



OFFICE OF INSPECTOR GENERAL

U.S. International Development Finance Corporation

DFC Generally Complied with the Digital Accountability and Transparency Act in Fiscal Year 2021

March 8, 2022

Audit Report DFC-22-001-C

1100 New York Avenue NW
Washington, D.C. 20527
<https://www.dfc.gov/oig>



Report Highlights

Office of Inspector General

U.S. International Development Finance Corporation

DFC Generally Complied with the Digital Accountability and Transparency Act in Fiscal Year 2021

What We Reviewed

The U.S. International Development Finance Corporation Office of Inspector General (DFC OIG) contracted with RMA Associates, LLC (RMA) to audit DFC's compliance with the Digital Accountability and Transparency Act (DATA Act) for the second quarter of fiscal year 2021.

Our objectives were to (1) assess the completeness, accuracy, timeliness, and quality of the second quarter fiscal year 2021 financial and award data submitted by DFC for publication on USASpending.gov; and (2) assess DFC'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 the Treasury (Treasury). This was our first audit of DFC's compliance with the DATA Act.

What We Found

We determined that DFC generally complied with the DATA Act for 2021. Specifically, our audit determined that DFC generally submitted complete and accurate financial and award data for its second quarter of fiscal year 2021 publication on USASpending.gov and generally had effective internal controls over its DATA Act submission. We did not identify any issues with the completeness, accuracy, or timeliness of procurement awards data. However, we did identify exceptions with the completeness, accuracy, and timeliness of financial assistance awards data. For example, we found that DFC did not populate LegalEntityZIPLast4 for two out of three financial assistance awards sampled and did not comply with the required 30-day reporting schedule of financial assistance awards. We also found that DFC's linkage of File C to File D2 is inconsistent and their certification and submission process needed strengthening.

Our Recommendations

We made three recommendations to DFC's Vice President and Chief Financial Officer that will help strengthen the completeness, accuracy, and timeliness of financial assistance awards data.



OFFICE OF INSPECTOR GENERAL

U.S. International Development Finance Corporation

Date: March 08, 2022

MEMORANDUM FOR: MS. MILDRED O. CALLEAR
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
(CFO)

FROM: Anthony "Tony" Zakel
Inspector General

SUBJECT: Final Report – (DFC Generally Complied with the Digital
Accountability and Transparency Act in Fiscal Year 2021)
(Project Number DFC-22-001-C)

This report presents the results of our audit of DFC's compliance with the DATA Act in fiscal year 2021. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of RMA Associates LLC to conduct the audit. In carrying out its oversight responsibilities, OIG reviewed RMA's report and related audit documentation and inquired of its representatives. We found no instances in which RMA did not comply, in all material respects, with applicable standards.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact me at 202-408-6246.

Anthony "Tony" Zakel
Inspector General

Attachment

cc: Scott Nathan (CEO)
Rebecca Brocato (Chief of Staff)
Tina Donbeck (CIO)
Allan Villabroza
William Ellett
Richard Lukens

Ryan Zalaskus
Eric Styles

**U.S. International
Development Finance Corporation (DFC)**

**DFC Generally Complied with the Digital
Accountability and Transparency Act in Fiscal
Year 2021**

Final Report

Order No: 140D0421F0244

Date: March 8, 2022

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Summary of Recommendations, Management Comments and Evaluation of Management Comments

Recommendations

RMA recommends that the Vice President and Chief Financial Officer:

- **Recommendation 1:** Require business process owners to populate LegalEntityZIPLast4 information in source systems at the time of the transaction.
- **Recommendation 2:** Design and implement policies and procedures that require the agency to report financial assistance awards to FABS within 30 days after an award is issued.
- **Recommendation 3:** Continue to work with Treasury and OMB to clarify the procedure to report subsidy modifications.

Management Comments

DFC concurred with RMA's recommendations with the following statements and set a target resolution date of June 30, 2022. See Appendix I for management's comments in their entirety.

For Recommendation 1, the Office of Financial and Portfolio Management concurred and stated, "*Current DFC policy requires that business process owners populate LegalEntityZIPLast4 information in source systems at the time of the transaction. Management will reiterate this requirement to agency process owners with a written reminder and, as part of ongoing monitoring of its DATA Act submissions, will escalate any instances of non-compliance to supervisors. Demonstration of DATA Act file submissions with no missing LegalEntityZIPLast4 data will address this recommendation.*"

For Recommendation 2, the Office of Financial and Portfolio Management concurred and stated, "*DFC recognizes the importance of adhering to the monthly reporting requirements under the DATA Act and the agency has already undertaken to adjust its processes to facilitate this greater reporting frequency. Demonstration of semi-monthly reporting of financial assistance awards reported to FABS within 30 days after an award is issued will address this recommendation.*"

For Recommendation 3, the Office of Financial and Portfolio Management concurred and stated, "*DFC will work closely with Treasury to clarify the procedure to report subsidy modifications. Demonstration of the following will address this recommendation:*

- *Modifications are accurately reported in DATA Act filings as evidenced by consistency between Files D2 and C.*

- *Consistent usage of the correct FAIN across the applicable DATA Act files for respective awards by determining whether the parent or child project number should be used in files C and D2.
Correct project numbers are consistently applied across the various files with no submission warnings regarding this matter.”*

Evaluation of Management Comments

RMA agrees with management’s comments regarding the recommendations and believe the actions stated will address the findings.

Appendix I: Management Comments



MEMORANDUM

February 24, 2022

TO: Anthony Zakel
Inspector General
DFC – Office of the Inspector General

FROM: Scott Nathan
Chief Executive Officer

SUBJECT: DFC's Management Comments to "DFC Generally Complied with the Digital Accountability and Transparency Act in Fiscal Year 2021"

DFC wishes to thank its Inspector General for conducting not only this first-ever audit of the DATA Act but also the agency's first-ever audit by its newly established Office of the Inspector General. DFC found the audit experience to be positive and informative and deeply appreciates the collaborative approach that was realized between DFC management and the auditors.

The agency concurs with the recommendations identified by the Inspector General. As a newly established agency that has already grown dramatically since its inception, DFC is extraordinarily proud to have achieved a "Higher" quality rating, indicating strong compliance with the provisions of the DATA Act. Notwithstanding that accomplishment, DFC recognizes the need to strengthen its processes in some areas and plans to address each recommendation, as follows:

OIG Recommendation No. 1: Require business process owners to populate LegalEntityZIPLast4 information in source systems at the time of the transaction.

Management Response: Current DFC policy requires that business process owners populate LegalEntityZIPLast4 information in source systems at the time of the transaction. Management will reiterate this requirement to agency process owners with a written reminder and, as part of ongoing monitoring of its DATA Act submissions, will escalate any instances of non-compliance to supervisors. Demonstration of DATA Act file submissions with no missing LegalEntityZIPLast4 data will address this recommendation.

Responsible Party: Managing Director, Financial Management, Office of Financial and Portfolio Management

Target Resolution Date: 6/30/22

OIG Recommendation No. 2: Design and implement policies and procedures that require the agency to report financial assistance awards to FABS within 30 days after an award is issued.

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Management Response: DFC recognizes the importance of adhering to the monthly reporting requirements under the DATA Act and the agency has already undertaken to adjust its processes to facilitate this greater reporting frequency. Demonstration of semi-monthly reporting of financial assistance awards reported to FABS within 30 days after an award is issued will address this recommendation.

Responsible Party: Managing Director, Financial Management, Office of Financial and Portfolio Management

Target Resolution Date: 6/30/22

OIG Recommendation No. 3: Work with Treasury and OMB to clarify the procedure to report subsidy modifications.

Management Response: DFC will work closely with Treasury to clarify the procedure to report subsidy modifications. Demonstration of the following will address this recommendation:

- Modifications are accurately reported in DATA Act filings as evidenced by consistency between Files D2 and C.
- Consistent usage of the correct FAIN across the applicable DATA Act files for respective awards by determining whether the parent or child project number should be used in files C and D2.
- Correct project numbers are consistently applied across the various files with no submission warnings regarding this matter.

Responsible Party: Managing Director, Financial Management, Office of Financial and Portfolio Management

Target Resolution Date: 6/30/22

DFC is committed to the utmost levels of transparency and efficiency and looks forward to addressing the Inspector General's recommendations.

A handwritten signature in blue ink, appearing to read "Scott Nathan", written over a horizontal line.

Scott Nathan

Chief Executive Officer

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Appendix II: Sampling Methodology

To select our sample for testing, RMA used our proprietary Data Extraction and Analysis Procedures system (DEAPs). DEAPs, designed jointly by our in-house team of data scientists, statisticians, auditors, and CPAs, is a statistical sampling tool that utilizes mathematical algorithms depending on the input provided.

RMA selected the sample in accordance with the CIGIE FAEC Guide, Section 720 Sample Selection, using the following criteria:

- a. Population Size – the number of detail records included in DFC’s second quarter of fiscal year 2021 certified data submission determined by adding the total number of detail records in File C (after removing outlays) or the total number of detail records in both Files D1 and D2, if File C was deemed not suitable for sampling.
- b. Confidence Level – the probability that a confidence interval produced by sample data contains the true population error, set at 95 percent.
- c. Expected Error Rate – if this is a first year audit of the DATA Act submission and there is no previous testing with which to accurately estimate the expected error rate, then the expected error rate should be set at 50 percent.
- d. Sample Precision – the precision is a measure of the uncertainty associated with the projection, set at five percent.
- e. Sample Size – the sample size was based on a 95 percent confidence level, the population size, the expected error rate, and a desired sampling precision of five percent. The sample size will vary by agency but should be no more than 385 records from File C or both Files D1 and D2 combined, if File C was deemed not suitable for sampling. Auditors should discuss with statisticians the need for replacement sample items.
- f. Sample Unit – The statistical sample should be selected and tested by record. A record is a row of data in File C or Files D1/D2 if File C was deemed not suitable for sampling. A record could be a portion of a transaction or award activity and not necessarily the whole transaction or award activity.

Suitability of File C for Sample Selection

In accordance with the CIGIE FAEC Guide, Section 650 Suitability of File C for Sample Selection, prior to sampling, RMA performed testing procedures to determine the suitability of File C for sample selection:

- Assessed the sufficiency of DFC’s method of determining whether File C is complete and contains all transactions and linkages that should be included, as well as DFC’s methodology for resolving DATA Act Broker warnings between Files C and D1/D2;
- Assessed the reasonableness of DFC’s process to resolve all variances;
- Removed rows with any outlays from File C;
- Assessed the linkage of File C to File B by tracing the TAS, object class, and program activity data elements from File C to File B to ensure they exist in File B; and

- Assessed the linkage between File C and Files D1/D2 by tracing the Award ID Numbers that exist in File C to Files D1/D2 and vice versa.

We determined File C was not complete and not suitable for sampling selection according to the CIGIE FAEC Guide because when assessing the linkage between File C and Files D1/D2, we identified Award ID Numbers that existed in File C but not Files D1/D2. As a potential alternative method, we determined that the combination of Files D1/D2 was also not suitable for sampling selection because when assessing the linkage between File C and Files D1/D2, we identified Award ID numbers that existed in Files D1/D2 but not File C. Because neither File C nor combining Files D1/D2 were suitable for sampling, RMA sampled from File C by excluding the records that we were not able to link to Files D1/D2 and vice versa.

Sampling Plan

Our sample was selected from the award financial detail data included in DFC’s DATA Act File C submission for the second quarter of fiscal year 2021, submitted for publication on USASpending.gov, excluding records we were not able to link to Files D1/D2 and vice versa. This file consisted of financial assistance awards and procurement transactions for the period January 1, 2021, through March 31, 2021. This universe included financial assistance awards and procurement award transactions made by DFC. The universe consisted of 102 award financial detail records found in File C. Of the 102 records, 77 were procurement and 25 were financial assistance awards.

Based on sampling criteria contained in the CIGIE FAEC Guide and since DFC has not had a prior DATA Act audit, the sample size is based on a 95 percent confidence level, a desired sampling precision of 5 percent, and an expected error rate of 50 percent. According to the CIGIE FAEC Guide, if there is no previous testing with which to accurately estimate the expected error rate, then the expected error rate should be set at 50 percent.

We randomly selected samples using the random procedure in RMA DEAPs. Table 7 details the population of records and the resulting sample sizes for each award type.

Table 7: Resulting Sample Size

Award Type	Population	Sample Size
(1) procurement awards	77	5
(2) financial assistance awards	25	3
Total	102	8

Appendix III: DFC's Results for Data Elements

Table 8 summarizes the results of our data element testing. We sorted the results by the Accuracy error rate in descending order to provide the stakeholders with easy to discern information regarding which data elements were determined to have the highest instances of error. Table 8 is based on the results of our testing of five procurement records and three financial assistance records submitted in DFC's second quarter of fiscal year 2021 DATA Act submission.

Table 8: DFC's Results for Data Elements

DATA Elements in Descending Order by Accuracy Error Rate		Sample Error Rates		
DAIMS Element #	Data Element Name	Accuracy	Completeness	Timeliness
5	Legal Entity Address	25%	25%	38%
27	Period of Performance Current End Date	0%	0%	38%
32	Primary Place of Performance Country Code	0%	0%	38%
33	Primary Place of Performance Country Name	0%	0%	38%
11	Amount of Award	0%	0%	100%
19	Catalog of Federal Domestic Assistance (CFDA) Number	0%	0%	100%
20	CFDA Title	0%	0%	100%
35	Record Type	0%	0%	100%
37	Business Types	0%	0%	100%
36	Action Type	0%	0%	60%
1	Awardee/Recipient Legal Entity Name	0%	0%	38%
2	Awardee/Recipient Unique Identifier	0%	0%	38%
7	Legal Entity Country Code	0%	0%	38%
8	Legal Entity Country Name	0%	0%	38%
13	Federal Action Obligation	0%	0%	38%
16	Award Type	0%	0%	38%
22	Award Description	0%	0%	38%
25	Action Date	0%	0%	38%
26	Period of Performance Start Date	0%	0%	38%
34	Award ID Number (PIID/FAIN)	0%	0%	38%
38	Funding Agency Name	0%	0%	38%
39	Funding Agency Code	0%	0%	38%
40	Funding Sub Tier Agency Name	0%	0%	38%
41	Funding Sub Tier Agency Code	0%	0%	38%
42	Funding Office Name	0%	0%	38%
43	Funding Office Code	0%	0%	38%
44	Awarding Agency Name	0%	0%	38%
45	Awarding Agency Code	0%	0%	38%
46	Awarding Sub Tier Agency Name	0%	0%	38%
47	Awarding Sub Tier Agency Code	0%	0%	38%

DATA Elements in Descending Order by Accuracy Error Rate		Sample Error Rates		
DAIMS Element #	Data Element Name	Accuracy	Completeness	Timeliness
48	Awarding Office Name	0%	0%	38%
49	Awarding Office Code	0%	0%	38%
6	Legal Entity Congressional District	0%	0%	29%
14	Current Total Value of Award	0%	0%	0%
15	Potential Total Value of Award	0%	0%	0%
3	Ultimate Parent Unique Identifier	0%	0%	0%
4	Ultimate Parent Legal Entity Name	0%	0%	0%
17	NAICS Code	0%	0%	0%
18	NAICS Description	0%	0%	0%
23	Award Modification / Amendment Number	0%	0%	0%
24	Parent Award ID Number	0%	0%	0%
28	Period of Performance Potential End Date	0%	0%	0%
30	Primary Place of Performance Address	0%	0%	0%
31	Primary Place of Performance Congressional District	0%	0%	0%
50	Object Class	0%	0%	0%
51	Appropriations Account	0%	0%	0%
53	Obligation	0%	0%	0%
56	Program Activity	0%	0%	0%
163	National Interest Action	0%	0%	0%
430	Disaster Emergency Fund Code	0%	0%	0%
9	Highly Compensated Officer Name ¹²	N/A	N/A	N/A
10	Highly Compensated Officer Total Compensation ¹³	N/A	N/A	N/A
12	Non-Federal Funding Amount ¹⁴	N/A	N/A	N/A
21	Treasury Account Symbol ¹⁵	N/A	N/A	N/A
29	Ordering Period End Date ¹⁶	N/A	N/A	N/A
52	Budget Authority Appropriated ¹⁷	N/A	N/A	N/A
54	Unobligated Balance ¹⁸	N/A	N/A	N/A
55	Other Budgetary Resources ¹⁹	N/A	N/A	N/A
57	Outlay (Gross Outlay Amount By Award CPE) ²⁰	N/A	N/A	N/A

¹² We did not test DE 9 because it is a data element reported in Files E and F.

¹³ We did not test DE 10 because it is a data element reported in Files E and F.

¹⁴ We did not test DE 12 because it is listed as 'Optional' for File D2 under CIGIE FAEC Guide, Attachment 2, D2 Crosswalk.

¹⁵ We did not test DE 21 because per the CIGIE FAEC Guide, this data element is included with data element #51, Appropriations Account testing.

¹⁶ We did not test DE 29 because none of our procurement samples were Indefinite Delivery Vehicles (IDVs); therefore, this is not applicable.

¹⁷ We did not test DE 52 because it is reported in File A and not Files C, D1, or D2.

¹⁸ We did not test DE 54 because it is reported in File A and not Files C, D1, or D2.

¹⁹ We did not test DE 55 because it is reported in File A and not Files C, D1, or D2.

²⁰ We did not test DE 57 because DFC was not required to report outlays.

Appendix IV: Glossary of Acronyms and Abbreviations

Table 9 contains definitions of all acronyms and abbreviations used in this report.

Table 9: Acronyms and Abbreviations

Acronym	Definition
BUILD Act	Better Utilization of Investments Leading to Development Act of 2018
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CFDA	Catalog of Federal Domestic Assistance
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIGIE FAEC Guide	CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act
CIO	Chief Information Officer
COVID-19	Coronavirus Disease 2019
DABS	DATA Act Broker Submission
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DCA	Development Credit Authority
DE	Data Element
DEAPs	Data Extraction and Analysis Procedures system
DEFC	Disaster Emergency Fund Code
DFC	U.S. International Development Finance Corporation
DQP	Data Quality Plan
DVP	Deputy Vice President
FABS	Financial Assistant Broker Submission
FAEC	Federal Audit Executive Committee
FAIN	Federal Award Identification Number
FFATA	Federal Funding Accountability and Transparency Act of 2006
FFMIA	Federal Financial Management Improvement Act of 1996
FPDS-NG	Federal Procurement Data System – Next Generation
FSRS	FFATA Subaward Reporting System
GSA	General Services Administration
IDD	Interface Definition Document
IDV	Indefinite Delivery Vehicle
IG	Inspector General
JV	Journal Voucher
NIA	National Interest Action
OFPM	Office Financial and Portfolio Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
PII	Personally Identifiable Information
PIID	Procurement Instrument Identifier

Acronym	Definition
PMO	Program Management Office
RMA	RMA Associates, LLC
RSS	Reporting Submission Specification
SAM	System for Award Management
SAO	Senior Accountable Official
SPE	Senior Procurement Executive
TAS	Treasury Account Symbol
Treasury	U.S. Department of the Treasury
URI	Unique Record Identifier
USAID	U.S. Agency for International Development