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Mr. Chairman and members of the Committee, I want to thank you for the opportunity to appear before you today to discuss the successes of the Recovery Accountability and Transparency Board (the Board) and to share some of the Board's lessons learned. I will be glad to answer any questions you have after my prepared remarks.

The Recovery Board has accomplished much in our short history. We stood up a data-collection website, FederalReporting.gov, where Recovery fund recipients enter spending information on a quarterly basis, and the public-facing website known as Recovery.gov. We have over the years added features and utility, and we have garnered many accolades for both websites. Given the Recovery Board's makeup of Inspector Generals, it should not surprise anyone that our oversight and accountability tools, currently housed in what we have termed the Recovery Operations Center (ROC), are as robust as our websites, thanks to the Board's willingness to embrace new ideas in data sharing, predictive modeling, and risk analysis.

The inbound data collection website, FederalReporting.gov, has been groundbreaking. Before the Recovery Act, spending data was reported only by agencies. Concerns about the burden that reporting would place on recipients were eventually minimized, in large part because FederalReporting.gov was designed to be easy, and in part because we installed a helpdesk where recipients could go with their questions. The Recovery Board also had intergovernmental staff dedicated to working with the states, who were the largest reporters under the Recovery Act. The result was that, for the first time in government, prime and subrecipients were reporting on their own use of funds, rather than placing that burden solely on the agencies.

Not only has the reporting process run smoothly – more importantly, it has been done accurately. The Board, working with OMB, established a quarterly quality-assurance (QA) period with the agencies and recipients. Before the recipient data is even provided to agency officials, however, the reporting mechanism itself performs hard-logic checks to ensure that clearly erroneous data – incorrect Congressional districts, for example – is corrected before it is reported to the agencies. Once the quarterly agency QA period begins, if an awarding agency sees an error in a recipient's data, it has a brief period of time in which to raise the issue with the recipient, who then makes the necessary corrections. For corrections to prior-quarter data, the Board has recently implemented an automated data-correction process that allows agencies, recipients, Board staff, and OMB to request changes directly in FederalReporting.gov. The awarding agency and Board staff then evaluate change requests, approving or denying them. Importantly, each change to the data is catalogued and an audit trail is available, ensuring that any changes are made publicly rather than secretly. No data is overwritten but is instead preserved, making for a fuller and more comprehensive picture for accountability purposes.

Once collected and reviewed for accuracy, that data is displayed on Recovery.gov just 30 days after the close of every quarter. The Board is quite proud of this award-winning website,

yet we are continuing to strive for improvements. We recently released a new Developer Center, where users can download and embed widgets from Recovery.gov into their own websites. For example, a blogger can embed his Congressional district's award data into a blog, and it would automatically update whenever Recovery.gov is updated. In addition to the existing Recovery Mobile apps – our iPhone and iPad apps have been downloaded more than a thousand times – we will soon be unveiling a new app called Recovery Explorer that allows users to combine all kinds of data and make their own charts, providing contexts for the data that might not have even occurred to those of us in government.

While there have been bumps in the road, our mission of bringing transparency to Recovery spending has not faltered. In April 2010, the Board made the move to a cloud-computing infrastructure for Recovery.gov, a groundbreaking event that allowed for more efficient computer operations and reduced costs. One year later, on April 21, 2011, a segment of the Amazon Web Services cloud crashed, temporarily shutting down major websites, including at least one federal government site that was unavailable for more than a day. The Board had a back-up plan, however, so that when one of the Amazon data centers experienced an outage, our continuing operations solution kicked in to keep the site – and its data – up and running smoothly. The whole incident has served as a reminder that even the best technology is not perfect, and failsafe operations must always be in place.

Finally, the analytical tools used in the Board's Recovery Operations Center (ROC) have been designed with fraud prevention as the goal. The Board's skilled analysts look for indicators of trouble. They use software to search colossal amounts of data, looking for potential problems such as criminal convictions, lawsuits, tax liens, bankruptcies, risky financial deals, and suspension and debarment proceedings. Once a concern has been identified, the Board's analysts then perform an in-depth analysis of the award, forwarding their report to the appropriate agency Inspector General for additional inquiry.

In addition to assisting with Office of Inspector General (OIG) investigations, the ROC has also served as a clearinghouse for agencies. Utilizing data housed within the ROC, the Board's staff has been able to provide agencies with information relating to award recipients. For example, the Board has notified agencies that they were awarding Recovery funds to companies that were debarred and therefore prohibited from receiving federal funds. Those agencies acted quickly to cancel the contracts, preventing millions of dollars from winding up in the hands of ineligible companies.

To add to the ROC's toolbox, the Board has recently begun to develop what can best be termed a "fraud-risk scorecard." Similar to the scores that have been successfully used for years by the credit industry in making credit-granting determinations, the fraud-risk scorecard is intended to be a risk-predictive tool that uses mathematical models to detect fraudulent transactions. We anticipate that both agencies and IGs will be glad to have such a tool to assist their efforts.

As you can see, the past two years have been quite an experience. I have given considerable thought some lessons learned from what will surely be my last government assignment. I would like to share with you today ten very specific lessons learned, and I ask you

to try to imagine what it would be like if these lessons were adopted and incorporated into new legislation that would require any or all of them to be embedded in our government going forward.

1. Nothing motivates bureaucrats to act faster than a law with concrete deadlines.

The long-standing culture of federal agencies has been to take the path of least resistance and to take the longest time allowed to enact any change. I have found that agencies continually underestimate their capacity to get things done, pursuing pilot after pilot with few long-lasting developments. The Recovery Act addressed that problem head-on, requiring recipient reporting on the use of Recovery funds within 180 days of enactment, or August 17, 2009. That was not a lot of time; we had to analyze our options for in-bound reporting, determine the best solution, and implement that decision. But we were under the gun, and that spurred us to act quickly and efficiently – and on August 17th, FederalReporting.gov was opened for recipient registration. At the close of that quarter, recipients began reporting as required under the law. This result reinforces the lesson that, in any laws imposing requirements on agencies, firm and certain deadlines are critical for implementation.

2. Spending data can be collected directly from recipients with a high degree of accuracy.

In the past, information about federal spending was entered by a number of federal employees. The Recovery Act and its mandated reporting changed that dynamic, proving that recipients of federal funding could report – and report accurately – on that spending. Agencies are still invested in the quality assurance of the data, but now they need not employ legions of data entry personnel in the name of transparency. Any future legislation should recognize this potential cost savings and call for the migration of reporting from agencies to recipients.

3. This spending data can be quickly quality controlled, displayed, and uniquely arrayed to achieve unprecedented levels of transparency.

As I mentioned, the goal of data quality still falls to the agencies, but even here the Recovery Act sparked a change from the status quo. In the past, agencies in receipt of recipient-reported data would have spent excessive amounts of time scrubbing that data prior to releasing it. By the time of its release, the information would be outdated and meaningless. The Recovery Act required real-time reporting with results made public within 30 days, four times a year. This quick turnaround from collection to quality review to public display required a joint QA effort by agencies and recipients. And in the end, the data was not merely published as a jumble of numbers in a hardbound catalog that sits on a shelf somewhere but was arrayed geospatially on Recovery.gov, making the data available and understandable for all users.

4. The Federal government desperately needs a uniform, governmentwide alphanumeric numbering system for all awards.

Currently, each agency uses its own unique numbering system for contracts and grants. As we found during the Recovery transparency process, these disparate award IDs make tracking

federal spending unnecessarily arduous and complicated. Every quarter, there were mismatches when we tried to align recipient-reported award numbers on FederalReporting.gov to what the agencies reported to OMB, in our efforts to see who did and did not report as required. The award ID numbering process *must* be simplified and standardized, akin to the credit-card numbering system that we are all accustomed to. To increase the efficiency of government operations and the transparency of federal spending, the federal government must transition to a uniform, governmentwide alphanumeric award ID system for all federal awards. I can imagine that agencies will dig in their heels and cling to their old systems, which is why I believe the uniform award ID solution will need to be mandated through legislation.

5. New technology, particularly cloud computing and geospatial web services, play a critical role in the delivery and effectiveness of transparency and accountability.

In April 2010, the Board made the move to a cloud-computing infrastructure for Recovery.gov, a groundbreaking event that allowed for more efficient computer operations and reduced costs. Cloud computing is a pay-as-you-go approach to information technology, permitting lower initial investments to start operations. It is also flexible enough to allow IT staff to add or subtract computing capacity as needs dictate. Security concerns are the first and only argument to be made when questioning the government's use of cloud computing – it is a red herring. Security concerns are just as real with the cloud as they are with any system, and must be dealt with properly. That is not a reason to discard the idea, especially when the use of cloud computing can reduce duplicative infrastructure investments governmentwide, shrink the federal information-system footprint, and promote data centralization. In an era of rooting out redundancies and inefficiencies, this condensing of systems could create an enormous savings to the U.S. Government and American taxpayers.

Likewise, geospatial mapping has been integral to the successes the Board has had in transparently displaying Recovery Act data in a multitude of ways that enhance the understanding of the user. For example, users can drill down into their own zip codes to find nearby Recovery awards. Or, by comparing a variety of maps offered on the website, users can see where federal funds are disbursed and decide for themselves whether the funds are going where the need is greatest. For aesthetics, usability, and – most importantly – unadulterated data, Recovery.gov has raised the standard for transparency and accountability across the federal government. It is therefore my hope that any legislation undertaken by Congress would allow for these technologies, which have endless possibilities.

6. Transparency can cause embarrassment, which, in turn, causes self-correcting behavior.

When it comes to embarrassment, I know whereof I speak. When the Board first published recipient data, we discovered that not everyone knows his or her Congressional district. We got a lot of flak in the media about money going to so-called “phantom districts.” In subsequent reporting periods, we added hard-logic checks to FederalReporting.gov to prevent obvious errors. Likewise, recipients have learned from their embarrassment. In February 2010, we began publishing on Recovery.gov a list of non-compliers, a “list of shame” that states the names of recipients who have failed to report as required. Users can see who the repeat

offenders are. I am happy to report that, in the first quarter of 2011, the number of two-time non-reporters is now down to 17, and the number of three-time (or more) non-reporters is down to 7. This is out of more than 201,000 reported awards for the quarter.

7. Transparency is the force-multiplier that drives accountability.

While transparency is harder to practice than it is to talk about, it has become abundantly clear that transparency is the friend of the enforcer and the enemy of the fraudster. With more than 80% of Recovery monies having been awarded, less than half a percent of all reported Recovery contracts, grants, and loans currently have open investigations. To date, there have been only 144 convictions involving a little over \$1.9 million. I am often asked why there has been so little fraud. I have little empirical evidence to prove it, but I believe it is due to the transparency embedded in the Recovery Act.

8. When the goal is prevention, instead of merely detection, agencies and IGs both have a high degree of incentive to collaborate with each other.

The Board's strategy was to focus our efforts heavily on preventing fraud from occurring in the first place, not just detecting it after the fact. This is why the IG community has provided training for more than 130,000 people since February 2009.

My observation has been that when the goal of an initiative is fraud detection, IGs come to the table with a great deal of enthusiasm while agencies seem less motivated. In overseeing these Recovery funds, the Board has learned that when the common goal is fraud *prevention*, agencies and IGs are equally enthusiastic, and a remarkable collaborative effort takes place between the two. I think that any legislation aimed at fraud prevention should therefore bring IGs *and* agencies to the table.

9. The most valuable accountability module is one which provides equal access to both agencies and enforcers.

The new analytic tools and methodologies developed in the ROC have proven to be as valuable to agencies as to IGs, preventing funds from potential fraud, waste, and mismanagement. I believe that the information we have been providing to agencies relating to Recovery funds will be just as useful – if not exponentially more so – outside the Recovery Act context. A single repository for this accountability data, rather than mini-ROCs sprinkled around the federal government, would present a cost-savings to the American taxpayers.

10. Finally, articulating success for prevention is harder to do than for detection.

Forty-one years ago, I began my federal career as a Secret Service Agent, learning how to protect our nation's leaders. How do you measure success in that role? When an assassin is able to shoot your protectee, failure is readily apparent. But conversely, the measure of success cannot just be that no officials were killed or harmed – while that measure is informative, it does not account for all of the attempts that may have been thwarted by the presence of a visible agent. Nor does it account for plots that were abandoned when it became clear that an official's

route would be inaccessible by the public. How can we possibly count the attempts that we do not even know about?

Now, toward the end of my government career, I feel that I have come full circle – and I admit I am still pondering the logistics of measuring prevention. How can we know how much fraud has been prevented by what the Board and the IG community did during the Recovery program? High fraud losses accompanied by front-page stories and nightly news segments would certainly have signaled failure, but we may be left to wonder – as my former colleagues in the Secret Service to every day – about what success really looks like. All I can say for sure is that in a government spending program of more than \$787 billion, we have seen extremely low levels of fraud.

I have recently written a white paper reflecting on the Board’s myriad successes and incorporating many of these lessons learned, in an attempt to answer the question of how the Board’s accomplishments can continue long after the Recovery funds have all been spent. We plan to put that paper up on Recovery.gov this week.

Mr. Chairman and members of the Committee, that concludes my prepared testimony. Thank you for this opportunity. I will now be glad to answer any questions you might have.