

OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MCC Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014

Audit Report 0-MCC-22-001-C

October 22, 2021





OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 22, 2021

TO: Millennium Challenge Corporation, Vice President, Department of Administration and Finance and Chief Financial Officer, Fouad Saad

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown /s/

SUBJECT: MCC Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014 (0-MCC-22-001-C)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) compliance in fiscal year (FY) 2021 with the Digital Accountability and Transparency Act of 2014 (DATA Act). The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Brown & Company Certified Public Accountants and Management Consultants PLLC (Brown & Company) to conduct the performance audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the Council of the Inspector General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC) "Inspectors General Guide to Compliance under the DATA Act," dated December 4, 2020.

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which Brown & Company did not comply, in all material respects, with applicable standards.

The audit objectives were to (1) assess the completeness, timeliness, accuracy, and quality of FY 2021, first quarter (December 31, 2020) financial and award data submitted to the U.S. Department of the Treasury (Treasury) for publication on USAspending.gov; and (2) assess MCC's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Treasury. To answer the audit objectives, Brown & Company tested the population of 40 valid records. The audit firm assessed the internal controls over financial reporting for the DATA Act, reviewed and reconciled summary-level data submitted by MCC for publication on USAspending.gov, assessed implementation and use of the 59 data elements/standards established by OMB and Treasury, and assessed the completeness, timeliness, accuracy, and quality of the financial and award data sampled.

The audit firm concluded that MCC complied with the requirements of the DATA Act. Brown & Company also determined that (1) the MCC data reported for the first quarter of FY 2021 for publication on USAspending.gov were substantially complete, timely, accurate, and of

excellent quality; and (2) MCC implemented and used the Government-wide financial data standards as established by OMB and Treasury, as applicable. In addition, however, Brown & Company's testing results found exceptions in the accuracy of some data elements. The auditors made two recommendations to address weaknesses and strengthen MCC's internal controls over its DATA Act reporting.

To address the weaknesses identified in the report, we recommend that MCC's Chief Financial Officer:

Recommendation 1. Assess and update the Quality Assurance Program procedures to address the quality control gaps for the accuracy reporting errors attributable to MCC.

Recommendation 2. Reevaluate the process for identifying data element errors and corrective actions under MCC's control, and revise the process based on the reevaluation as deemed necessary.

In finalizing the report, the audit firm evaluated MCC's responses to the recommendations. After reviewing that evaluation, we consider recommendation 1 and 2 resolved, but open pending completion of planned activities. For recommendations 1 and 2, please provide evidence of final action to OIGAuditTracking@usaid.gov.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.

**Millennium Challenge Corporation
Independent Auditor's Report on the Compliance with the
Digital Accountability and Transparency Act of 2014
Submission Requirements for Fiscal Year 2021**



October 21, 2021

**Prepared by:
Brown & Company Certified Public Accountants and
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Independent Auditor's Report

Office of Inspector General
United States Agency for International Development
Washington, DC

Fouad Saad, Vice President and Chief Financial Officer
Department of Administration and Finance
Millennium Challenge Corporation
Washington, DC

The Office of Inspector General (OIG) United States Agency for International Development (USAID) contracted Brown & Company CPAs and Management Consultants, PLLC to conduct a performance audit of Millennium Challenge Corporation's (MCC) first quarter financial and award data as of December 31, 2020, in accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act). To clarify the reporting requirements under the DATA Act, the Office of Management and Budget (OMB) and U.S. Department of Treasury (Treasury) published 59 data definition standards and required Federal agencies to report financial and award data on USAspending.gov.

The audit objectives were to assess (1) completeness, accuracy, timeliness, and quality of MCC's fiscal year (FY) 2021 first quarter (Q1) financial and award data submitted to Treasury for publication on USAspending.gov and (2) MCC's implementation and use of the Government-wide financial data standards established by OMB and Treasury. MCC's management is responsible for reporting financial and award data in accordance with these standards, as applicable.

We conducted our performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our performance audit involves performing procedures to obtain evidence about the FY 2021 Q1 financial and award data. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the FY 2021 Q1 financial and award data, whether due to fraud or error. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We concluded that MCC complied with the requirements of the DATA Act. We found that the FY 2021 Q1 financial and award data of MCC for the quarter ended December 31, 2020, is presented in accordance with OMB and Treasury published 59 data definition standards, as applicable, for DATA Act reporting in all material respects. We found that the data MCC submitted complied with the requirements for completeness, accuracy, timeliness, and quality. However, to help strengthen MCC's internal controls over its DATA Act reporting, we made recommendations to improve the accuracy of some data elements.

This report is for the purpose of concluding on the audit objectives described above. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information and use of the MCC's management, OIG, and the U.S. Congress, and is made available to the public.

**Millennium Challenge Corporation
Independent Auditor’s Report on the Compliance with the
Digital Accountability and Transparency Act of 2014 Submission Requirements
for Fiscal Year 2021**

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**Millennium Challenge Corporation
Independent Auditor's Report on the Compliance with the
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for Fiscal Year 2021**

I. Background

Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC), established in 2004, is an independent and wholly-owned Government Corporation that provides foreign assistance through grants (compact and threshold programs) to developing countries. MCC programs and activities are funded by Congress through annual no-year appropriations. MCC's mission is to reduce poverty by supporting sustainable economic growth in select developing countries that demonstrate a commitment to sound policies in the areas of democratic governance, economic freedom, and investment in their people. MCC achieves this mission by providing grant assistance for programs that unlock economic growth in its partner countries and help people lift themselves out of poverty.

MCC is managed by a Chief Executive Officer (CEO) appointed by the President and confirmed by the Senate and overseen by a Board of Directors, which is composed of the Secretary of State, the Secretary of Treasury, the U.S. Trade Representative, the Administrator of U.S. Agency for International Development, the CEO of MCC, and four public members appointed by the President of the United States with the advice and consent of the U.S. Senate.

The Interior Business Center (IBC), operated by the Department of the Interior, is MCC's Federal Shared Service Provider (FSSP) for financial reporting. IBC maintains and operates the Oracle Federal Financial (OFF), which is the main system of record for MCC's USAspending.gov reporting compliance. MCC and IBC have also integrated Oracle's Contract Lifecycle Management (CLM) system, a contract-writing system, into the Oracle Federal Financial System.

The DATA Act

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements pursuant to Federal Funding Accountability and Transparency Act of 2006 (FFATA)¹. The DATA Act, in part, requires that Federal agencies report financial and payment data for publication on USAspending.gov in accordance with Governmentwide financial data standards established by the U.S. Treasury and the Office of Management and Budget. The DATA Act also requires the Office of Inspector General of each Federal agency to report on its agency's DATA Act submission and compliance in the form of three reviews. Subsequently, and in accordance with the DATA Act, Treasury began displaying federal agencies' data on USAspending.gov for taxpayers and policymakers in May 2017.

In April 2020, OMB issued M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, which made changes to DATA Act reporting.

¹ Public Law 113-101 (May 9, 2014)

Since MCC did not receive COVID-19 relief funds, we did not perform testing of COVID-19 relief funds data elements.

The USAID Office of Inspector General (OIG) contracted with Brown & Company CPAs and Management Consultants, PLLC (Brown & Company), an independent certified public accounting firm, to perform this audit assessment of the MCC's compliance under the DATA Act. The audit objective, scope, and methodology are presented in Appendix I.

II. Overall Audit Results

Based on the results of our audit, we determined that data within our sample that MCC reported for FY 2021 Q1 for publication on USAspending.gov were substantially complete, accurate, timely, and of excellent quality. However, to help strengthen MCC's internal controls over its DATA Act reporting, we made recommendations to improve the accuracy of some data elements. The MCC FY 2021 Notice of Finding and Recommendation is presented in Section VII of this report.

We found that the MCC implemented and used the governmentwide financial data standards as established by OMB and Treasury, as applicable. We found that required elements were presented in accordance with the standards.

Overall Determination of Quality

Based on the results of our statistical and non-statistical testing for the MCC's DATA Act audit for FY 2021 Q1, the MCC scored 96.93 points out of a 100, which is a quality rating of Excellent. The FY 2021 MCC DATA Act Q1 Quality Scorecard is presented in Appendix II.

III. Statistical Results

Data Element Analysis

The Data Element Analysis results from our testing are presented below and listed in Appendix III FY 2021 MCC Computation of the Error Rates and Appendix IV FY 2021 MCC Data Element Analysis. The audit results are substantially consistent with the risks identified in the MCC's Data Quality Plan.

Completeness of the Data – Actual Error Rate

The actual error rate for the completeness of the data elements is 3.76%. A data element was considered complete if the required data element that should have been reported was reported.

Accuracy of the Data – Actual Error Rate

The actual error rate for the accuracy of the data elements is 6.45%. A data element was considered accurate when amounts and other data relating to recorded transactions were recorded in accordance with the DAIMS, RSS, IDD, and the online data dictionary, and agree with the originating award documentation/contract file. The auditor issued a "Notice of Finding and Recommendation" to address the accuracy of the data.

Timeliness of the Data - Actual Error Rate

The actual error rate for the timeliness of the data elements is 3.82%. The timeliness of data elements was based on the reporting schedules defined by the financial, procurement, and financial assistance requirements (FFATA, FAR, FPDS-NG, FABS, and DAIMS).

IV. Data Standards

Implementation and Use of the Data Standards

We have evaluated the MCC's implementation of the government-wide financial data standards for award and spending information and determined the MCC is using the standards as defined by OMB and Treasury.

The MCC linked by common identifiers (e.g., PIID, FAIN), all of the data elements in the MCC's procurement, financial, and grants systems, as applicable. For the Treasury's DATA Act Broker files tested, we generally found that the required elements were present in the file and that the record values were presented in accordance with the standards.

V. Non-Statistical Results

Completeness of the Agency DATA Act Submission

We evaluated the MCC's DATA Act submission to Treasury's DATA Act Broker and determined that the submission was complete. To be considered a complete submission, we evaluated Files A, B, and C to determine that all transactions and events that should have been recorded were recorded in the proper period.

Timeliness of the Agency DATA Act Submission

We evaluated the MCC's FY 2021 Q1 DATA Act submission to Treasury's DATA Act Broker and determined that the submission was timely. To be considered timely, it had to be submitted and certified within 45 days of quarter end.

Completeness of Summary-Level Data for Files A and B

We performed summary-level data reconciliations and linkages for Files A and B and did not identify any variances. The test results verified: (1) summary-level data from File A matched the Agency's GTAS SF-133; (2) the totals and TAS identified in File A matched File B; and (3) all object class codes from File B match codes defined in Section 83 of OMB Circular No. A-11.

Results of Linkages from File C to Files B, D1 and D2

We tested the linkages between File C to File B by TAS, object class, and program activity, the linkages between File C to File D1 by both the PIID and Parent Award ID and the linkages between File C to File D2 by the FAIN or URI. All of the TAS, object class, and program activity data elements from File C existed in File B and all of the PIIIDs/Parent Award IDs/FAINs/URIs from File C existed in File D1/D2; and all PIIIDs/Parent Award IDs/FAINs/URIs in Files D1/D2 existed in File C. We determined that File C was suitable for sample selection.

Analysis of the Accuracy of Dollar Value-related Data Elements

The following table displays the results of the accuracy of the data elements that are associated with a dollar value. The absolute value of errors by data element are not projected to the population.

Accuracy of Dollar-Value Related Data Elements

PIID/FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
PIID	13 Federal Action Obligation	37	0	0	37	0%	
PIID	14 Current Total Value Award	35	2	0	37	5%	\$1,281,480.94
PIID	15 Potential Total Value Award	35	2	0	37	5%	\$ 838,806.36
PIID	53 Obligation	37	0	0	37	0%	

PIID/FAIN	Data Element	Accurate	Not Accurate	Not Applicable	Total Tested	Error Rate	Absolute Value of Errors
FAIN	11 Amount of Award	3	0	0	3	0%	
FAIN	12 Non-Federal Funding Amount	3	0	0	3	0%	
FAIN	13 Federal Action Obligation	3	0	0	3	0%	
FAIN	14 Current Total Value Award	3	0	0	3	0%	
FAIN	53 Obligation	3	0	0	3	0%	
	Total	159	4	0	163		

Analysis of Errors in Data Elements Not Attributable to the Agency

The following table displays the results for errors in data elements that were not attributable to the MCC.

Errors in Data Elements not Attributable to the Agency

PIID/FAIN	Data Element	Number of Exceptions	Attributed to
PIID	1 Awardee/Recipient Legal Entity Name	1	Based on SAM Input
PIID	3 The Ultimate Parent Unique Identified	7	Based on SAM Input
PIID	4 Ultimate Parent Legal Entity Name	3	Based on SAM Input
PIID	5 Legal Entity Address	26	Based on SAM Input. Legal entity address did not have the +4 required for the zip code.
PIID	6 Legal Entity Congressional District	30	Extracted from DUNS and based on zip code +4.
Total		67	

File C COVID-19 Outlay Testing and Results

The Federal Government's response to the COVID-19 pandemic included an economic relief package and new reporting requirements for agencies that received COVID-19 funds. Effective for the June 2020 reporting period, agencies with COVID-19 relief funding must submit DATA Act Files A and B on a monthly basis. We reviewed Files A and B and determined that the MCC did not receive or report any COVID-19 relief funding for FY 2021.

VI. Other Report Content

Assessment of Internal Controls

The MCC's management is responsible for the compliance of the FY 2021 Q1 financial and award data submissions in accordance with the DATA Act and submission standards developed by the Treasury and the OMB.

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objectives. In particular, we assessed the internal control components (control environment, risk assessment, control activities, information and communication, and monitoring) and their related principles outlined in the GAO, Standards for Internal Controls in the Federal Government (Green Book) that we deemed significant. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

We determined that the MCC internal and information system controls as it relates to the extraction of data from the source systems and the reporting of data to the DATA Act Broker have been properly designed and implemented, and are operating effectively.

DATA Act Date Anomaly

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly with the oversight requirements contained in the Digital Accountability and Transparency Act of 2014. That is, the first Inspector General (IG) reports were due to Congress on November 2016; however, Federal agencies were not required to report spending data until May 2017. To address this reporting date anomaly, the IGs provided Congress with their first required reports by November 8, 2017, 1-year after the statutory due date, with two subsequent reports to be submitted following on a 2-year cycle. This is the third and final report required under the DATA Act. On December 22, 2015, CIGIE's chair issued a letter detailing the strategy for dealing with the IG reporting date anomaly and communicated the strategy to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform.

Testing Limitations for Files E and F

File E of the DATA Act Information Model Schema contains additional awardee attribute information the Treasury DATA Act Broker software extracts from the System for Award Management (SAM). File F contains sub-award attribute information the broker software extracts from the FFATA Subaward Reporting System (FSRS). Files E and F data remain the responsibility of the awardee in accordance with terms and conditions of Federal agreements, and the quality of these data remains the legal responsibility of the recipient. Therefore, agency senior accountable officials (SAO) are not responsible for certifying the quality of File E and F data reported by awardees, but they are responsible for assuring controls are in place to verify that financial assistance awardees register in SAM at the time of the award. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the Treasury broker software system.

VII. Notice of Finding and Recommendation

MCC DATA Act Notification of Finding and Recommendation

Finding 2021-1 MCC had Instances of Inaccurate Data Elements

Criteria: *Digital Accountability and Transparency Act of 2014 Section 2 states the purposes of this Act are to (4) improve the quality of data submitted to USAspending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted.*

Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council (FAEC), Inspectors General Guide to Compliance under the DATA Act December 4, 2020, defines Accuracy for the DATA Act as:

“Amounts and other data relating to recorded transactions have been recorded in accordance with the DAIMS, Reporting Submission Specification (RSS), Interface Definition Document (IDD), and the online data dictionary, and agree with the authoritative source records.”

Condition: To assess the accuracy of the award-level transactions, we traced the data elements in Files C, D1 and D2 to MCC's financial records and source documentation. Additionally, to assess the accuracy of the data elements in File D1 and D2, we use the “CIGIE DATA Act crosswalk” information.

Brown & Company tested 40 of MCC's 45 records. MCC had a total population of 45 records, 1 record was eliminated for zero balance obligations, 4 records were eliminated because they were invoices mis-coded as contracts in Oracle. For each of the required data elements that should have been reported, the data element was reported in the appropriate Files A through D2, with some exceptions as noted below.

Data Element	Exceptions	File D1	Sample #
1	1	Awardee/Recipient Legal Entity Name did not agree to the Awardee/Recipient Legal Entity Name on the SF-1449.	10
3	7	Unable to find the Ultimate Parent Unique identifier in SAM.	6, 10, 14, 15, 22, 32, 40
4	3	Ultimate Parent Legal Entity Name: Unable to match the Parent legal name (DE 4) to the supporting documentation.	17, 32, 41
5	26	Samples 2, 14, 15: The legal address (DE 5) does not match the Base Award but matches the address on Sam record and FPDS. All others did not use the +4-zip code extension.	2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 14, 15, 18, 19, 28, 29, 30, 32, 33, 35, 36, 37, 38, 39, 40, 41
6	30	Legal Entity Congressional District was not in File D1.	1, 2, 4, 5, 7, 8, 9, 10, 12, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 28, 29, 32, 35, 36, 37, 38, 39, 40, 41
14	2	The current total value of award in the samples tested did not agree to supporting documents.	3, 11
15	2	Potential total value award does not agree to SF 30 /SF-1449.	2, 21
17	2	NAICS Code on the contract does not agree with the NAICS Code in File D1. The NAICS code in File D1 and FPDS-NG Agrees.	39, 40
18	2	NAICS Description on the contract does not agree with the NAICS Description in File D1. The NAICS description in File D1 and FPDS-NG Agrees.	39, 40
24	9	Parent Award ID in File D1 is not on SF-1449.	24, 25, 28, 29, 32, 33, 37, 39, 40
25	2	Action date in File D1 does not agree to supporting documents.	3, 24
26	8	POP start date does not match the Base award.	3, 7, 8, 9, 10, 12, 16, 24
28	2	Period of Performance Potential End Date in the contract does not agree to the date in File D1.	31, 40
30	6	For Sample 33 & 37 the primary place of performance in the base award does not agree to the primary (principle) place of performance stated in FPDS-NG and File D1, all others are Primary place of performance zip code +4 extension missing.	25, 33, 37, 38, 39, 40
31	1	Primary place of performance congressional district information stated in File D1, does not agree to the SF-1449.	39
32	1	Primary place of performance information stated in File D1, does not agree to the SF-1449.	39
33	1	Primary place of performance information stated in File D1, does not agree to the SF-1449.	39
File C			
24	9	Parent Award ID in File C is not on SF-1449.	24, 25, 28, 29, 32, 33, 37, 39, 40
51	1	Completeness & Accuracy: Appropriations account (DE 51) not listed in FPDS.	1
Total	115		

We found exceptions in accuracy for 37 of 40 (93%) record samples. In total there were 115 exceptions, 105 of which were located in File D1 and 10 located in File C. There were 67 exceptions (data elements number 1, 3, 4, 5, and 6) not attributable to MCC. The data element exceptions within these sampled records caused an error rate of 6.45% for the accuracy reporting for FY 2021 Q1.

Cause: MCC implemented a new Quality Assurance Program (QAP) in FY 2021 Q1. Although MCC implemented the QAP, we could not determine the impact of this new process/procedure on the DATA Act audit results. Therefore, the lack of quality control procedures/process led to inaccuracies reported between Files C, D1, and the supporting documentation.

Brown & Company also noted that data elements number 1, 3, 4, 5, and 6 are derived from SAM and the accuracy of the data is outside of MCC's control. Therefore, the errors are not attributable to MCC.

Effect: There is a risk that inaccurate data will be uploaded to USAspending.gov decreasing the reliability and usefulness of the data.

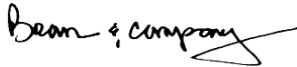
Recommendation: We recommend that MCC's management:

- a) Assess and update the QAP procedures to address the quality control gaps for the accuracy reporting errors attributable to MCC.
- b) Reevaluate the process for identifying data element errors and corrective actions under MCC's control, and revise the process based on the reevaluation as deemed necessary.

There were no open recommendations from prior DATA Act audit reports.

VIII. Auditor's Response to Agency Comments

We provided our draft report to MCC on September 28, 2021, and on October 6, 2021, received its response, which is included as Appendix VI. The report includes recommendations. MCC concurred with our recommendations.



Greenbelt, Maryland
October 21, 2021

Appendix I – Objective, Scope and Methodology

Objective

The objective of this performance audit was to assess the MCC compliance under the DATA Act with respect to:

- The completeness, accuracy, timeliness and quality of FY 2021 Q1 financial and award data submitted to the Treasury for publication on USAspending.gov, and
- The MCC's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and Treasury.

Scope

The scope of this engagement is MCC's FY 2021 Q1 financial and award data submitted for publication on USAspending.gov.

The scope includes examining DATA Act information reported in MCC's FY 2021 Q1 financial and award data files listed below, as applicable:

- File A: Appropriations Account,
- File B: Object Class and Program Activity,
- File C: Award Financial,
- File D1: Award (Procurement)
- File D2: Award (Financial Assistance),
- File E: Additional Awardee Attributes, and
- File F: Sub-award Attributes

Files A, B, and C are submitted by the federal agency's internal financial system(s). Files A and B are summary-level financial data. File C is reportable award-level data. Files D1 through F contain detailed demographic information for award-level records reported in File C. Files D1 through F are submitted by external award reporting systems to Treasury's DATA Act Broker. The senior accountable official for MCC is required to certify these seven data files for its agency's financial and award data to be published on USAspending.gov.

Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Our audit was performed in accordance with the relevant DATA Act guidance and policies issued by GAO, OMB, and CIGIE, including the CIGIE FAEC *Inspectors General Guide to Compliance under the DATA Act*, dated December 4, 2020. We conducted our fieldwork from February 11, 2021 through September 24, 2021.

To accomplish our objectives, we:

- obtained and documented our understanding of any regulatory criteria related to MCC's responsibilities to report financial and award data under the DATA Act;
- assessed internal controls over financial reporting for the DATA Act;
- reviewed and reconciled the FY 2021 Q1 summary-level data submitted by MCC for publication on USAspending.gov;

- assessed MCC's implementation and use of the 59 data elements/standards established by OMB and Treasury; and
- assessed the completeness, accuracy, timeliness, and quality of the financial and award data sampled; this included testing MCC's submission of Files A through D2.

To test MCC's DATA Act submission of Files A through D2, we:

- reviewed MCC's certification and submission process;
- determined the timeliness of MCC's submission;
- determined completeness of summary level data for Files A and B;
- determined whether File C is complete and suitable for sampling;
- selected and examined the entire population of 40 valid records in MCC's FY 2021 Q1 certified spending data reported in File C;
- tested detailed record-level linkages for Files C and D1 and D2;
- tested detailed record-level data elements for Files C and D1 and D2 for completeness, accuracy, timeliness, and quality; and analyzed results.

We tested the population of 40 MCC's valid records. MCC had a total population of 45 records, 1 record was eliminated for zero balance obligations, 4 records were eliminated because they were invoices mis-coded as contracts in Oracle. For each of the required 45 data elements that should have been reported, the data element was reported in the appropriate Files A through D2, with some exceptions for completeness, accuracy and timeliness as reported in Appendix II FY 2021 MCC DATA Act Q1 Quality Scorecard and Appendix III FY 2021 MCC Computation of the Error Rates.

In relation to the Federal Shared Service Provider (FSSP), we:

- Assessed MCC's DATA Act reporting roles and responsibilities as documented in their service agreement with the FSSP.
- Determined whether any findings could have a significant impact on the MCC's DATA Act submission.
- Identified corrective actions implemented by the FSSP to address reported deficiencies, if any.
- Determined whether the FSSP SAO and the MCC SAO are coordinating and communicating to ensure that:
 - FSSP has identified and resolved areas of concern brought to their attention by MCC and their IGs based on the prior DATA Act audits/submissions, if any.
 - FSSP continues to engage MCC to collaborate and address potential changes/updates to reporting requirements and DAIMS.
 - FSSP and MCC are tracking FSSP statuses for the need to upgrade systems, and/or implement new processes to comply with updated DATA Act requirements and ensure these responsibilities are reflected in their service agreements.
 - FSSP and MCC have established reporting responsibilities for FSSPs and their customers, and that the DATA Act reporting roles and responsibilities for financial, procurement, and grants, are being established and documented in their service agreement.
 - FSSP, in coordination with MCC are continuing to determine applicable data elements and identify gaps and issues (if applicable).
- Reviewed the most recent FSSP SOC report for control deficiencies related to DATA Act submissions.
- Evaluated the relationship of information systems controls to data reliability.

In assessing MCC's controls, we:

- considered the MCC's risk profile, and documented whether the MCC identified any risks associated with the controls over the DATA Act source systems and reporting;
- obtained and documented our understanding of the design of internal and information system controls as they relate to the extraction of data from the source systems and the reporting of data to the DATA Act Broker.
- determined and documented whether the SAO or designee has provided monthly or quarterly assurance (as applicable) that its agency's internal controls support the reliability and validity of the agency's summary-level and record-level data reported for publication on USAspending.gov.
- assessed and documented whether internal and information system controls as they relate to the extraction of data from the source systems and the reporting of data to the DATA Act Broker have been properly designed and implemented, and are operating effectively to allow the audit team to assess audit risk and design audit procedures.

The following internal control components and related principles² were deemed significant to our audit objectives:

1. Control Environment

Principles: 1) demonstrate a commitment to integrity and ethical values. 2) oversight body should oversee the entity's internal control system. 3) establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objective. 4) demonstrate a commitment to recruit, develop, and retain competent individuals. 5) evaluate performance and hold individuals accountable for their internal control responsibilities.

2. Risk Assessment

Principles: 6) define objectives clearly to enable the identification of risks and define risk tolerances. 7) identify, analyze, and respond to risks related to achieving the defined objectives. 8) consider the potential for fraud when identifying, analyzing, and responding to risks. 9) identify, analyze, and respond to significant changes that could impact the internal control system.

3. Control Activities

Principles: 10) design control activities to achieve objectives and respond to risks. 11) design the entity's information system and related control activities to achieve objectives and respond to risks. 12) implement control activities through policies.

4. Information and Communication

Principles: 13) use quality information to achieve the entity's objectives. 14) internally communicate the necessary quality information to achieve the entity's objectives. 15) externally communicate the necessary quality information to achieve the entity's objectives.

5. Monitoring

Principles: 16) establish and operate monitoring activities to monitor the internal control system and evaluate the results. 17) remediate identified internal control deficiencies on a timely basis.

² GAO-14-704G, Standards for Internal Control in the Federal Government (September 10, 2014)

Appendix II – FY 2021 MCC DATA Act Q1 Quality Scorecard

MCC’s quality of data is defined as data that is complete, accurate, and timely, and includes statistical and non-statistical testing results. The quality scorecard calculates the quality based on weighted scores of both statistical sampling results and non-statistical testing results. For the quality scorecard, statistical testing results are valued at 60 points and non-statistical testing results are valued at 40 points, for a total of 100 points. We combined the results of the statistical sample with the results on the non-statistical testing in the below quality scorecard. The overall quality score is Excellent at 96.93%.

Millennium Challenge Corporation (MCC)			Maximum Points Possible				
FY 2021 DATA Act Quality Scorecard			Without Outlays (No COVID-19 Funding)	With Outlays (COVID-19 Funding)			
	Criteria	Score			Quality Level		
Non-Statistical	Timeliness of Agency Submission	5.0	5.0	5.0			
	Completeness of Summary Level Data (Files A & B)	13.0	13.0	10.0			
	Suitability of File C for Sample Selection	13.0	13.0	10.0			
	Record-Level Linkages (Files C & D1/D2)	9.0	9.0	7.0			
	COVID-19 Outlay Testing Non-Statistical Sample	No COVID-19 Funding	0.0	8.0			
Statistical	Completeness	14.4	15.0	15.0	0.0	69.9	Lower
	Accuracy	28.1	30.0	30.0	70.0	84.9	Moderate
	Timeliness	14.4	15.0	15.0	85.0	94.9	Higher
Quality Score	Excellent	96.928	100.0	100.0	95.0	100	Excellent

Appendix III – FY 2021 MCC Computation of the Error Rates

The following table displays the results for errors in data elements by sample record for completeness, accuracy, and timeliness. For each sample record, we tested the applicable data elements, documented the number of errors and computed the error rates (number of errors divided by 45 data elements). We computed the total errors and the average error rates: 3.76% incomplete, 6.45% inaccurate, and 3.82% untimely.

Results of PIID and FAIN Statistical Sample Testing							
Sample Record #	Total # DEs	# Incomplete		# Inaccurate		# Untimely	
1	45	2	4.44%	2	4.44%	2	4.44%
2	45	1	2.22%	3	6.67%	1	2.22%
3	45	0	0.00%	4	8.89%	0	0.00%
4	45	1	2.22%	2	4.44%	1	2.22%
5	45	1	2.22%	2	4.44%	1	2.22%
6	43	1	2.33%	1	2.33%	1	2.33%
7	45	1	2.22%	3	6.67%	1	2.22%
8	45	1	2.22%	3	6.67%	1	2.22%
9	45	1	2.22%	3	6.67%	1	2.22%
10	45	3	6.67%	5	11.11%	3	6.67%
11	45	0	0.00%	2	4.44%	0	0.00%
12	45	1	2.22%	3	6.67%	1	2.22%
14	43	2	4.65%	3	6.98%	2	4.65%
15	45	1	2.22%	2	4.44%	1	2.22%
16	43	1	2.33%	2	4.65%	1	2.33%
17	43	2	4.65%	2	4.65%	2	4.65%
18	44	1	2.27%	2	4.55%	1	2.27%
19	44	1	2.27%	2	4.55%	1	2.27%
20	44	1	2.27%	1	2.27%	1	2.27%
21	44	1	2.27%	2	4.55%	1	2.27%
22	44	2	4.55%	2	4.55%	2	4.55%
23	45	1	2.22%	1	2.22%	1	2.22%
24	46	3	6.52%	5	10.87%	4	8.70%
25	46	3	6.52%	4	8.70%	3	6.52%
28	44	3	6.82%	4	9.09%	3	6.82%
29	46	3	6.52%	4	8.70%	3	6.52%
30	44	0	0.00%	1	2.27%	0	0.00%
31	41	0	0.00%	0	0.00%	0	0.00%
32	44	5	11.36%	7	15.91%	5	11.36%
33	46	3	6.52%	4	8.70%	3	6.52%
35	44	1	2.27%	2	4.55%	1	2.27%
36	44	1	2.27%	2	4.55%	1	2.27%
37	46	4	8.70%	5	10.87%	4	8.70%
38	44	1	2.27%	3	6.82%	1	2.27%
39	44	7	15.91%	10	22.73%	7	15.91%
40	44	5	11.36%	9	20.45%	5	11.36%
41	42	2	4.76%	3	7.14%	2	4.76%
42	44	0	0.00%	0	0.00%	0	0.00%
43	34	0	0.00%	0	0.00%	0	0.00%
44	36	0	0.00%	0	0.00%	0	0.00%
Total Errors		67		115		68	
Error Rate		3.76%		6.45%		3.82%	

Appendix IV – FY 2021 MCC Data Element Analysis

This FY 2021 MCC Data Element Analysis depicts our test results and the associated error rates by data element, as applicable, for the sampled transactional testing for File D, which consisted of Files D1 and D2. The analysis includes the results for completeness, accuracy and timeliness in descending order by accuracy error rate percentage (non-projected)³.

DAIMS Element No.	Data Element Name	A Accuracy	C Completeness	T Timeliness
6	Legal Entity Congressional District	75%	75%	75%
24	Parent Award ID Number	23%	23%	23%
3	Ultimate Parent Unique Identifier	18%	18%	18%
4	Ultimate Parent Legal Entity Name	8%	8%	8%
30	Primary Place of Performance Address	8%	15%	8%
26	Period of Performance Start Date	3%	20%	5%
28	Period of Performance Potential End Date	3%	5%	3%
31	Primary Place of Performance Congressional District	3%	3%	3%
32	Primary Place of Performance Country Code	3%	3%	3%
33	Primary Place of Performance Country Name	3%	3%	3%
51	Appropriations Account	3%	3%	3%
1	Awardee/Recipient Legal Entity Name	0%	3%	0%
2	Awardee/Recipient Unique Identifier	0%	0%	0%
5	Legal Entity Address	0%	65%	0%
7	Legal Entity Country Code	0%	0%	0%
8	Legal Entity Country Name	0%	0%	0%
11	Amount of Award	0%	0%	0%
12	Non-Federal Funding Amount	0%	0%	0%
13	Federal Action Obligation	0%	0%	0%
14	Current Total Value of Award	0%	5%	0%
15	Potential Total Value of Award	0%	5%	0%
16	Award Type	0%	0%	0%
17	NAICS Code	0%	5%	0%
18	NAICS Description	0%	5%	0%
22	Award Description	0%	0%	0%
23	Award Modification / Amendment Number	0%	0%	0%
25	Action Date	0%	5%	0%

³ For each data element, we divided the number of exceptions by the total sample count for the relevant files to obtain the percentage error rate for that data element.

DAIMS Element No.	Data Element Name	A Accuracy	C Completeness	T Timeliness
27	Period of Performance Current End Date	0%	0%	0%
29	Ordering Period End Date	0%	0%	0%
34	Award ID Number (PIID/FAIN)	0%	0%	0%
35	Record Type	0%	0%	0%
36	Action Type	0%	0%	0%
37	Business Types	0%	0%	0%
38	Funding Agency Name	0%	0%	0%
39	Funding Agency Code	0%	0%	0%
40	Funding Sub Tier Agency Name	0%	0%	0%
41	Funding Sub Tier Agency Code	0%	0%	0%
42	Funding Office Name	0%	0%	0%
43	Funding Office Code	0%	0%	0%
44	Awarding Agency Name	0%	0%	0%
45	Awarding Agency Code	0%	0%	0%
46	Awarding Sub Tier Agency Name	0%	0%	0%
47	Awarding Sub Tier Agency Code	0%	0%	0%
48	Awarding Office Name	0%	0%	0%
49	Awarding Office Code	0%	0%	0%
50	Object Class	0%	0%	0%
53	Obligation	0%	0%	0%
56	Program Activity	0%	0%	0%
19	Catalog of Federal Domestic Assistance (CFDA) Number	N/A	N/A	N/A
20	Catalog of Federal Domestic Assistance (CFDA) Title	N/A	N/A	N/A
54	Unobligated Balance	N/A	N/A	N/A
57	Outlay (Gross Outlay Amount By Award CPE)	N/A	N/A	N/A
163	National Interest Action (No. 58)	N/A	N/A	N/A
430	Disaster Emergency Fund Code (No. 59)	N/A	N/A	N/A

Appendix V – FY 2021 and FY 2019 MCC Comparative Results Table

This table below identifies the error rate by data element from the FY 2021 and FY 2019 audit results. The information is being provided for illustrative purposes only and may not necessarily be indicative of actual percent change based on differences in testing procedures such as population size, sample methodology, quarter tested, file tested, and changes to data definition standards.

MCC Comparative Results for Data Elements Based on Accuracy Error Rates in Descending Order⁴

DAIMS Element No	Data Element Name	2021 Error Rate	2019 Error Rate	% Change
6	Legal Entity Congressional District	75%	11%	64%
24	Parent Award ID Number	23%	7%	16%
3	Ultimate Parent Unique Identifier	18%	6%	12%
4	Ultimate Parent Legal Entity Name	8%	0%	8%
30	Primary Place of Performance Address	8%	0%	8%
26	Period of Performance Start Date	3%	6%	-3%
28	Period of Performance Potential End Date	3%	4%	-1%
31	Primary Place of Performance Congressional District	3%	0%	3%
32	Primary Place of Performance Country Code	3%	0%	3%
33	Primary Place of Performance Country Name	3%	0%	3%
51	Appropriations Account	3%	6%	-3%
1	Awardee/Recipient Legal Entity Name	0%	3%	-3%
2	Awardee/Recipient Unique Identifier	0%	3%	-3%
5	Legal Entity Address	0%	29%	-29%
7	Legal Entity Country Code	0%	0%	0%
8	Legal Entity Country Name	0%	0%	0%
11	Amount of Award	0%	0%	0%
12	Non-Federal Funding Amount	0%	0%	0%
13	Federal Action Obligation	0%	0%	0%
14	Current Total Value of Award	0%	11%	-11%
15	Potential Total Value of Award	0%	0%	0%
16	Award Type	0%	0%	0%
17	NAICS Code	0%	0%	0%
18	NAICS Description	0%	0%	0%
22	Award Description	0%	0%	0%
23	Award Modification / Amendment Number	0%	0%	0%

⁴ For each FY and data element, we divided the number of exceptions by the total sample count for the relevant files to obtain the percentage error rate for that data element.

DAIMS Element No	Data Element Name	2021 Error Rate	2019 Error Rate	% Change
25	Action Date	0%	10%	-10%
27	Period of Performance Current End Date	0%	3%	-3%
29	Ordering Period End Date	0%	0%	0%
34	Award ID Number (PIID/FAIN)	0%	0%	0%
35	Record Type	0%	0%	0%
36	Action Type	0%	0%	0%
37	Business Types	0%	0%	0%
38	Funding Agency Name	0%	0%	0%
39	Funding Agency Code	0%	0%	0%
40	Funding Sub Tier Agency Name	0%	0%	0%
41	Funding Sub Tier Agency Code	0%	0%	0%
42	Funding Office Name	0%	0%	0%
43	Funding Office Code	0%	0%	0%
44	Awarding Agency Name	0%	0%	0%
45	Awarding Agency Code	0%	0%	0%
46	Awarding Sub Tier Agency Name	0%	0%	0%
47	Awarding Sub Tier Agency Code	0%	0%	0%
48	Awarding Office Name	0%	0%	0%
49	Awarding Office Code	0%	0%	0%
50	Object Class	0%	6%	-6%
53	Obligation	0%	0%	0%
56	Program Activity	0%	0%	0%
19	Catalog of Federal Domestic Assistance (CFDA) Number	N/A	N/A	N/A
20	Catalog of Federal Domestic Assistance (CFDA) Title	N/A	N/A	N/A
54	Unobligated Balance	N/A	N/A	N/A
57	Outlay (Gross Outlay Amount By Award CPE)	N/A	N/A	N/A
163	National Interest Action (No. 58)	N/A	N/A	N/A
430	Disaster Emergency Fund Code (No. 59)	N/A	N/A	N/A

Appendix VI – MCC Management’s Response



DATE: October 6, 2021

TO: Alvin Brown
Deputy Assistant Inspector General for Audit
Office of Inspector General
United States Agency for International Development
Millennium Challenge Corporation

FROM: Brian Corry
Acting Vice President and Chief Financial Officer
Department of Administration and Finance
Millennium Challenge Corporation

Digitally signed by Brian Corry
DN: cn=Brian Corry,
o=Administration and Finance,
ou=MCC A&F,
email=corrybm@mcc.gov, c=US
Date: 2021.10.06 09:42:22 -0400

SUBJECT: MCC’s Management Response to the Draft Report, “MCC Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014” dated September 28, 2021

The Millennium Challenge Corporation (MCC) appreciates the opportunity to review the draft report on the Office of Inspector General (OIG)’s audit, “MCC Complied in Fiscal Year 2021 With the Digital Accountability and Transparency Act of 2014” dated September 28, 2021. MCC concurs with the conclusion of the report and its two recommendations. MCC is proud that the OIG’s audit confirmed that the agency continued to comply with the requirements. MCC provides our management response to each recommendation below.

Recommendation #1 – Assess and update the Quality Assurance Program procedures to address the quality control gaps for the accuracy reporting errors attributable to MCC.

MCC’s Response – MCC concurs with the recommendation. MCC will assess and update the Quality Assurance Program procedures to address any gaps related to accuracy reporting which is attributable to our agency. MCC will ensure that documentation related to the data elements where accuracy issues attributable to MCC were identified is prioritized in the Quality Assurance Program reviews by making updates to the Quality Assurance Review Form. MCC will complete this final action no later than March 18, 2022.

Recommendation #2 – Reevaluate the process for identifying data element errors and corrective actions under MCC’s control, and revise the process based on the reevaluation as deemed necessary.

MCC’s Response – MCC concurs with the recommendation. MCC will evaluate the process for identifying errors and corrective actions related to our agency, and update the process based on the reevaluation. MCC’s Quality Assurance Program is the primary mechanism for identifying these errors and potential corrective actions. In accordance with Recommendation #1, MCC will assess and update the Quality Assurance Program for gaps related to the data elements where accuracy issues attributable to MCC were identified. MCC will complete this final action no later than March 18, 2022.

If you have any questions, please contact me at 202-521-3693 or Corrybm@mcc.gov. Additionally, you can also contact Jude Koval, Senior Director of Internal Controls and Audit Compliance (ICAC), at 202-521-7280 or Kovaljg@mcc.gov.

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Michael Wright, Controller, FMD, A&F, MCC
Jude Koval, Senior Director, ICAC, A&F, MCC

Appendix VII – Glossary of Abbreviations and Acronyms

CIGIE	The Council of the Inspectors General on Integrity and Efficiency
CLM	Contract Lifecycle Management
COVID-19	Coronavirus Disease 2019
DAIMS	DATA Act Information Model Schema
DATA Act	The Digital Accountability and Transparency Act of 2014
Data elements	Data definition standards
DE	Data Elements
FABS	Financial Assistance Broker Submission
FAEC	Federal Audit Executive Council
FAIN	Federal Award Identification Number
FAR	Federal Acquisition Regulations
FFATA	Federal Funding Accountability and Transparency Act of 2006
FPDS-NG	Federal Procurement Data System - Next Generation
FSRS	Subaward Reporting Systems
FSSP	Federal Shared Services Provider
FY	Fiscal Year
GAO	Government Accountability Office
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
IBC	Interior Business Center
IDD	Interface Definition Document
NAICS	North American Industry Classification System
OFF	Oracle Federal Financial
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMB Circular No. A-11	OMB Circular No. A-11, Preparation, Submission and Execution of the Budget
PIID	Procurement Instrument Identifier
POP	Period of Performance
QAP	Quality Assurance Program
RSS	Reporting Submission Specification
SAM	System for Award Management
SAO	Senior Accountable Official
SF-133	Standard Form - 133 Report on Budget Execution and Budgetary Resources
SF-1449	Standard Form - 1449 Solicitation/Contract/Order For Commercial
SOC	Service Organization Control
TAS	Treasury Account Symbols
Treasury	The United States Department of the Treasury
URI	Unique Record Identifier