



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

August 26, 2016

MEMORANDUM NO:
2016-FO-0802

Memorandum

TO: Courtney Timberlake, Deputy Chief Financial Officer, F
Joseph Hungate, Assistant Chief Financial Officer for Systems, FY

FROM: 
Thomas R. McEnany
Director, Financial Audits Division, GAF

SUBJECT: Independent Attestation Review: U.S. Department of Housing and Urban
Development, DATA Act Implementation Efforts

Independent Accountant's Report

We have reviewed the U.S. Department of Housing and Urban Development's (HUD) efforts as of July 15, 2016, to comply with steps 1-4 of the U.S. Department of the Treasury DATA Act¹ Playbook to determine whether HUD is positioned to meet the statutory May 2017, deadline.² HUD's management is responsible for taking steps to comply with applicable guidance. This report provides the results of our attestation review and recommendations, which are detailed in appendix A.

Our review was conducted in accordance with attestation standards established by the U.S. Government Accountability Office and the American Institute of Certified Public Accountants. A review is substantially narrower in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

¹Digital Accountability and Transparency Act of 2014. Pub. L. No. 113-101 implementing guidance provided in Office of Management and Budget Memorandum M-15-12. Treasury prepared a DATA Act Playbook as guidance for agencies.

² The Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified a timing anomaly in which Congress has mandated that the first Office of Inspector General reports are due in November 2016, while the DATA Act does not require agencies to report their financial and payment information until May 2017 (exact date pending confirmation). CIGIE recommended that Federal inspectors general delay the financial and payment report until November 2017 while recommending that they undertake DATA Act "readiness reviews."

Emphasis of Matter

HUD Is Not on Track To Report Comprehensive Departmentwide Spending by the May 2017 DATA Act Reporting Deadline

While HUD has taken steps to implement the DATA Act, it is not on track to provide complete, departmentwide reporting by the May 2017 deadline. HUD's DATA Act team has been hindered by management turnover and indecision. HUD has had three different senior accountable officials in a 6-month span, and the conclusion that the DATA Act applied to the Federal Housing Administration (FHA) and the Government National Mortgage Association (Ginnie Mae) was not made until approximately May 2016. These conditions have delayed implementation efforts and precluded the reasonable expectation that the deadline will be met. In addition to the FHA and Ginnie Mae delays, as of July 15, 2016, HUD had not completed its inventory of data elements or the mapping of agency data to the DATA Act schema. HUD had also been unable to resolve data quality issues that have impeded the complete and accurate reporting of departmental contract, grant, loan, and other financial assistance awards in USAspending.gov.

While HUD has represented that its work on Treasury Playbook steps 3 and 4 is in progress and on time, plan dates significantly exceed previous Treasury and Office of Management and Budget guidance³ and may not have been sufficiently monitored. These challenges are due to HUD's reliance on numerous legacy and current financial systems with differing technologies and data elements and limited resources, compared to the level of effort required to modify systems and perform the data inventory and mapping. Refer to appendix A for our recommendations. HUD management has identified many of these challenges in its representations. Refer to appendix B for management's representations.

Based on our review, except for what is noted in the Emphasis of Matter paragraph above, nothing came to our attention that caused us to believe that HUD's efforts to comply with steps 1-4 of Treasury's DATA Act Playbook is not an accurate reflection of the status of compliance as of July 15, 2016.

While this report is an unrestricted public document, it is intended solely for the information and use of HUD management, Treasury, the Office of Management and Budget, and Congress and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the cooperation and participation of HUD personnel in completing the attestation. If you have any questions or comments to be discussed, please contact me at (202) 402-8216.

cc:

Sarah Lyberg, Assistant Chief Financial Officer for Budget, FO

³ GAO-16-698; DATA Act Implementation Plans; <http://gao.gov/assets/680/678765.pdf>

Appendix A: Recommendations

We recommend that HUD's Deputy Chief Financial Officer and senior accountable official

1. Identify the universe of all program obligations and disbursements, including the appropriations account level of obligations and outlays by program activity and by object class for compliant USASpending.gov reporting.
2. Prepare and execute a plan to resolve errors already identified in programmatic expenditure information transferred to USASpending.gov before full implementation and ensure that similar types of errors are timely identified and promptly resolved prior to implementation.
3. Finalize required project plan documentation for HUD, which includes the updated implementation plan due to Treasury and the Office of Management and Budget.
4. Complete the project plan documentation for the FHA and Ginnie Mae components.

Appendix B: Management Representations



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF THE CHIEF FINANCIAL OFFICER
WASHINGTON, DC 20410-1000**

July 22, 2016

Randy W. McGinnis
Assistant Inspector General for Audit, Office of Audit
U.S. Department of Housing and Urban Development Office of the Inspector General
451 7th Street Southwest
Washington, DC 20410

Dear Mr. McGinnis,

This letter is in connection with your readiness review of HUD's Digital Accountability and Transparency Act of 2014 (DATA Act; Pub. L. 113-101)¹ and OMB Memorandum M-15-12². You conducted your readiness review to (1) provide assurance that nothing came to the attention of the OIG which would cause you to believe our agency's future submission of DATA Act requirements was presented other than fairly in all material respects and (2) report whether HUD's DATA Act submission was in compliance with all applicable laws and regulations.

We understand and acknowledge that HUD's management is responsible for the fair presentation of the information included within the submission of the DATA Act in accordance to applicable requirements. We are responsible for making all related information available to you to conduct your readiness review. Further, we agree to communicate to you the discovery of any material misstatements which could affect the fair presentation of the DATA Act submission. The readiness review does not relieve us of the aforementioned responsibilities.

We confirm, to the best of our knowledge and belief, the following representations and assertions made to you during the readiness review. These representations pertain to HUD's May 2017 DATA Act submission.

Representations in accordance with Laws and Regulations

1. We are responsible for HUD's compliance with all applicable laws and regulations.
2. We have identified and disclosed to you all laws, regulations, and related financial records that have a direct and material effect on the determination of amounts reported within the submission of the DATA Act.
3. There are no
 - a. violations or possible violations of laws or regulations whose effects we should evaluate for disclosure in the DATA Act submission of May 2017 or,

¹ The text of the DATA Act can be found at:

<https://www.gpo.gov/fdsys/pkg/PLAW-113publ101/pdf/PLAW-113publ101.pdf>

² This Memorandum can be found at:

<https://www.whitehouse.gov/sites/default/files/omb/memoranda/2015/m-15-12.pdf>

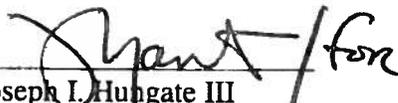
- b. unasserted claims or assessments that are probable of assertion and must be disclosed that have not been disclosed
4. We are not aware of any violations of the DATA Act; Pub. L. 113-101 or OMB M-15-12 that we must report to the Congress and the President (and provide a copy of the report to the Comptroller General) in our DATA Act submission (or, we have reported all known violations of the DATA Act; Pub. L. 113-101 or OMB M-15-12) and through the date of this letter.

Assertions in accordance with DATA Act regulations

1. HUD has completed and is on track to complete steps 1-4 from the DATA Act Playbook. Steps 1 and 2 have been completed, while steps 3 and 4 are in progress and on time.
 - a. A DATA Act work group has been established and includes the impacted communities within HUD.
 - b. A Senior Accountability Officer (SAO) has been designated.
 - c. HUD has reviewed the list of DATA Act elements and participated in data definitions standardization. HUD is performing an inventory of agency data and associated business processes and systems.
 - d. HUD is working on a design and strategy document that captures the changes to systems and business processes which capture financial, procurement, and financial assistance data.

2. Challenges related to HUD's implementation of the DATA Act consist of:
 - a. Data Universal Numbering System (DUNS)
 - b. Program Activity Codes (PACs) and Budget Object Class (BOC) data
 - c. FHA and GNMA scope and expectation
 - d. Establishment of eVMS and EDW
 - e. Lack of dedicated resources and funding

HUD executive leadership is aware of the challenges HUD currently faces.



Joseph I. Hungate III
Deputy Chief Financial Officer