



Memorandum

Date: March 15, 2023

Subject: INFORMATION: DATA Act Prior Year Recommendation Follow Up

From: Dormayne "Dory" Dillard-Christian *D. Dillard-Christian*
Assistant Inspector General for Financial Audits

To: Deputy Chief Financial Officer/DOT DATA Act Senior Accountable Official

In fiscal year 2021, we contracted with KPMG, LLP, an independent public accounting firm, to conduct an audit, subject to our oversight, of the Department of Transportation's (DOT) compliance with and implementation of the Digital Accountability and Transparency Act of 2014¹ (DATA Act). The DATA Act requires the establishment of Governmentwide data standards for financial data. These standards are intended to make it easier for taxpayers and policy makers to review and track Federal spending activity with accessible, consistent, reliable, and searchable data.

In its audit report,² KPMG identified deficiencies in internal control, and made the following recommendations³ to the Office of the Secretary of Transportation to improve DOT's compliance with the DATA Act:

1. Implement and document a formal quarterly review process to ensure that any nonfatal warnings related to cross-validations of Files C, D1, and D2 at the Operating Administration level are investigated, and actions to address the warnings are clearly documented.
2. Develop a complete inventory of DATA Act data element sources and definitions that exist within their systems and establish controls to ensure that the inventory is updated in response to relevant changes to DOT systems or DATA Act Information Model Schema (DAIMS) guidance.

¹ Pub. L. No. 113-101

² *Quality Control Review of the Independent Auditor's Report on DOT's Compliance with the Digital Accountability and Transparency Act* (OIG Report No. QC2022002), October 6, 2021. OIG reports can be found on our website at <https://www.oig.dot.gov>.

³ Recommendations 1 and 4 were repeat recommendations made in a prior DATA Act audit, *Quality Control Review of the Independent Auditor's Review of DOT's DATA Act Implementation* (OIG Report QC2020004), October 29, 2019.

3. Implement a control to ensure that transaction level information is reported in File C in accordance with the data standards.
4. Implement and document an internal oversight review process for financial assistance awards to ensure that controls are in place to verify recipients are registered in System for Award Management (SAM) at the time of financial assistance award.

In fiscal year 2023, we contracted KPMG to perform follow up procedures over DOT's corrective actions on these recommendations. KPMG conducted this engagement in accordance with the Consulting Services Standards established by the American Institute of Certified Public Accountants.

KPMG concluded that DOT designed a control that addressed recommendations 1 and 2. However, the control was not implemented or operating effectively and KPMG did not recommend closure of the recommendations. Regarding recommendation 3, KPMG determined that DOT did not take adequate corrective action to address the recommendation and did not recommend closure. KPMG recommended closure of recommendation 4.

We agreed with KPMG's assessments and results. If you have any questions or need additional information, please contact me or Ingrid Harris, Program Director.

cc: The Secretary
DOT Audit Liaison, M-1