



DATA Act Implementation and Oversight

New England Intergovernmental Audit Forum

Newport, RI – October 29, 2015

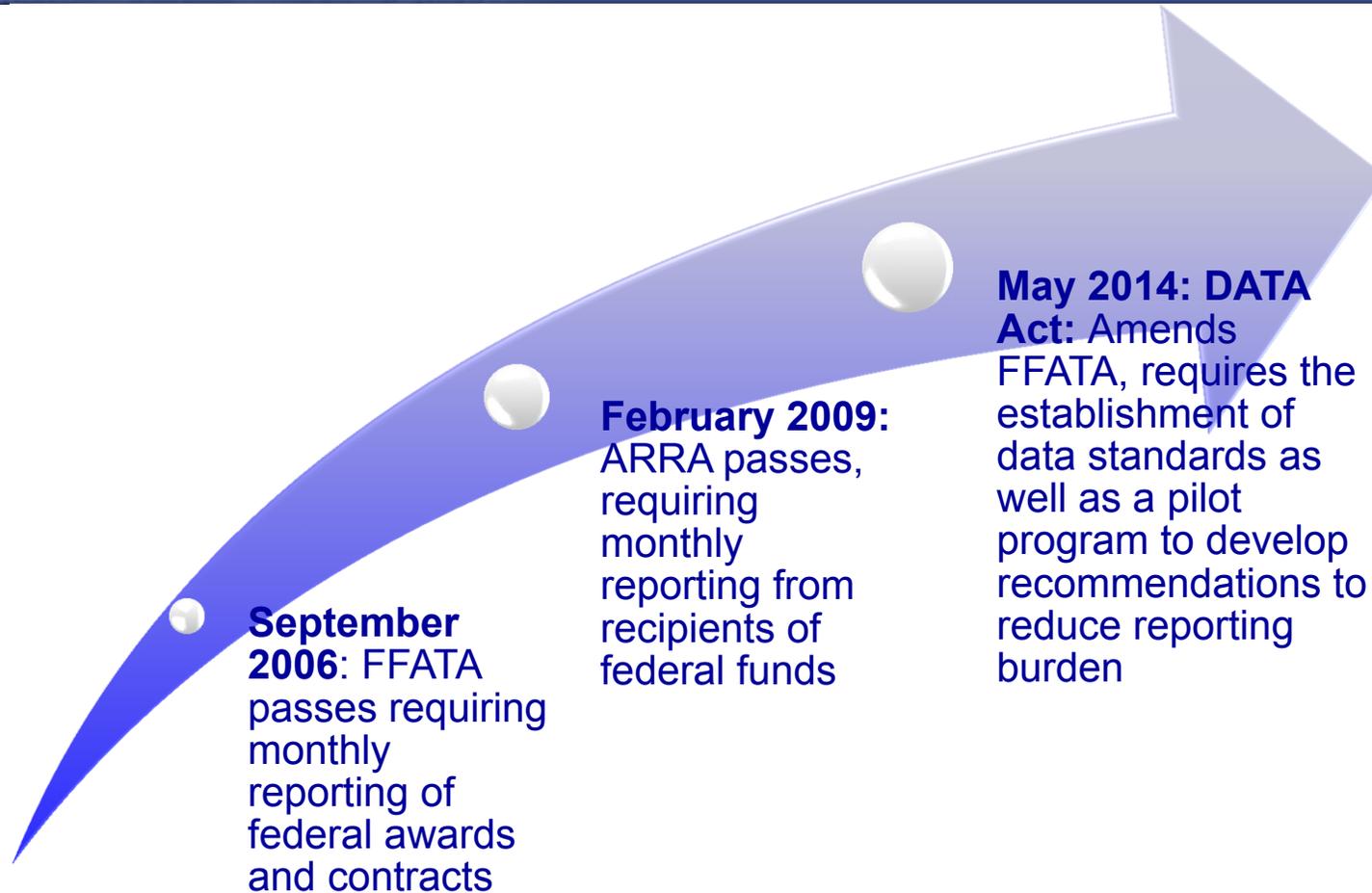
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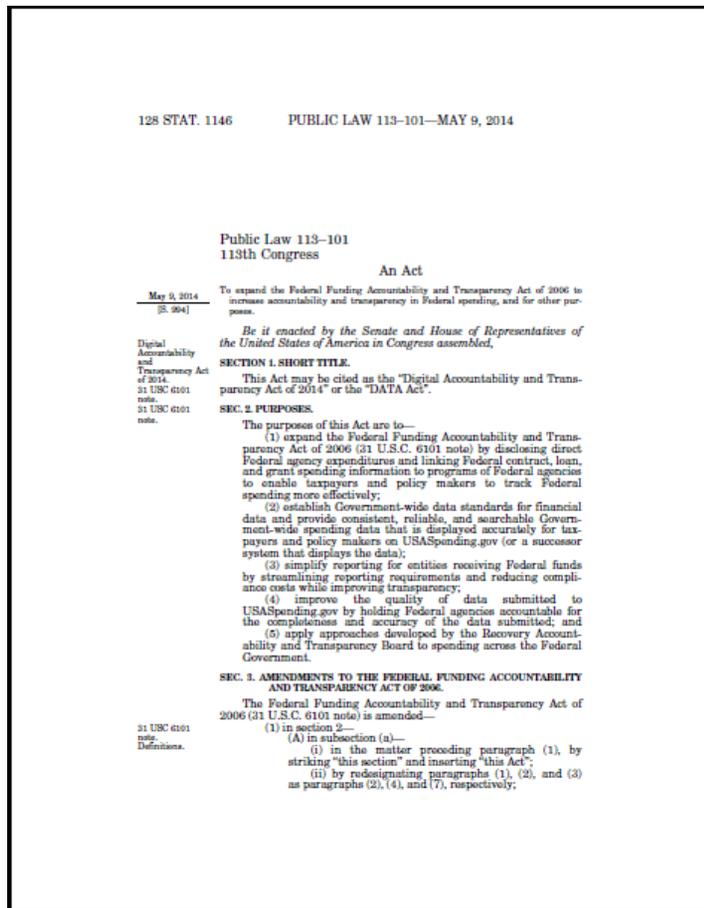
Today's Agenda

- Brief Introduction to the DATA Act
- Impact on the Accountability Community
- GAO's Oversight Approach
- GAO's On-going DATA Act Engagements
- Q & A – Open Discussion

Federal Data Transparency: The Continuing Story



DATA Act Purposes



- Expands FFATA by requiring the reporting of direct federal agency spending and linking federal contract, loan, and grant spending to federal programs
- Requires the establishment of government-wide data standards
- Streamlines reporting requirements and reduces compliance costs while improving transparency
- Improves the quality of federal spending data by holding agencies accountable for data quality
- Applies approaches developed under the Recovery Act to spending across the federal government

Data Act Requirements



Four primary areas:

- Full Disclosure of Federal Funds
- Establish Data Standards
- Simplify Federal Award Reporting
- Accountability for Federal Funding

DATA Act Implementation: Key Dates

May 2015

- OMB & Treasury establish data standards and issue implementation guidance

May 2017

- Federal agencies begin reporting spending data using data standards

May 2018

- Federal agencies must post spending data on USAspending.gov or successor site

Impact on Accountability Community

Federal IGs

- Report to Congress on agency implementation and use of data standards
- Review a statistically valid sample of spending data and report on the quality and completeness agency spending data
- Consult with GAO on the development of audit plans

Impact on the Accountability Community

State and local government auditors

- Current focus in on implementation at the federal level
- No clear vision on how data standards will impact recipients or what changes in policy, practice or technology will be required
- However, recipients of federal funds could be required to use data standards for federal reporting

Impact on the Accountability Community

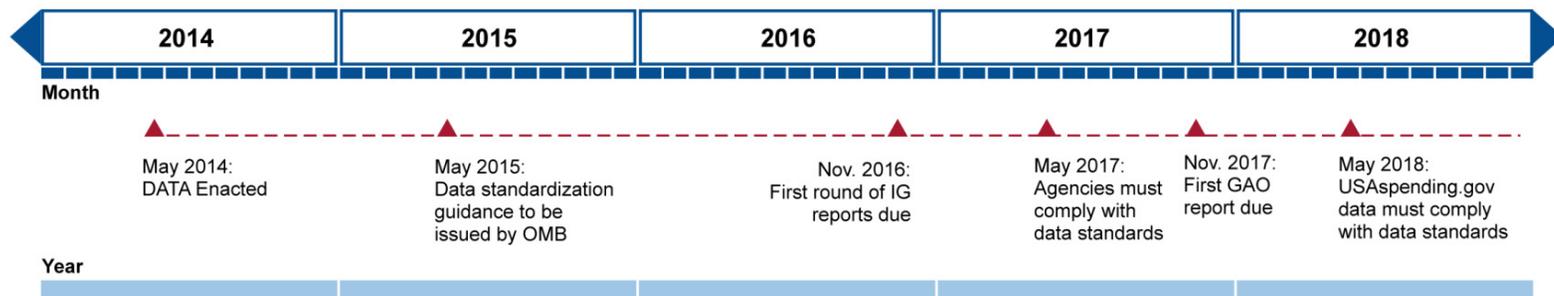
Potential Benefits

- Increase transparency, accessibility and accuracy of federal spending data
- Improve the efficiency and effectiveness of federal spending
- Streamline federal reporting and reduce compliance costs
- Improve consistency of federal reporting through the use of standardized data elements and definitions
- Enhance auditors' ability to corroborate receipt of Federal awards

GAO's DATA Act Requirements

- The DATA Act requires GAO to issue reports in 2017, 2019, and 2021, assessing and comparing the quality of data submitted under the DATA Act as well as agency implementation and use of data standards
- In addition, the Act requires Inspectors General (IG) to consult with GAO in developing their assessment plans

DATA Timeline



Source: GAO Analysis of Pub. L. 113-101, 128 Stat. 1146.

Note: IGs and GAO are required to report two additional times—at two and four years after their respective initial reports. If the guidance is issued earlier than one year after passage, dates that follow would move up commensurately.

GAO's DATA Act Audit Approach

Continuous auditing as implementation progresses

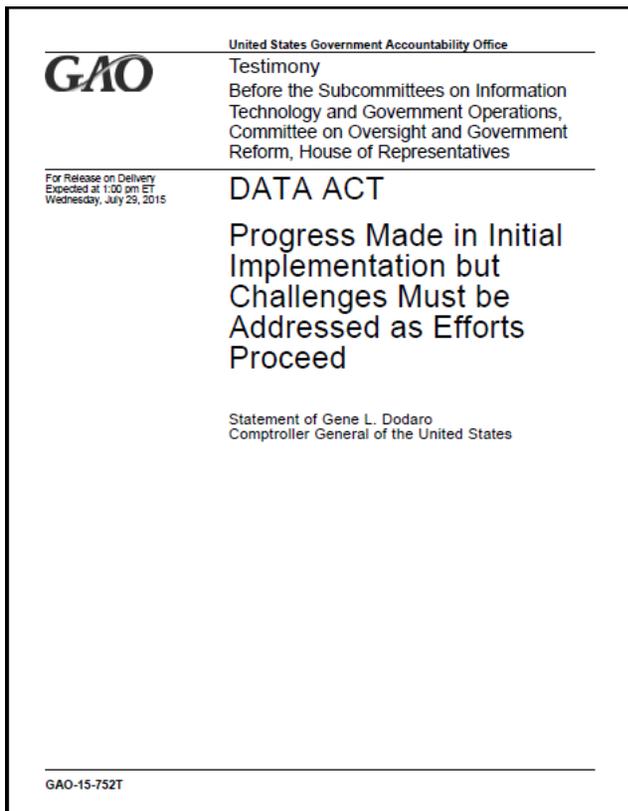


Constructive engagement with OMB and Treasury to ensure challenges are address early



Interim progress reports to Congress to ensure effective implementation

GAO's DATA Act Audit Approach



- OMB issued the first set of data standards and implementation guidance on May 8, 2015
- GAO testified on initial implementation efforts on July 29, 2015
- We identified several issues that may affect effective implementation if not addressed
- We recommended that OMB:
 1. establish a governance structure to maintain the integrity of data standards over time; and
 2. enhance efforts to provide ongoing and effective two-way dialogue with stakeholders, particularly with state and local governments

GAO's Ongoing Audit Work on Data Standards Implementation

Objectives include:

- Review of OMB and Treasury's process for establishing data standards, including an evaluation of each standardized data element and technical specifications for enforcing the standards
- Review of federal agency implementation and the extent to which federal agencies are on track to meet their reporting goals and timeframes

DATA Act Requires the Full Disclosure of Federal Funds

- Government-wide financial data standards shall be established for all federal funds and be used by **both** federal agencies and recipients for reporting spending
- Must include common data elements for financial and payment information, including 10 budget-related items
- Federal funds expended by a federal agency (or component) must be reported monthly (when practicable) but not less than quarterly
- Goal is to improve the usability, transparency and accountability of financial and performance information

Establish Government-wide Data Standards

Requirements for government-wide financial data standards:

- Incorporate a widely accepted, nonproprietary, searchable, computer-readable format (e.g., XBRL)
- Include unique identifiers for Federal awards and recipient entities (e.g., DUNs number)
- Be consistent with accounting principles
- Be capable of continuous upgrade
- Produce consistent and comparable data
- Establish a standard method for conveying the reporting period, reporting entity, unit of measure and other attributes

OMB and Treasury Finalized 57 Financial Data Standards This Summer

<p>15 Elements Definitions finalized on May 8, 2015</p>	<ul style="list-style-type: none"> ▶ Appropriations Account ▶ Awarding Agency Code ▶ Awarding Agency Name ▶ Budget Authority Appropriated ▶ Highly Compensated Officer Name 	<ul style="list-style-type: none"> ▶ Highly Compensated Officer Total Compensation ▶ North American Industrial Classification System Code ▶ North American Industrial Classification System Description 	<ul style="list-style-type: none"> ▶ Object Class ▶ Obligation ▶ Other Budgetary Resources ▶ Outlay ▶ Program Activity ▶ Treasury Account Symbol ▶ Unobligated Balance
<p>8 Elements Definitions finalized on June 26, 2015</p>	<ul style="list-style-type: none"> ▶ Award Description ▶ Award Identification Number ▶ Award Modification/Amendment Number 	<ul style="list-style-type: none"> ▶ Legal Entity Address ▶ Legal Entity Congressional District ▶ Legal Entity Country Code 	<ul style="list-style-type: none"> ▶ Legal Entity Country Name ▶ Parent Award Identification Number
<p>4 Elements Definitions finalized on July 10, 2015</p>	<ul style="list-style-type: none"> ▶ Awardee/Recipient Legal Entity Name ▶ Awardee/Recipient Unique Identifier 	<ul style="list-style-type: none"> ▶ Ultimate Parent Legal Entity Name 	<ul style="list-style-type: none"> ▶ Ultimate Parent Unique Identifier
<p>30 Elements Definitions finalized on August 31, 2015</p>	<ul style="list-style-type: none"> ▶ Action Date ▶ Action Type ▶ Amount of Award ▶ Award Type ▶ Awarding Office Code ▶ Awarding Office Name ▶ Awarding Sub Tier Agency Code ▶ Awarding Sub Tier Agency Name ▶ Business Types ▶ Catalog of Federal Domestic Assistance (CFDA) Number ▶ CFDA Title ▶ Current Total Value of Award 	<ul style="list-style-type: none"> ▶ Federal Action Obligation ▶ Funding Agency Code ▶ Funding Agency Name ▶ Funding Office Code ▶ Funding Office Name ▶ Funding Sub Tier Agency Code ▶ Funding Sub Tier Agency Name ▶ Non-federal Funding Amount ▶ Ordering Period End Date ▶ Period of Performance Current End Date ▶ Period of Performance Potential End Date 	<ul style="list-style-type: none"> ▶ Period of Performance Start Date ▶ Potential Total Value of Award ▶ Primary Place of Performance Address ▶ Primary Place of Performance Congressional District ▶ Primary Place of Performance Country Code ▶ Primary Place of Performance Country Name ▶ Record Type

Source: GAO analysis of Office of Management and Budget and Treasury plans for establishing government-wide data standards under the DATA Act.

Preliminary GAO Observations on Establishing Data Standards

We have identified a number of issues:

- Lack of clarity in data definitions, requiring additional context
- Data definitions open to different interpretations
- Inconsistencies between how the data elements are defined in “human readable” documentation and how they are defined in the “machine readable” documentation
- Need for a governance structure to adjudicate changes and maintain the integrity of standards
- Need for more two-way communication with federal fund recipients

GAO's Ongoing Audit Work on Pilot to Simplify Federal Award Reporting

Objectives include:

- Review the extent to which current activities under the pilot will meet requirements, objectives, and timeframes under the act.
- Identification of leading practices for designing pilot programs that could serve as a guide for the design and implementing the Section 5 pilot

DATA Act Section 5 Requirements for Simplifying Federal Award Reporting

To help simplify federal award reporting processes, Section 5 of the DATA Act requires OMB to establish a pilot program to develop recommendations for the:

- Use of standardized reporting elements across the Federal government
- Elimination of unnecessary duplication in financial reporting
- Reduction of compliance costs for recipients

Section 5 Pilot Design Requirements

Section 5 contains explicit design criteria and other requirements for the pilot, including:

- Timing: The pilot should include data collected during a 12-month reporting cycle and should not exceed two years
- Scope: Combination of federal awards that, in the aggregate, have a value of at least \$1 billion and no more than \$2 billion
- Participants: Diverse group of federal award recipients who, to the extent practicable, receive federal awards from multiple programs across multiple agencies
- Reporting: OMB is to submit a report to Congress no later than 90 days after the pilot ends

Section 5 Pilot Ongoing Activities

- OMB is working with several partners: the Department of Health and Human Services is assisting on grants-specific activities while the General Services Administration and the Chief Acquisition Officers Council are assisting on contract-specific activities
- OMB and its partners are in the process of designing the pilot
 - Currently compiling pain points from the non-federal community to be tested
 - Will build on demonstrations related to standardizing grants reporting carried out under the Recovery Act
- OMB and HHS expects to release final pilot design early next year

Section 5 Pilot Ongoing Activities (con't)

- Launched an online dialogue soliciting ideas on how to reduce burden and compliance costs when reporting federal awards
- Developed a Common Data Element Repository Library (CDER-L) that contains common data standards used by federal award recipients
- Expanded Grants.gov portal to promote easier access to grants' lifecycle information
- Plans to revise data collection forms as part of consolidated federal financial reporting
- Most of the activities to-date are focused on grants

DATA Act

Promises and Challenges

Effective implementation holds great promise for:

- Oversight and Accountability
- Transparency
- Management

However, known challenges need to be addressed:

- Ensuring the quality of aggregated data
- Limited implementation resources
- Fostering effective two-way stakeholder communication

Additional Resources

- USA Spending
<https://www.usaspending.gov/Pages/data-act.aspx>
- Spending Transparency Collaboration (GitHub)
<http://fedspendingtransparency.github.io/dataelements/>
- National Dialogue on Reducing Burden
<https://cxo.dialogue2.cao.gov/a/pages/gsa-challenges>
- AGA and NASACT will be co-hosting a webinar for members of the non-federal community (tentatively scheduled for November 18, 2015)

Questions or Comments?

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