



OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

MCC Complied in Fiscal Year 2017 With the Digital Accountability and Transparency Act of 2014

AUDIT REPORT M-000-18-001-C
NOVEMBER 8, 2017

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MEMORANDUM

DATE: November 8, 2017

TO: Millennium Challenge Corporation, Acting Vice President, Department of Administration & Finance, and Chief Financial Officer, Mahmoud Bah

FROM: Deputy Assistant Inspector General for Audit, Donell Ries /s/

SUBJECT: MCC Complied in Fiscal Year 2017 With the Digital Accountability and Transparency Act of 2014 (M-000-18-001-C)

Enclosed is the final audit report on the Millennium Challenge Corporation's (MCC) compliance in fiscal year (FY) 2017 with the Digital Accountability and Transparency Act (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 audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

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 assess the (1) completeness, timeliness, quality, and accuracy of MCC's FY 2017 second quarter financial and award data submitted to the U.S. Department of the Treasury for publication on USASpending.gov and (2) MCC's implementation and use of the Governmentwide financial data standards established by the Office of Management and Budget (OMB) and Treasury. To answer the audit objectives, Brown & Company reviewed a statistically valid sample of 165 out of 280 files, which consisted of 134 contracts and 31 grants. The sample was assessed for MCC's implementation and use of 50 out of 57 applicable financial and nonfinancial data standards. The period of the audit included MCC's financial and award data transactions published on the USASpending.gov from January 1 to March 31, 2017.

The audit firm concluded that the FY 2017 second quarter financial and award data submitted by MCC complied with OMB and Treasury requirements for completeness, timeliness, quality, and accuracy. In addition, the audit firm concluded that the data MCC submitted was in all material respects presented in accordance with the data definition standards published by OMB and Treasury for DATA Act reporting.

MCC agreed with the report conclusions. The report contained no recommendations.

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

**Millennium Challenge Corporation's
Compliance with Provisions of the
Digital Accountability and Transparency Act of 2014
(DATA Act)
Fiscal Year 2017**



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

November 6, 2017

Prepared by:

**Brown & Company
Certified Public Accountants and Management Consultants, PLLC
1101 Mercantile Lane, Suite 122
Largo, Maryland 20774
(240) 770-4903**



BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

Independent Auditor's Report

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

The Office of Inspector General for Millennium Challenge Corporation (MCC) contracted us to conduct a performance audit of MCC's second quarter financial and award data as of March 31, 2017, 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 Department of Treasury (Treasury) published 57 data definition standards and required Federal agencies to report financial and award data on USASpending.gov.

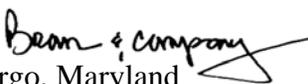
The audit objectives were to assess (1) completeness, timeliness, quality, and accuracy of MCC's fiscal year (FY) 2017 second quarter financial and award data submitted to Treasury for publication on USASpending.gov and (2) MCC's implementation and use of the Government-wide financial data standards 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 2017 second quarter 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 2017 second quarter 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 found that the FY 2017 second quarter financial and award data of MCC for the quarter ended March 31, 2017, is presented in accordance with OMB and Treasury published 57 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, timeliness, quality, and accuracy.

The purpose of this report is solely to describe the scope of our testing and the results of that testing. Accordingly, the report is not suitable for any other purpose.

This report is intended solely for the information and use of the MCC management, OIG and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.


Largo, Maryland
November 6, 2017

**Millennium Challenge Corporation’s
Compliance with Provisions of the
Digital Accountability and Transparency Act of 2014 (DATA Act)
Fiscal Year 2017**

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1. EXECUTIVE SUMMARY

For FY 2017, the Millennium Challenge Corporation's (MCC's) Office of Inspector General (OIG) contracted with Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) to conduct an independent assessment of MCC's compliance with the provisions of the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act requires the OIG of each federal agency to review of a statistically valid sample of the certified spending data submitted by the 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.

Our audit approach measured completeness by determining the percentage of transactions containing all data elements required by the Federal Funding Accountability and Transparency Act (FFATA), as amended by the DATA Act. Timeliness was measured by determining the percentage of transactions reported within 30 days of quarter end. Accuracy was measured by determining the percentage of transactions that were complete and agreed with the systems of record or other authoritative sources. Quality was defined as a combination of utility, objectivity, and integrity.

Our sample size was 165 files consisting of 134 contracts and 31 grants. Our assessment included testing compliance with the OMB and Treasury published 57 data definition standards, as applicable. We concluded that MCC complied with the DATA Act reporting requirements. Based on the audit procedures performed, we determined that the completeness was 100%, timeliness was 100%, and accuracy was 99.93%. For accuracy, we noted that MCC did not have correct vendor addresses for five data elements. We noted no exceptions for the quality of the data.

2. BACKGROUND

Digital Accountability and Transparency Act of 2014 (DATA Act)

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 OMB and Treasury published 57 data definition standards and required Federal agencies to report financial and award data in accordance with these standards for DATA Act reporting, beginning January 2017. Once submitted, the data is displayed on USASpending.gov for taxpayers and policy makers.

The DATA Act requires the OIG of each federal agency to review of a statistically valid sample of the certified spending data submitted by Federal agencies 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.

The Organization

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 USAID, 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 Secretary of State is the Chair of the Board and the Secretary of Treasury is the Vice Chair.

MCC is a small U.S. Government Corporation. MCC is comprised of six departments:

- Office of the Chief Executive Officer
- Office of the General Counsel
- Department of Congressional and Public Affairs
- Department of Administration and Finance
- Department of Compact Operations
- Department of Policy and Evaluations

In July 2015, MCC designated its acting Chief Financial Officer (CFO) as the Senior Accountability Officer (SAO), to head the agency's DATA Act implementation efforts. MCC identified two agency financial reporting systems involved with DATA Act reporting:

- Contracts and Grants Management Division's Contract Management System, and
- Oracle Federal Financial System.

3. OBJECTIVES

The audit covered MCC's FY 2017 second quarter financial and award data as of March 31, 2017, submitted in accordance with the DATA Act.

The objectives were to:

- assess the (1) completeness, timeliness, quality, and accuracy of MCC's fiscal year 2017 second quarter financial and award data submitted to the Department of the 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.

4. SCOPE

The scope of this engagement was MCC's FY 2017 second quarter financial and award data submitted for publication on USASpending.gov. Work performed was in accordance with generally accepted government auditing standards (GAGAS), guidance and policy issued by the Government Accountability Office (GAO), OMB, and the Council of the Inspectors General on Integrity and Efficiency (CIGIE), including the Inspectors General Guide to Compliance under the DATA Act, dated February 27, 2017.

The scope includes examining DATA Act information reported in MCC's FY 2017 second quarter 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 and Awardee Attributes - Procurement Awards,
- File D2: Award and Awardee Attributes - Financial Assistance Awards,
- File E: Additional Awardee Attributes (not tested, see Appendix A), and
- File F: Sub-Award Attributes (not tested, see Appendix A).

5. INTERNAL CONTROL ASSESSMENT

Management's Responsibility for Internal Control and Compliance

MCC designated its Acting CFO as the SAO to head the agency's DATA Act implementation efforts. MCC's SAO provides guidance and receives status updates from the MCC DATA Act Working Group about recent and upcoming DATA Act activities. In addition, members of MCC's DATA Act Working Group receive guidance from the Federal Audit Executive Council (FAEC) DATA Act Working Group.

The MCC's SAO was required to document his assurance of internal controls over data reliability and accuracy upon submission of award data under the DATA Act. The reported data were to be displayed on a public website, www.USASpending.gov, to help increase transparency in Federal spending by linking grant, contract, loan, and other financial data to program results.

MCC's management was responsible for (1) evaluating the effectiveness of internal control over financial reporting based on criteria established under the Federal Managers Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness of internal control over financial reporting, and (3) ensuring compliance with other applicable laws and regulations.

Control Environment

MCC's internal controls over source systems included processing financial data within the U.S. Department of the Interior's (DOI) Interior Business Center's (IBC) Oracle Federal Financial system and relying on IBC's internal controls over its external customers' submission of FY 2017 second quarter financial and award data under the DATA Act. IBC's management was responsible for complying with guidance applicable to the DATA Act and for its internal controls. The OIG for Interior Business Center External Customer issued a memorandum on August 21, 2017¹, which provided the review results of IBC's internal controls over its external customers' submission of FY 2017 second quarter financial and award data under the DATA Act. The OIG concluded that IBC had made progress in implementing required internal controls over DATA Act processes and submission.

¹ Department of the Interior OIG for IBC external Customers memorandum titled "Inspector General's work on the DATA Act Internal Controls for the U.S. Department of the Interior, Interior Business Center, for the Second Quarter of FY 2017," Report No. 2017-FIN-038.

Risk Assessment

MCC's DATA Act Working Group performed risk assessments of the DATA Act process by preparing reconciliations of its DATA Act data and information. The MCC DATA Act Working Group worked closely with the procurement staff to share information and worked to improve the DATA Act reporting process. The MCC DATA Act Working Group reconciled the DATA Act financial information to the MCC financial system to identify errors.

Control Activities

OMB Memorandum M-17-04² for the DATA Act requires that MCC identify intragovernmental transfers and personally identifiable information (PII). MCC has processes in place to assist with protecting PII.

MCC's DATA Act Working Group used the IBC Oracle Federal Financial system to process awards; therefore, MCC relied on IBC for implementing required internal controls over DATA Act processes and submissions. The IBC Oracle Federal Financial system created Files A, B, and C to be uploaded into the DATA Act Broker portal.

Information and Communication Efforts

The MCC units participating in the implementation of the DATA Act include:

- Department of Administration and Finance (A&F)
- Financial Management Division (FMD)
- Accounting, Finance, Management Operations (AFMO)
- Contracts and Grants Management (CGM)
- Budget

MCC's DATA Act Working Group met regularly to share information related to the DATA Act requirements. The group consists of:

- A Project Manager from A&F to implement the DATA Act;
- An IBC liaison from FMD to map Oracle data elements to MCC data and reconcile Oracle financial data to USASpending.gov or future equivalent using files produced by IBC in accordance with DATA Act guidance;
- The Controller, A&F, AFMO, to liaise between MCC's financial reporting group and the DATA Act Working Group;
- A Supervisor Procurement Analyst from CGM to liaise between MCC contracting, Federal Procurement Data System – Next generation (FPDS-NG) and IBC/Oracle Award ID information; and
- A Budget Manager to liaise between MCC's Budget group and the DATA Act Working Group.

² OMB, M-17-04, Additional Guidance for Data Act Implementation: Further Requirements For Reporting And Assuring Data Reliability (Nov 4, 2016) (11 pages, 10.16 MB)

Monitoring Activities

MCC's A&F and FMD were responsible for monitoring the controls related to financial reporting and the DATA Act. The MCC DATA Act Working Group monitored the DATA Act process by performing reconciliations of the data and meeting with appropriate groups to identify processing issues and correct known errors in the data.

6. TESTING METHODOLOGY

Brown & Company audited a statistically valid sample of the spending data submitted by the MCC and assessed the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of data standards by the MCC.

To accomplish the audit objectives, we:

- obtained an understanding of regulatory criteria related to MCC's responsibilities to report financial and award data under the DATA Act;
- assessed MCC's systems, processes, and internal controls in place over data management under the DATA Act;
- assessed the general and application controls pertaining to the financial management systems (e.g. grants, procurement) from which the data elements were derived and linked;
- assessed MCC's internal controls in place over the financial and payment data reported to USASpending.gov per OMB Circular A-123³;
- reviewed a statistically valid sample from FY 2017 second quarter financial and payment data submitted by MCC for publication on USASpending.gov;
- assessed the completeness, timeliness, quality, and accuracy of the financial and payment data sampled; and
- assessed MCC's implementation and use of the 57 data definition standards established by OMB and Treasury.

7. DATA ACT TEST RESULTS

MCC's FY 2017 second quarter financial and award data, was submitted for publication on USASpending.gov, in accordance with OMB and Treasury published 57 data definition standards, as applicable, for DATA Act reporting in all material respects.

We concluded that MCC's FY 2017 second quarter financial and award data for the quarter ended March 31, 2017, complied with the DATA Act. We determined that MCC's FY 2017 second quarter financial and award data submission for publication on USASpending.gov was reasonable for completeness, timeliness, quality, and accuracy. We determined that MCC effectively implemented and used the Government-wide financial data standards established by OMB and Treasury, as applicable.

³ OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (July 15, 2016)

Test Summary-Level Data (File A and B)

We compared all Federal appropriations account summary-level data (File A), including obligations and outlays but excluding Loan Financing Accounts (LFAs), to the information contained in OMB's SF-133 to determine if all transactions were included for the reporting period. There were no exceptions noted. We determined MCC's efforts to reconcile the data from the SF-133 to the Statement of Budgetary Resources (SBR) was effective.

We determined that File A included all Treasury Account Symbols (TAS) from which funds are obligated, except for LFAs, by selecting all summary-level transactions from File A and matching the elements to the agency's SF-133. There were no exceptions noted.

File B included fiscal year cumulative Federal object class and program activity summary-level data. To assess accuracy, we compared the data in File B to the appropriation accounts listed in File A to and determined that all appropriations found in the SF-133 were accounted for in File B. We confirmed that File B included all TASs by matching the main account codes and subaccount codes to records found in File A. We verified the Object Class Codes and program activity information. In addition, we verified that the totals of File A and B matched and the data was complete, timely and accurate. There were no exceptions noted.

Test – Award-Level Linkages (File C through F)

We determined MCC's population size was 280 records from File C. We selected a statistically valid sample of certified spending data from the Reportable Award-Level transactions in MCC's certified data submission. We randomly selected 165 samples, which consist of 134 contracts listed in File D1 and 31 grants listed in File D2. We matched the sample selection from File D1 and D2 to 50 financial and nonfinancial data elements published by OMB and Treasury.

We verified the validity of financial information reported in File D1 by using the Procurement Instrument Identifier Number (PIIDs) and matching the financial elements from File D1 to the MCC's financial system documents. We matched non-financial elements to the information in the FPDS-NG. There were no exceptions noted.

We verified the validity of the financial information reported in File D2 by using the Financial Assistance Identifier Number (FAINs) and matching the financial elements from File D2 to the MCC's financial system documents. We matched non-financial elements to the information in the MCC's system and System for Award Management (SAM). There were no exceptions noted.

For each transaction from the samples that contained Federal award-level data, for awardees required to register in SAM, we matched this information to SAM. We noted that the DUN numbers expired for one contractor and that the D1 information for five samples did not match the SAM.

Based on our test of the 165 samples and applicable data standards, we determined that completeness was 100%, timeliness was 100%, and accuracy was 99.93%. There were no exceptions for quality and utility of the data.

The sample size was determined using the formula provided in the *Inspectors General Guide to Compliance under the DATA Act*⁴. The sample size was 165 based on a 95 percent confidence level, an initial-year expected error rate of 50 percent, and the desired sampling precision of 5 percent. We determined that 50 of the 57 data elements were applicable to MCC. Consequently, the total number of data elements available for testing was 8,250 (50 x 165).

The statistical results of our testing yielded the following error rate⁵.

Figure 1 - Error Rate for Sample Transactions

	Completeness	Timeliness	Accuracy
Error Rate for the Sample	0.0%	0.0%	0.07%

The calculation for completeness, timeliness and accuracy yielded the following:

Figure 2 - Completeness, Timeliness and Accuracy for the Sample Transitions

Completeness	Timeliness	Accuracy
100%	100%	99.93%

Completeness was measured as the percentage of sample transactions containing all data elements required by the FFATA, as amended by the DATA Act.

Timeliness was measured as the percentage of sample transactions reported within 30 days of quarter end.

Accuracy was measured as the percentage of sample transactions that were complete and agree with the systems of record or other authoritative sources. We noted exceptions with accuracy for six SAM data elements.

We have not tested Files E and F. The FAEC DATA Act Working Group identified data errors due to broker issues that were not caused by the agency in these two files. These known Government-wide data elements with errors were not included in the calculation for completeness, timeliness, accuracy and error rate. Appendix A provides information relating to the DATA Act Broker (broker) issues.

Conclusion

We concluded that MCC's FY 2017 second quarter financial and award data for the quarter ended March 31, 2017, complied with the DATA Act. We determined that MCC's FY 2017 second quarter financial and award data submission for publication on USASpending.gov was reasonable for completeness, timeliness, quality, and accuracy. We determined that MCC effectively implemented and used the Government-wide financial data standards established by OMB and Treasury, as applicable.

Based on our results, we are not making any recommendations to MCC.

⁴ $385 / [1 + (385/N)]$, where "N" represents the population size

⁵ See Exhibit 1 – Statistical Computation of Test Results.

APPENDIX A – OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES

The audit covered MCC's FY 2017 second quarter financial and award data submitted in accordance with the DATA Act.

The objectives were to:

- assess the (1) completeness, timeliness, quality, and accuracy of MCC's fiscal year 2017 second quarter financial and award data submitted to the Department of the 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.

SCOPE

The scope of this engagement was MCC's FY 2017 second quarter financial and award data submitted for publication on USASpending.gov. Work performed was in accordance with generally accepted government auditing standards, guidance and policy issued by GAO, OMB, and CIGIE, including the Inspectors General Guide to Compliance under the DATA Act, dated February 27, 2017.

The scope includes examining DATA Act information reported in MCC's FY 2017 second quarter 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 and Awardee Attributes - Procurement Awards,
- File D2: Award and Awardee Attributes - Financial Assistance Awards,
- File E: Additional Awardee Attributes (not tested, see below), and
- File F: Sub-Award Attributes (not tested, see below).

METHODOLOGY

Brown & Company audited a statistically valid sample of the spending data submitted by MCC and assessed the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of data standards by the MCC.

To accomplish the audit objectives, we:

- obtained an understanding of any regulatory criteria related to MCC's responsibilities to report financial and award data under the DATA Act.
- assessed MCC's systems, processes, and internal controls in place over data management under the DATA Act;

- assessed the general and application controls pertaining to the financial management systems (e.g. grants, procurement) from which the data elements were derived and linked;
- assessed MCC's internal controls in place over the financial and payment data reported to USASpending.gov per OMB Circular A-123⁶;
- reviewed a statistically valid sample from FY 2017 second quarter financial and payment data submitted by MCC for publication on USASpending.gov;
- assessed the completeness, timeliness, quality, and accuracy of the financial and payment data sampled; and
- assessed MCC's implementation and use of the 57 data definition standards established by OMB and Treasury.

Testing Limitations for Data Reported from Files E and F

File E of the DATA Act Information Model Schema (DAIMS) contains additional awardee attribute information extracted from the System for Award Management (SAM) via the broker. File F contains sub-award attribute information extracted from the FFATA Subaward Reporting System (FSRS) via the broker. It is the prime awardee's responsibility to report sub-award and executive compensation information in SAM and FSRS. Data reported from these two award reporting systems are generated in the broker for display on USASpending.gov. As outlined in OMB's Management Procedures Memorandum 2016-03, the authoritative sources for the data reported in Files E and F are SAM and FSRS respectively with no additional action required of Federal agencies. As such, we did not assess the completeness, accuracy, timeliness, and quality of the data extracted from SAM and FSRS via the broker.

Government-wide Data Reporting Issues:

Current Total Value of Award and Potential Total Value of Award Errors for Procurement Award Modifications – Data from the (1) Current Total Value of Award and (2) Potential Total Value of Award elements are extracted from the FPDS-NG via the legacy USASpending.gov and provided to the DATA Act broker (broker).⁷ Specifically, data for these elements are extracted from the following FPDS-NG fields respectively: (1) base and exercised options value and (2) base and all options value. These two fields are categorized in FPDS-NG under two columns for data entry labeled “Current” and “Total.” The “Current” column contains amounts entered into the system by the agency. The “Total” column contains cumulative amounts computed by FPDS-NG based on the modification amounts entered into the system by the agency. Procurement award modifications, included in our sample, reported values for these elements from FPDS-NG's “Current” column, which displays the modification amount, rather than the “Total” column, which displays the total award value. As a result, data for the Current Total Value of Award and Potential Total Value of Award elements were inconsistent with agency records. A no-cost modification would cause the “Total” column to display an erroneous zero balance. Procurement awards (base awards) that were not modified did these same errors. Treasury's PMO Government-wide DATA Act Program Management Office officials confirmed that they

⁶ OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (July 15, 2016)

are aware that the broker currently extracts data for these elements from the "Current" column rather than the "Total" column. A Treasury official stated that the issue will be resolved once DAIMS version 1.1 is implemented in the broker and related historical data from USASpending.gov are transferred to Beta.USAspending.gov during fall 2017. However, as MCC does not have responsibility for how data is extracted by the broker, we did not evaluate the reasonableness of Treasury's planned corrective action.

Indefinite Delivery Vehicle (IDV) Type Errors: For procurement awards included in our sample, data from the IDV Type element should be extracted from FPDS-NG and provided to the broker. The FPDS-NG atom feed delivers the IDV Type and Contract Award Type in the same field. The broker did not break down the data for IDV Type which resulted in inconsistencies with agency records. Treasury's DATA Act PMO officials confirmed that they are aware of this issue and have taken steps to avoid this issue in future reporting periods. However, as MCC does not have responsibility for how data is extracted by the broker, we did not evaluate the reasonableness of Treasury's planned corrective action.

Legal Entity City Code and Primary Place of Performance County Name Errors – the interface definition document (IDD), a DAIMS artifact, states that data from Legal Entity City Code and Primary Place of Performance County Name, for financial assistance awards in File D2, are extracted via Treasury's Award Submission Portal (ASP). During fieldwork, we noted that data for these two fields were consistently blank. A Treasury official stated that data for Legal Entity City Code had not been derived since January 2017 and there were plans to reconsider how this element would be handled. The Treasury official further explained that data derived for Primary Place of Performance County Name would not be implemented until September 2017. Because data for these elements were not derived or implemented these data fields were consistently blank and therefore not reported for display on USAspending.gov. However, as MCC does not have responsibility for how data is extracted by the broker from Treasury's ASP, we did not evaluate the reasonableness of Treasury's planned corrective action

Data Quality Assessments

Until the weaknesses identified in this report are addressed, any efforts to assess the quality of MCC data submitted for publication on Beta.USAspending.gov will be limited.

APPENDIX B – SUMMARY OF DATA ACT RESULTS

**Summary of DATA Act Results
MCC 2nd Quarter, Fiscal Year 2017**

Section 1: Results of Assessment of Internal Controls over Source Systems			
<u>Control Objectives</u>	Controls Properly <u>Designed</u> to Achieve Control Objective? (Yes/No)	Controls <u>Implemented</u> to Achieve Control Objective? (Yes/No)	Controls <u>Operating</u> Effectively to Achieve Control Objective? (Yes/No)
Overall Conclusion	Yes	Yes	Yes
Internal controls over data management to ensure the integrity and quality of the data.	Yes	Yes	Yes
Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.	Yes	Yes	Yes
<i>*Auditors Note: If selected "No" in any columns above, include details in section 3.</i>			
Section 2: Results of Assessment of Internal Controls over Data Management and Processes (DATA Act Submission)			
<u>Control Objectives</u>	Controls Properly <u>Designed</u> to Achieve Control Objective? (Yes/No)	Controls <u>Implemented</u> to Achieve Control Objective? (Yes/No)	Controls <u>Operating</u> Effectively to Achieve Control Objective? (Yes/No)
Overall Conclusion	Yes	Yes	Yes
Internal controls over data management to ensure the integrity and quality of the data.	Yes	Yes	Yes
Internal controls over data reporting to ensure that the data reported are complete, accurate, timely, and of quality.	Yes	Yes	Yes
Internal controls over data reporting to ensure financial data are complete and accurate.	Yes	Yes	Yes
Internal controls over data reporting to ensure non-financial data (e.g. FPDS-NG) accurately reflect its authoritative source.	Yes	Yes	Yes
<i>*Auditors Note: If selected "No" in any columns above, include details in section 3.</i>			

Section 3: Summary of Control Deficiencies and Impact on Completeness, Timeliness, and Accuracy			
	Impact of Control Deficiency		
Description of Control Deficiency	Completeness¹	Timeliness²	Accuracy³
SAMs data was not accurate.	No	No	Yes
Section 4: Results of Sample Tests Performed at the Award-Level Transactions			
Description of Attribute Testing	Completeness¹	Timeliness²	Accuracy³
Error Rate ⁴	0.0%	0.0%	0.07%
Sampling Error (margin of error)	+/- 5%	+/- 5%	+/- 5%
Source of Sample (File C, D1, D2)	C, D1, D2	C, D1, D2	C, D1, D2
Population Size (# and \$ of each type of transactions for grants, loans, contracts, and others)	280 \$ 54,860,245.30	280 \$ 54,860,245.30	280 \$ 54,860,245.30
Type of Statistical Sampling Methodology Used ⁵	Random	Random	Random
Confidence Level	95%	95%	95%
Expected Error Rate	50%	50%	50%
Sample Precision	+/- 5%	+/- 5%	+/- 5%
Sample Size	165	165	165
Section 5: Overall Assessment of Implementation and Use of Data Standards⁶			
<i>MCC did not have any differences in definitions for the data standards and OMB guidance. For modification to contracts, MCC enters the action date as the "periodofperformancestartdate."</i>			
[List specific data elements identified from the sample with a rate of errors above 50%.] <i>There were no data elements identified with a rate error above 50%.</i>			

¹Completeness is measured as the percentage of transactions containing all data elements required by the DATA Act.

²Timeliness is measured as the percentage of transactions reported within 30 days of quarter end.

³Accuracy is measured as the percentage of transactions that are complete and agree with the systems of record or other authoritative sources.

⁴Error Rate - Error rate is displayed as the percentage of transactions tested that were not in accordance with policy.

⁵Type of statistical sampling methodology used could include dollar unit sampling, classical variables estimation, classical probability proportional to size, or random.

⁶Agency's implementation and use of data standards is assessed as part of the tests for completeness of summary-level data and award-level transaction data.

APPENDIX C – MANAGEMENT'S COMMENTS

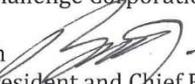
Management's Response:



MEMORANDUM

DATE: November 3, 2017

TO: Donell Ries
Deputy Assistant Inspector General
Office of the Inspector General
United States Agency for International Development
Millennium Challenge Corporation

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

SUBJECT: MCC's Management Response to the Report, "*MCC Complied in Fiscal Year 2017 With the Digital Accountability and Transparency Act of 2014*", dated October 26, 2017

The Millennium Challenge Corporation (MCC) appreciates the opportunity to review the report titled "*MCC Complied in Fiscal Year 2017 With the Digital Accountability and Transparency Act of 2014*", dated October 26, 2017. MCC concurs with the conclusion of the audit and deemed the report constructive in helping to validate the agency's compliance with the DATA Act. We are pleased that the audit found that MCC's financial and award data complied with the DATA Act and that MCC's spending data was reasonable for completeness, timeliness, quality and accuracy. MCC has worked hard to implement and ensure compliance with the DATA Act and we remain committed to transparency about our spending.

There were no recommendations as part of this audit, and as such, MCC does not provide a corrective action plan.

If you have any questions or require any additional information, please contact Mahmoud Bah, Acting Vice President and Chief Financial Officer, at 202-521-3653 or [Bahm@mcc.gov](mailto:Mahm@mcc.gov); or Jude Koval, Director of Internal Controls and Audit Compliance (ICAC), at 202-521-7280 or Kovaljg@mcc.gov.

CC: Gary Middleton, Director, Performance Audits Division, OIG, USAID
Fred Jones, Director, Financial Audits Division, OIG, USAID

David Weil, Lead Auditor, OIG, USAID
Aleta Johnson, Administrative Assistant, OIG, USAID
Alice Miller, Chief Risk Officer, A&F, MCC
Jude Koval, Director, ICAC, A&F, MCC
Karla L. Chryar, Compliance Officer (Contractor), ICAC, A&F, MCC

APPENDIX D – EVALUATION OF MANAGEMENT'S COMMENTS

Evaluation of Management Comments

We provided a draft report to MCC for their comment. In their comments, MCC said that they concurred with the audit conclusion.