Government Accountability and Transparency Board
Report and Recommendations to the President
December 2011

The citizens of the United States of America have a right to know how their Government spends their money. Every year, the Federal Government spends trillions of dollars – in fiscal year 2011, the Government spent $3.6 trillion. Citizens must have the ability to know the amounts that are set aside for certain purposes, and when and where agencies spend this money. They should be able to know whether funds are expended wisely and with integrity. Current Federal financial reporting management systems for grants, loans, and procurements fall short of these simple tests. The existing systems are too often inadequate to deliver data transparency, effectively ensure integrity, or detect instances of fraud or waste.

In June of this year, you created the Government Accountability and Transparency Board (GAT Board) to challenge the Government to do better, and we can. Evidence shows that by using modern technology and rethinking existing processes, the Government can provide more useful data to the public, Federal program managers, and decision makers. These same efforts can allow for more effective oversight of Federal dollars in order to prevent instances of waste, fraud or abuse.

Specifically, the Executive Order directed the GAT Board to work with the Recovery Accountability and Transparency Board (Recovery Board) to extend the Recovery Board's successes and lessons learned to all Federal spending. The Recovery Board's significant Lessons Learned are:

1. Transparency and accountability efforts are both most effective when managed and operated by an independent entity. Also, neither is fully effective without the other component.
2. The Recovery Board's method for collecting recipient data on spending and posting it rapidly is effective and significantly increases the speed and quality of spending data.
3. Working across the Federal Government, the Recovery Board identified a lack of data standards and overly complicated and antiquated methods and systems to collect spending information.
4. The methodologies and processes to identify risk and fraud used by the Recovery Board are unique and effective. These should be made more widely available.
5. Cooperation between agencies and Inspectors General promotes a synergy that can effectively identify risks and mitigate fraud, waste, and mismanagement.

The Recovery Board's successes have already been demonstrated through the systems and processes it developed to oversee the effective implementation of the transparency and accountability requirements outlined in Title XV of the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act established new benchmarks for success by demanding levels of granularity and visibility for spending information beyond any previous efforts, and employing new and innovative tactics to track down fraud and conduct effective oversight. In particular, the experience of the Recovery Board helped to drive a new vision for

how information on Government spending should be reported on, displayed, and overseen in order to maximize transparency and accountability for the public.

The Recovery Act, though, is only part of the picture. Federal agencies have a number of other efforts underway that can serve as a foundation for the improved collection, tracking, and oversight of all Federal spending. These activities range from improved performance in fraud-related enforcement and recovery, to the recent decline in reported improper payments in programs like Medicare and Medicaid, to an increasing number of agencies that are delivering timely and reliable financial reports.

That said, there is more that we must do to fully realize the vision of comprehensive transparency and accountability in Federal spending. We can make data more reliable and present it in real time. We can connect the data more closely to the investment and its intended purpose. We can provide better tools to analyze and scrutinize it. Moreover, we can do all of this in a more cost-effective way.

In its early deliberations, the GAT Board has identified three discrete recommendations that take critical steps along the path toward the goal of increased transparency and accountability.

First, the Government should adopt a cohesive, centralized accountability framework to track and oversee spending. Data mining applications are emerging as essential tools to inform management decisions, develop Governmentwide best practices and common solutions, and to effectively detect and combat fraud in large programs and investments. The development and use of such innovation, though very promising, is still at an early stage. A universal framework for such applications will permit collaboration and rapid innovation, as well as increased user adoption within this new field. Such a framework will help establish a consolidated solution, which we expect to be less costly and more effective than pursuing isolated efforts with multiple departments and agencies. Not only will this framework result in significant savings, but it will drive a quickened pace of innovation in both the development of new tools and the combining of existing applications into powerful new solutions. Every agency of Government should have centralized access to, and should be required to leverage where appropriate, a framework showcasing the type of forensic tools and tactics successfully deployed by the Recovery Board. This type of coordination and centralized access will also allow agencies to collaborate with each other and share data and best practices more easily, advancing our efforts to both prevent and detect fraud Governmentwide.

Second, the Government needs to rationalize the way that it collects and displays spending data. Information about Government spending today at all steps in the lifecycle is trapped in a complex web of systems and processes that are both overlapping and fragmented. In order to effectively track the money and use data to make better-informed decisions, we have to reevaluate the way these systems interact with and leverage each other. The Government must begin to consolidate and streamline those technology platforms that are serving common purposes for information collection and display.

Third, the Government should migrate to a universal, standardized identification system for all Federal awards. The countless award identification (award ID) systems and naming conventions in place today make the task of reviewing and tracking spending data challenging even for the most expert investigator, much less the everyday taxpayer. Introducing consistency into the award process will help better reconcile spending information from multiple sources and allow for more effective analysis and oversight.

The following interim report from the GAT Board provides detail on the value of each of these three recommendations and specific, actionable steps that you could direct Federal agencies to take to implement them.

Recommendations

Given the lean budget environment that the nation finds itself in, it is imperative that we embrace ways to reduce redundancy and conserve Federal funds. The GAT Board believes that, by taking full advantage of emerging technologies and the Recovery Board's lessons learned during implementation of the Recovery Act, the Federal Government can collect and display spending data faster and more accurately and with lower costs than ever before. Similar to those spending transparency efforts, ongoing tests of the accountability framework developed by the Recovery Board to identify and prevent fraud indicate that that approach can be extended to any newly designed spending infrastructure. Based on its experience in providing oversight of Recovery Act funding, the Recovery Board has come to understand that the two pieces of its mission – transparency and accountability – are complementary and can achieve exponential benefits when used in tandem.

The activities of the Recovery Board have enjoyed strong bipartisan support, and its lessons learned can be considered a completed "proof of concept," able to be deployed across Government spending once the budget and legislative authority to do so are provided. Given that the Recovery Board is scheduled to terminate in less than two years, each recommendation below should be considered in the context of a succession plan that leverages existing Federal agencies (or a successor entity to the Recovery Board, as appropriate, if one is created through legislation) to manage and implement cross-government solutions. The GAT Board intends to work closely with the Recovery Board in the development and implementation of such a succession plan.

Below are the GAT Board's chief recommendations for implementation of the Recovery Board's successes:

Recommendation #1: Governmentwide Accountability Framework

Federal agencies need to be in a better position to leverage information and technology to oversee Federal dollars, as alluded to in the Recovery Board's Lessons Learned 4 and 5. In the context of Recovery Act spending, the Recovery Board was able to do this through its development of the Recovery Operations Center (ROC), a state-of-the art command center that combines analysis with sophisticated software tools, Government databases, and open source information to track the flow of stimulus money. The Recovery Board has used these tools to

pinpoint high-risk factors and ultimately to prevent and detect potentially fraudulent transactions. The Recovery Board recognized that while some individual agencies had developed or were developing other accountability tools unique to their own operations, there existed no other central repository of tools, methods, and expertise for identifying and mitigating fraud, waste, and mismanagement of Federal funds like the ROC. Also recognizing that this framework had potential applicability well beyond usefulness to the law enforcement community, the Recovery Board decided to work to expand access to the system to program officials, who could use the ROC tools to assist in making payment and award decisions.

To that end, the Recovery Board has created FederalAccountability.gov, an Internet-based, secure portal through which both agencies and enforcement authorities can gain access to forensic and analytical capabilities like those developed by the Recovery Board with the ROC to prevent fraud, waste, and abuse. Once logged into the FederalAccountability.gov system, Government users have role-based access to varying levels of information about those seeking and receiving Recovery Act funds. For example, agency procurement, grant, and loan officials have access to risk-relevant information to assist award- and payment-making determinations, whereas Office of Inspector General employees have access to law-enforcement sensitive information. The Recovery Board is currently engaged in the testing of FederalAccountability.gov for Recovery-related award decisions and oversight. It has already concluded initiatives to review Medicare and Medicaid provider enrollment data, veterans' disability payments, and small business HUBZone certifications. Further initiatives to test the system are underway with the Department of Defense, the Department of Education, and the National Science Foundation.

The GAT Board believes that FederalAccountability.gov has applicability beyond the Recovery Act. Its utility as a centralized framework for identifying and mitigating fraud, waste, and mismanagement of Federal funds can assist both oversight and program officials, who would have access to forensic and analytical tools that many do not currently have. Such access to risk-relevant data can work to prevent fraud before payments and awards are even made, or at least interrupt the fraud sooner, creating a greater savings of taxpayer dollars. Plus, the mere existence of a Governmentwide accountability system is likely to have a significant deterrent effect on fraud and waste. To the extent that agencies are currently investing in similar tools, development of a centralized database may obviate that investment.

Implementation Guidelines for a Governmentwide Accountability Framework

A. The Recovery Board should continue its testing of FederalAccountability.gov for Recovery-related award decisions and oversight. Agencies that still have Recovery funds to be disbursed – even if the money has already been awarded – should enter into memoranda of understanding with the Recovery Board to further test FederalAccountability.gov. These tests can validate the viability of the potential expansion of this framework, so that if and when FederalAccountability.gov can be expanded beyond just Recovery Act funds, it will stand ready to perform. At the conclusion of these initial tests in February 2012, the Recovery Board should perform a thorough review of the lessons learned from this testing to determine FederalAccountability.gov's ability to meet various agency requirements (e.g., data,

security, Privacy Act, etc.) and enhance the product to meet the needs of both oversight and program customers. The Recovery Board will inform the GAT Board about the results of this review.

B. The authority for extending the accountability framework embodied in FederalAccountability.gov beyond the scope of Recovery funds needs to be secured. Currently, the Recovery Board is limited by its appropriation and authorization to oversight of Recovery funds only. The Recovery Board's mandate needs to be expanded if it is to perform, or provide support for the performance of, oversight and accountability of non-Recovery funds.

C. Once the testing process for FederalAccountability.gov is completed and the Recovery Board has authority to extend the use of the framework to non-Recovery Act spending, the Recovery Board should provide access to that system Governmentwide.

D. To enhance usage of this system, the GAT Board recommends that the Office of Management and Budget (OMB) issue guidance requiring all agencies, at a minimum, to initiate a relationship with a robust, centralized fraud-detection and -prevention framework such as FederalAccountability.gov. The guidance should strongly encourage agencies to use FederalAccountability.gov, which is scalable to most Government agencies. This guidance should encourage agencies that are currently planning to construct discrete accountability data and operations systems to coordinate with the Recovery Board, and, on a case-by-case basis, agencies could build their own extensions to the centralized solution where such variance is deemed necessary by OMB. However, it should be clear that deference is given to a central solution wherever practicable, in order to prevent duplicative accountability modules throughout Government and to increase sharing of the tools and resultant data. Additionally, as new analytical tools are developed, they too should be placed on the shared framework of FederalAccountability.gov. Finally, as a necessary follow-on to the sharing of accountability tools and data, the Federal Government should identify and revise legal authorities (for example, the Computer Matching Act) that impinge on the utility of the collaborative analytical tools that have emerged since those legal authorities were first crafted, before the ascent of the digital age.

Recommendation #2: Data Collection and Data Display Phased Integration

As referenced in Lessons Learned 1, 2, and 5, the existing universe of Federal reporting systems and applications, developed over the last half-century for tracking spending actions by the Federal Government, has become exceedingly large, complex, and costly.

It is critical that the Government begin the effort to integrate systems and eliminate the duplication, redundancies, and inefficiencies that have resulted from years of piecemeal efforts. The Recovery Board realized great success in rapidly deploying highly reliable systems to collect and display Recovery Act spending data transparently by using a number of principles: a limited set of data elements; data standards; highly scalable systems to accommodate changing reporting and display requirements; an extremely aggressive recipient-reporting schedule;

migration to the cloud computing environment, which significantly increased efficiency while reducing operation and maintenance costs; and a close working relationship with OMB, agencies, the states, and other stakeholders. The GAT Board believes that the data collection and display frameworks developed by the Recovery Board present an opportunity to employ a phased approach to combine existing systems and, in so doing, streamline the collection and presentation of critical spending data.

The Recovery Board from its inception required recipients of Recovery Act funding to report quarterly on their use of these funds. Rather than report piecemeal to multiple Government entities, each with its own disparate reporting requirements and data formats, all recipients of Recovery funds – regardless of agency, bureau, or program – have to report centrally into the Recovery Board's inbound reporting website, FederalReporting.gov. This simple requirement enabled a tremendous breakthrough in public-sector accountability and transparency. The recipient data is then posted on the Recovery Board's public-facing website, Recovery.gov, within 30 days after the close of the quarter.

Importantly, data standardization is an issue that goes hand-in-hand with system integration and optimization. An integral part of the Recovery Act reporting process was the implementation of detailed guidelines by OMB, which defined the data elements to be reported on. This helped ensure data consistency and reliability.

Drawing on the lessons learned from the Recovery Act, the GAT Board believes that a single automated electronic collection system that uses a limited but well-defined set of data elements will promote consistent reporting and data standardization, while reducing current recipients' burden of reporting to multiple Government systems. Use of a single system for data collection means that training and helpdesk support can be consolidated into a single organization, while use of a single system for data display can increase the accessibility and availability of data for all stakeholders (agencies, Congress, taxpayers). Moreover, integrated collection and display systems will reduce or eliminate current system redundancies and achieve significant savings. The future vision of integration should include the migration to standardized data, which would not only promote more accurate and comparable data for improved reporting and decision making, but would also foster a common understanding of data between the Federal Government and the states, which are the largest recipients of Federal funds.

Over the past several weeks, the GAT Board has convened from the ranks of its member agencies a panel of technological subject-matter experts to discuss this recommendation. This expert panel, known as the Interagency Technical Advisory Panel (ITAP), concluded that this recommendation is technically feasible and, with additional system review and design work, can be implemented with minimal risk.

Implementation Guidelines for Data Collection and Data Display Phased Integration

A. As a first step, the Recovery Board has identified the following systems as the Government's principal data collection and display systems:

  1. Catalog for Federal Domestic Assistance (CFDA)—GSA

2. Central Contractor Registration (CCR)—GSA
3. Contract Performance Assessment Reporting System (CPARS)—GSA
4. Electronic Subcontract Reporting System (eSRS)—GSA
5. Excluded Parties List System (EPLS)—GSA
6. Federal Audit Clearinghouse (FAC)—Census
7. Federal Business Opportunities (FBO)—GSA
8. Federal Procurement Data System (FPDS)—GSA
9. Federal Funding and Transparency Act (FFATA) Sub-award Reporting System (FSRS)—GSA
10. Grants.gov—HHS
11. Online Representations and Certification Application (ORCA)—GSA
12. Past Performance Information Retrieval System (PPIRS)—GSA
13. USAspending.gov–GSA
14. Wage Determinations Online (WDOL)—GSA

B. The Recovery Board's data collection and display technology is applicable to expand beyond Recovery Act spending to the spending of other Federal funds. Should proper authority and appropriations be secured, the Recovery Board should begin a phased implementation process by selecting one or more of the above data collection and display systems for systems integration.

C. Should the Recovery Board's expanded authority be established, technical and process documentation should be collected and evaluated for the systems proposed for integration. Also, an architecture and systems approach to standardized data should be established.

D. OMB should consider whether additional guidance is necessary to refine FFATA, Recovery Act, or other relevant reporting requirements for agencies and recipients to report through an integrated solution.

E. While the technical systems analysis is being undertaken, the GAT Board or similar interagency group should examine issues related to governance, performance metrics, costs, personnel requirements, alternative technology approaches, business processes, and other relevant areas necessary for the phased integration effort. The group should also consider the feasibility of linking the collected and displayed data to program information, including performance metrics.

Recommendation #3: Universal Award ID

An award ID is the number that agencies assign to contracts, grants, and loans. The award ID is usually alphanumeric and may contain other characters, such as spaces or hyphens. The number is used in many ways, including:

- by agencies to collect information for finance and budget reasons.

- by federal program managers and grant, contract, and loan officers to keep track of the progress of awards and whether recipients are meeting award program requirements and award terms and conditions.
- by recipients on invoices, payment requests, payments, and – for funds awarded under the Recovery Act – on quarterly reports required by the Recovery Act.

There is currently no requirement that award IDs be standardized across the Government. As a result, agencies and even subunits of agencies use inconsistent award-numbering systems to identify their contracts, grants, and loans, created to conform to internal agency financial, budget, and management systems. In many agencies, there is no direct link or continuous use of one standard award ID between systems or offices. This has been borne out by the Recovery Board's Lessons Learned 3 and 5.

The lack of a standard award ID structure has created obstacles to transparency and accountability. The countless award-numbering schemes that have arisen within agencies over the years have made the task of reviewing and auditing spending data unnecessarily arduous, as has been recognized by the Recovery Board based on reviews conducted of recipient reporting. The various numbering schemes can result in duplications, errors in reporting, and other discrepancies.

The GAT Board believes that the Government should move toward the implementation of a uniform award ID system. Such a system would ensure uniformity and consistency of data; enable more efficient and effective audits, reviews, and analyses; and enhance transparency of Government spending. Already, the broader Federal financial community has recognized the need to bring more standardization to its financial management systems. The financial community worked on a project years ago called the Common Governmentwide Accounting Code (CGAC), which indicated a need to bring program and project data into agencies' accounting streams. More recently, the Federal Acquisition Regulatory (FAR) Council has proposed that agencies be required to adopt award IDs that are unique across the Government for all contracts and procurement instruments. In addition, based on a mandate from the Treasury Department's Financial Management Service, Treasury is spearheading an effort to move agencies to a standardized format for submitting payment requests to Treasury by October 2014. The GAT Board recommends that any efforts to create and implement a universal award ID should take advantage of the existing processes underway at Treasury and through the FAR Council to promote uniformity and consistency. A more aggressive timetable for the ongoing Treasury effort may be desirable.

Implementation Guidelines for Universal Award ID

A. The Recovery Board has engaged a non-profit Federally Funded Research and Development Center to conduct a feasibility study on this issue based on significant Recovery Board lessons learned and the work of the Inspectors General during Recovery Act implementation. Although this feasibility study is still ongoing, the results to date have offered three solutions for implementation of a universal award ID, as well as three primary options for the format of the ID itself.

B. The next step will be to select the optimal solution for implementation of a universal award ID. The GAT Board recognizes the standardization endeavors underway at Treasury and the FAR Council and hopes to leverage those existing efforts. Accordingly, the GAT Board will engage with Treasury and OMB to develop the optimal implementation solution: establishing a web-based centralized repository that limits both the impact on agency systems and the need for re-engineering. This solution would provide agencies and recipients of funds the ability to link Treasury payments to specific awards, thus providing critical information about the expenditure of Federal funds. This step will necessarily include determining the governance needed to put the universal award ID into place (e.g., defining the data standards subject to centralized governance, determining the funding model, and defining roles and responsibilities of agencies in regards to data governance).

C. The Federally Funded Research and Development Center will continue to conduct its feasibility study, which will include cost analyses of the various ID formats proposed. Once those data are available, the next step will be for the GAT Board to inform OMB and Treasury of the most appropriate format for the award ID. The options currently under consideration are "smart" IDs – which could facilitate Government benchmarking and analysis – versus randomly generated IDs versus some combination of the two.

D. Once a universal award ID is established, appropriate steps should be taken to adopt it in associated transaction systems. In addition, a data governance board should be established to implement and maintain the issuance of award IDs.

Conclusion

Many of the above implementation guidelines cannot be achieved without additional legal authority and, in some cases, additional resources. The GAT Board therefore recommends that the Administration work with Congress to determine whether and how such authorities and, where applicable, resources can be secured. Once the essential authorities and resources have been obtained, work on the GAT Board's recommended implementation guidelines can begin within 90 days.

Even after taking the above steps, there will still be much more work to be done in these and other areas related to spending transparency and accountability. The GAT Board will continue to delve deeper into these issues in its subsequent work. For instance, the core financial systems and infrastructure that we have invested in today are not optimized to promote transparency or to provide Government decision makers with critical information needed to effectively manage Federal programs and activities. We need to take a close look at how we can redirect and modify these systems to better suit our goals.

Similarly, the Government should be taking steps to link its spending to performance outcomes. Without the ability to link contract and grant expenditures to outcomes from programs, products, and services, Federal decision makers cannot ensure that public funds are being spent optimally. Going forward, the GAT Board can strive to identify ways to link expenditures with performance outcomes through the use of accountability and transparency

tools, allowing agencies to better understand the value of their expenditures in terms of defined results.

In the area of fraud detection and prevention, agencies and the oversight community have made great strides in the use of new technologies to track and prevent fraud. However, technology is ever-improving, and the Government must evolve and make greater use of new technology like geospatial services to stay on the cutting edge.

We also need to leverage the scale of the Federal Government in order to reduce redundancy in the way we approach Federal spending and better focus our efforts. We should adopt a "shared first" imperative that puts a high premium on using the systems and processes that already exist to eliminate implementation risk, accelerate results, and reduce costs. The Federal Government spends $8 billion each year on its financial systems alone. By exploring ways to better leverage these and other systems, we can improve the visibility provided to taxpayers and better rationalize Government expenditures.

Continued work on these and other efforts will allow the GAT Board to help the entire Federal Government better manage how it spends and safeguards the taxpayers' money, and will move us closer to the goal of complete transparency and accountability. We will continue to explore these issues, formulating accompanying recommendations and deadlines, and hope to provide you another report by June 1, 2012.