & Senior Counsel to Acting Chair Lipnic

U.S. EQUAL EMPLOYMENT  
OPPORTUNITY COMMISSION

WASHINGTON D.C.

PERFORMANCE AUDIT OF THE  
COMPLIANCE WITH THE FINANCIAL  
AND AWARD DATA SUBMISSIONS  
FOR THE SECOND QUARTER  
OF FISCAL YEAR 2017

NOVEMBER 15, 2017

HARPER, RAINS, KNIGHT & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
WASHINGTON, D.C.

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## **Independent Auditors' Report on the EEOC's Compliance with the Financial and Award Data Submissions for the Second Quarter of FY 2017**

Milton A. Mayo, Jr  
Inspector General  
U.S. Equal Employment Opportunity Commission  
131 M Street, NE  
Washington, D.C. 20507

We have conducted a performance audit of the U.S. Equal Employment Opportunity Commission's (EEOC) compliance with the financial and award data submissions for the second quarter of fiscal year 2017. EEOC's management is responsible for the compliance of the fiscal year 2017 second quarter financial and award data submissions in accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act) and submission standards developed by the U.S. Department of Treasury (Treasury) and the Office of Management and Budget (OMB).

We conducted this performance audit in accordance with general accepted government auditing standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our performance audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our performance audit objectives.

To assess EEOC's compliance, we performed specific procedures to address the objectives identified in the Federal Audit Executive Council (FAEC) DATA Act Working Group, Inspector General Guide to Compliance Under the DATA Act, issued February 27, 2017. The specific scope and methodology are summarized in Section II of this report.

Based on our assessment, EEOC met the requirements of the DATA Act. The results of are documented in Section III of this report.

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Inspector General  
U.S. Equal Employment Opportunity Commission - continued

EEOC's response to the findings identified in our audit are described in Section IV. EEOC's response was not subjected to the auditing procedures applied in the performance audit of compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the EEOC and the EEOC Office of Inspector General, Office of Management and Budget, Congress, and the Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

*Harper, Rainie, Knight & Company, P.A.*

November 15, 2017

Section I  
DATA Act: Background

**Section I – Background**

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, 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 will be displayed on USASpending.gov for taxpayers and policy makers.

The DATA Act also requires the Inspector Generals (IG) of each Federal agency 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 Federal agency.

- **Completeness** is measured in two ways, (1) all transactions that should have been recorded are recorded in the proper reporting period and (2) as the percentage of transactions containing all applicable data elements required by the DATA Act.
- **Timeliness** is measured as the percentage of transactions reported within 30 days of quarter end.
- **Quality** is defined as a combination of utility, objectivity, and integrity. Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.
- **Accuracy** is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.

In consultation with GAO, as required by the DATA Act, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) DATA Act Working Group developed the *Inspectors General Guide to Compliance under the DATA Act* (DATA Act guide) to set a baseline framework for the required reviews performed by the IG community and to foster a common methodology for performing these mandates. Under the DATA Act, each IG is required to issue three reports on its agency's data submission and compliance with the DATA Act. The DATA Act guide was developed for the first required report due November 2017. Our performance audit was performed in accordance with the DATA Act guide.

Section II  
DATA Act: Objectives, Scope, and Methodology

**Section II – Objectives, Scope, and Methodology**

**Objective**

The objectives of our performance audit of EEOC's compliance with the DATA Act were as follows:

1. Did EEOC's fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov meet the DATA Act standards of completeness, timeliness, quality, and accuracy?
2. Did EEOC's implement and use Government-wide financial data standards established by OMB and Treasury?

**Scope**

The scope of the performance audit covers EEOC's FY 2017 second quarter financial and award data submissions for publication to the USASpending.gov website and applicable procedures, certifications, assurances, documentation, and controls in place to comply with the DATA Act requirements.

**Methodology**

We planned and performed this performance audit following the *Inspectors General Guide to Compliance Under the DATA Act*, dated February 27, 2017. In planning and performing the audit, we considered and obtained an understanding of EEOC's internal controls considered relevant to our audit objectives, but not for the purpose of expressing an opinion on internal control. Accordingly, no such opinion is expressed. Our consideration of internal controls relevant to our audit objectives would not necessarily disclose all matters that might be significant deficiencies. Because of the inherent limitations of internal controls, noncompliance may nevertheless occur and not be detected.

To accomplish our objectives of the performance audit, we:

- Obtained an understanding of applicable laws, legislation, directives, and any other regulatory criteria (and guidance) related to EEOC's responsibilities to report financial and award data under the DATA Act;
- Identified roles, responsibilities, and reporting relationships over the DATA Act at EEOC and with its service provider;
- Assessed EEOC's systems, processes, and internal controls in place over data management under the DATA Act;
- Conducted interviews with those responsible for the DATA Act at EEOC;
- Assessed the controls pertaining to the financial management systems (i.e. grants, loans, procurement) from which the data elements were derived and linked;
- Assessed EEOC's internal controls in place over the financial and award data reported to USASpending.gov per OMB Circular A-123;

## Section II

### DATA Act: Objectives, Scope, and Methodology-continued

- We selected a statistically valid sample of 76 items from EEOC's FY 2017 second quarter financial and award data File C submitted by EEOC for publication on USASpending.gov;
- Assessed the completeness, timeliness, quality, and accuracy of the financial and award data sampled;
- Assessed EEOC's implementation and use of the 57 data definition standards established by OMB and Treasury.



### **Section III – Results**

#### **Assessment of Internal Controls**

EEOC is responsible for the design, implementation, and operating effectiveness of its internal controls. In accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix A, EEOC assessed its internal controls over financial reporting and provided reasonable assurance that its internal controls over financial reporting were operating effectively.

In accordance with GAO's Standards for Internal Control in the Federal Government (Green Book), we assessed whether EEOC's internal controls over financial and award data (1) had been properly designed and implemented, and (2) operated effectively to manage and report financial and award data in accordance with the DATA Act.

Specifically, we assessed EEOC's:

- internal controls over source systems used to report financial and award data for publication on USASpending.gov; and
- internal controls in place over data management and processes used to report financial and award data to USASpending.gov.

#### **Internal Controls over Source Systems Related to the DATA Act**

EEOC identified the U.S. Department of Interior's Oracle Federal Financials (OFF), including the Oracle Contract Lifecycle Management (CLM) module, as the source system of record for financial and award data. In our assessment of the internal controls over source systems, we relied on the SSAE 18, SOC 1, Type 2 Report issued over the Oracle Federal Financials covering the period July 1, 2016 through July 31, 2017. The service auditors found the controls were suitably designed and operating effectively.

#### **Internal Controls in Place over Data Management and Processes used to Report Financial and Award Data**

We determined EEOC properly designed and implemented internal controls over financial and award data to ensure it managed and reported financial and award data in accordance with the DATA Act.

In addition, we determined that EEOC's Senior Accountability Official's (SAO) designee certified the DATA Act Broker submission that was submitted by IBC on EEOC's behalf. However, we were not provided with supporting documentation supporting the certification covering Files D-F, as required by OMB guidance. We recommend in addition to the certification of the DATA Act Broker submission that the SAO, or their designee, create a quarterly assurance package that includes all the necessary elements in the OMB guidance. Specifically, the quarterly assurance package should document the following.

- The alignment among Files A through F is valid and reliable.
- The data in each DATA Act file submitted for display on USASpending.gov are valid and reliable.

Section III  
DATA Act: Results-continued

**Summary-Level Data (Files A and B)**

We assessed the cumulative summary level data in Files A and B. We determined Files A and B satisfied Treasury's attributes for completeness, timeliness, quality, and accuracy. We identified no variances between Files A and B.

Per OMB guidance, File A must match the Agency's SF-133. Additionally, File B program activity names, codes, and object classes must match Section 83 of OMB Circular A-11 and the Program and Financing Schedule in the President's Budget. We found no variances between File A and EEOC's SF-133 and we found File B matched the program activity names, codes, and object classes.

**Award-Level Data (File C)**

We selected a statistically valid random sample of transactions from EEOC's second quarter File C, as required by the DATA Act. The File C population consisted of 1,656 transactions totaling approximately \$2.77 million. Our sample consisted of 76 transactions totaling approximately \$2.72 million.

EEOC was informed by their service provider, IBC, that not all award-level information in File C was included in File D1. We inquired about the known issue with both EEOC and IBC and were informed the patch was a work in progress. To confirm applicable procurement awards from File C were included in File D1 we compared the PIIDs in both files. We found in our sample of 76 award-level transactions from File C that 28 did not have a corresponding PIID in File D1; however, we could not determine if the exceptions were due solely to the known issue identified by IBC. We recommend that EEOC perform additional reconciliations over Files C and D1 to determine the root cause of their differences, whether it is the known issue or a potential control issue with the data being submitted from the CLM module.

**Implementation and Use of the Government-wide Financial Data Standards**

EEOC implemented and used the Government-wide financial data standards established by OMB and Treasury. Our audit determined EEOC's definitions of the 57 data standards agreed with OMB and Treasury guidance.

Section IV  
DATA Act: Management's Response to Findings

**Section IV – Management's Response to Findings**



U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION  
Washington, D.C. 20507

November 13, 2017

Office of the Chief Financial Officer

Mr. Matthew Farage  
Harper, Rains, Knight and Company, P.A.  
1052 Highland Colony Parkway Suite 100  
Ridgeland, MS 39157

Dear Mr. Farage:

This is in response to the recommendations related to the statement of facts (SOF) for the Equal Employment Opportunity Commission's FY 2017 Data Act Audit.

Attached are my responses to each SOF. Should you or your staff have questions, please contact me at [Germaine.Roseboro@eeoc.gov](mailto:Germaine.Roseboro@eeoc.gov) or (202) 663-4238.

Sincerely,

A handwritten signature in black ink that reads "Germaine P. Roseboro".

Germaine P. Roseboro  
Chief Financial Officer

Attachment

cc: Latesha Goode, EEOC  
Office of Inspector General

Section IV  
DATA Act: Management's Response to Findings-continued

Response to Harper, Rains, Knight and Company  
Statement of Facts (SOF) for  
The U.S. Equal Employment Opportunity Commission  
Fiscal Year 2017 Data Act Audit

1. SOF – SAO Assurance - EEOC should consider a documentation process that meets all aspects of OMB M-17-04, including documentation of all work performed to validate Files A-F.

**Managements' Response:**

EEOC agrees with the SOF. We will work with IBC to ensure they provide us with appropriate information that will allow us to reconcile EEOC files and include explanations of any differences, as required.

2. SOF- Internal Control - EEOC should consider implementing a documentation process that meets all aspects of OMB M-17-04, including documentation of all work performed to validate Files A-F.

**Managements' Response:**

EEOC agrees with the SOF. We will work with IBC to document/reconcile all EEOC files and include explanations of any differences, as required.