

DATA ACT IMPLEMENTATION

JOINT HEARING
BEFORE THE
SUBCOMMITTEE ON
INFORMATION TECHNOLOGY
AND THE
SUBCOMMITTEE ON
GOVERNMENT OPERATIONS
OF THE
COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTEENTH CONGRESS
FIRST SESSION

JULY 29, 2015

Serial No. 114-45

Printed for the use of the Committee on Oversight and Government Reform



Available via the World Wide Web: <http://www.fdsys.gov>
<http://www.house.gov/reform>

U.S. GOVERNMENT PUBLISHING OFFICE

96-955 PDF

WASHINGTON : 2016

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

JASON CHAFFETZ, Utah, *Chairman*

JOHN L. MICA, Florida
MICHAEL R. TURNER, Ohio
JOHN J. DUNCAN, JR., Tennessee
JIM JORDAN, Ohio
TIM WALBERG, Michigan
JUSTIN AMASH, Michigan
PAUL A. GOSAR, Arizona
SCOTT DESJARLAIS, Tennessee
TREY GOWDY, South Carolina
BLAKE FARENTHOLD, Texas
CYNTHIA M. LUMMIS, Wyoming
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
RON DESANTIS, Florida
MICK, MULVANEY, South Carolina
KEN BUCK, Colorado
MARK WALKER, North Carolina
ROD BLUM, Iowa
JODY B. HICE, Georgia
STEVE RUSSELL, Oklahoma
EARL L. "BUDDY" CARTER, Georgia
GLENN GROTHMAN, Wisconsin
WILL HURD, Texas
GARY J. PALMER, Alabama

ELIJAH E. CUMMINGS, Maryland, *Ranking
Minority Member*
CAROLYN B. MALONEY, New York
ELEANOR HOLMES NORTON, District of
Columbia
WM. LACY CLAY, Missouri
STEPHEN F. LYNCH, Massachusetts
JIM COOPER, Tennessee
GERALD E. CONNOLLY, Virginia
MATT CARTWRIGHT, Pennsylvania
TAMMY DUCKWORTH, Illinois
ROBIN L. KELLY, Illinois
BRENDA L. LAWRENCE, Michigan
TED LIEU, California
BONNIE WATSON COLEMAN, New Jersey
STACEY E. PLASKETT, Virgin Islands
MARK DeSAULNIER, California
BRENDAN F. BOYLE, Pennsylvania
PETER WELCH, Vermont
MICHELLE LUJAN GRISHAM, New Mexico

SEAN McLAUGHLIN, *Staff Director*
DAVID RAPALLO, *Minority Staff Director*
TROY D. STOCK, *IT Subcommittee Staff Director*
KATY ROTHER, *Counsel*
SHARON CASEY, *Deputy Chief Clerk*

SUBCOMMITTEE ON INFORMATION TECHNOLOGY

WILL HURD, Texas, *Chairman*

BLAKE FARENTHOLD, Texas, <i>Vice Chair</i>	ROBIN L. KELLY, Illinois, <i>Ranking Member</i>
MARK WALKER, North Carolina	GERALD E. CONNOLLY, Virginia
ROD BLUM, Iowa	TAMMY DUCKWORTH, Illinois
PAUL A. GOSAR, Arizona	TED LIEU, California

SUBCOMMITTEE ON GOVERNMENT OPERATIONS

MARK MEADOWS, North Carolina, *Chairman*

JIM JORDAN, Ohio	GERALD E. CONNOLLY, Virginia, Ranking
TIM WALBERG, Michigan, <i>Vice Chair</i>	Minority Member
TREY GOWDY, South Carolina	CAROLYN B. MALONEY, New York
THOMAS MASSIE, Kentucky	ELEANOR HOLMES NORTON, District of
MICK MULVANEY, South Carolina	Columbia
KEN BUCK, Colorado	WM. LACY CLAY, Missouri
EARL L. "BUDDY" CARTER, Georgia	STACEY E. PLASKETT, Virgin Islands
GLENN GROTHMAN, Wisconsin	STEPHEN F. LYNCH, Massachusetts

CONTENTS

Hearing held on July 29, 2015	Page 1
WITNESSES	
The Hon. Gene L. Dodaro, Comptroller General of the United States, U.S. Government Accountability Office, Accompanied by Christopher Mihm, Managing Director of Statagic Issues, U.S. Government Accountability Office	
Oral Statement	5
Written Statement	7
The Hon. David Mader, Controller, Office of Federal Financial Management, Office of Management and Budget	
Oral Statement	36
Mr. David A. Lebryk, Fiscal Assistant Secretary, U.S. Department of the Treasury	
Oral Statement	37
Written Statement	40
Mr. Robert A. Taylor, Deputy Assistant Inspector General for Audit, U.S. Department of the Treasury	
Oral Statement	45
Written Statement	47
APPENDIX	
2015–07–23 Powner-GAO to Hurd Meadows-Duckworth Post Hearing Questions	64

DATA ACT IMPLEMENTATION

Wednesday, July 29, 2015

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INFORMATION TECHNOLOGY JOINT
WITH SUBCOMMITTEE ON GOVERNMENT OPERATIONS
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittees met, pursuant to call, at 1:05 p.m., in Room 2154, Rayburn House Office Building, Hon. Will Hurd [chairman of the Subcommittee on Information Technology] presiding.

Present for Subcommittee on Information Technology: Representatives Hurd and Kelly.

Present for Subcommittee on Government Operations: Representatives Meadows, Walberg, and Carter.

Mr. HURD. The Subcommittee on Information Technology and the Subcommittee on Government Operations will come to order. Without objection, the chair is authorized to declare a recess at any time.

And we expect a vote series during the middle of this hearing, so we will try to get through as much testimony as we can, and then go for votes and come back for questioning. And as Ranking Members Kelly and Connolly arrive, we will have them offer their opening remarks.

Good afternoon. Thanks for being here today. We have got a pretty crowded house.

You know, this committee has investigated and explored issues at the forefront of this Nation's security with the data breach at OPM, the future of our commercial sector in drones, and the ever-evolving capacity for our technological innovators in as collegial and bipartisan a way as possible.

Today's topic is no different, because while we may disagree on the size and scope of the Federal Government, we can all agree on the importance of understanding how government spends its taxpayer dollars.

Enacted in May 2014, the Digital Accountability And Transparency Act, or DATA Act, is an important step in leveraging technological capabilities and know-how to make financial spending information accessible to the general public. If implemented properly, the DATA Act will allow anyone from public policy experts and journalists, to academics and average citizens, even Members of Congress, such as myself, to untangle the web of Federal agency receipts, appropriations, obligations, allotments to create a clear picture of government spending.

This is an ambitious goal, to be sure, and we are here today to examine the progress that Treasury and the Office of Management and Budget have made in implementing the DATA Act. Whereas prior reform efforts have faltered, the work of the Executive Steering Committee and the fact that OMB and Treasury have met the statutory deadlines for issuing data standards and the consolidated receipt reporting pilot program give me hope that we are on the right track.

While it is certainly important to meet statutory deadlines, agencies also have an obligation to make sure they are implementing bills correctly, not just on time. The use of standardized data has revolutionized entire industries and drives multi-million-dollar decisions and transactions in the private sector on a daily basis. Similarly, accurate data will help drive efficient decision-making at all levels of the government.

I thank the witnesses for their testimony today, and I am looking forward to working with them to effectively implement the DATA Act, and realize the benefits of true transparency in Federal spending.

Now it is an honor to recognize my friend from the great State of North Carolina, Mr. Meadows, the chairman of the Subcommittee on Government Operations for his opening statements.

Mr. MEADOWS. Thank you, Mr. Chairman. And thank you for holding this hearing, for your leadership on this effort. Thank each of you for coming. Obviously, some of this is not your first rodeo. For many of you, welcome back. And it is nice to meet some of you who I am just meeting today for the first time.

Obviously the Government Accountability Office and others have consistently reported that data on the Federal spending is often incomplete, out of date, and inaccurate. This lack of accurate, reliable, consistent data makes it difficult, if not impossible, to properly evaluate whether taxpayer dollars are being wasted or wisely spent. And in this era of very tight fiscal concern, when you are trying to make decisions on where money is to be appropriated and where it should go, having good record-keeping and good tools to make informed decisions is critical.

In just 5 years, GAO had identified wasteful duplication, overlap, fragmentation in 106 areas across the government, and an additional 72 areas of potential cost savings. You know, each year, Mr. Dodaro, we get your report, and it is illuminating. The only troubling thing is that it seems like a lot of times, those things continue to stay on there. So hopefully, today's hearing will help us better implement a law that was initiated right here in this committee, one that I think will provide great tools for OMB and others as we look forward to that.

You know, to give you an example, the EPA has 37 different laboratories managed by 15 different EPA officials, spread across 30 cities and 170 buildings without any coordination. Now, if that is not a recipe for disaster, I can not imagine what it would be, because just the duplicative nature of that, you know, is one thing being done here, I can just imagine what we have got.

So it is with this duplication and the type of efficiencies that we want to make sure that we have, that the GAO could not even tell the taxpayers where dollars were being wasted at the EPA, be-

cause they did not maintain sufficient documentation on the operating data.

Well, it is not just there. As many of you know, the Social Security Administration is required to offset benefits for certain individuals who receive similar benefits under another program, like Workers' Compensation. In 2012, GAO found that the Social Security Administration was not effectively administering the Workers' Compensation offset due to a lack of information about which recipients were receiving what benefits. And in an 8-year period, it was estimated that some \$43 million in disability insurance overpayments were made. Those are just a few examples that we have.

The DATA Act requires that Federal agencies need to maintain and report Federal spending data in a format that will allow for government watchdogs to weed out the waste and the fraud. And if implemented correctly, we will finally know how much our government is spending and where the money is being spent.

I think today's hearing, we are looking forward to you illuminating those particular issues as we see, even with that law that has been in effect a little over a year now, is not really taking hold to give us the tools to make informed decisions. So we look forward to you sharing what we can do better to help you implement it, and ultimately help the American people.

With that, I will yield back, Mr. Chairman.

Mr. HURD. Thank you, Chairman Meadows.

And now it is my pleasure to do something I get to do almost every week, and that is, recognize the distinguished gentlewoman from the great State of Illinois, my friend, Robin Kelly, the ranking member of the Subcommittee on Information Technology, for her opening statement.

Ms. KELLY. Thank you, Mr. Chairman. I would like to thank you for holding this hearing to examine the progress of the implementation of the DATA Act. I would also like to thank each of our witnesses for coming to address us today.

Effective implementation of the DATA Act is crucial in order to improve the transparency of Federal spending. The Act requires that agencies report spending data in a consistent way, which, in turn, will help them operate more efficiently. The transparency that the DATA Act is designed to provide will help hold agencies accountable for their spending decisions.

Comptroller General Gene Dodaro testified before this committee last year that the DATA Act was one of the single biggest things Congress could do to address wasteful spending. OMB and Treasury have taken major steps forward in carrying out the requirements of this Act. I applaud the way the administration has embraced the Act and worked so diligently over the last year to set the executive branch on the right path.

In the last hearing concerning this topic, David Mader, the Controller for the Office of Management and Budget, stated, "We have charted a very aggressive path towards implementation building off past experiences and successes to transform the way the government does business." Mr. Mader is here with us again today, along with Mr. Lebryk from the Treasury Department. I look forward to hearing from them how well OMB and Treasury are progressing. OMB and Treasury got off to a great start by meeting the first big

deadline, which required them to establish government-wide data standards by May 9, 2015.

I want to highlight the efforts the administration has taken to get feedback from stakeholders and provide opportunities for public comments over the past year. Stakeholder input is crucial to ensuring the success of the DATA Act. This Act is an initiative that encourages innovation. Including stakeholders in the discussion will help foster that innovation, both inside and outside the government.

I also want to commend the way the GAO and the Office of Inspector General for Treasury has engaged early in the process. I know both GAO and the OIG already have work underway to access implementation efforts.

The work of Congress did not end with the passage of the DATA Act. It is our duty to stay engaged and see that the execution of the Act happens seamlessly. We must keep our finger on the pulse of the agencies to assure them that they have our support and guidance as well as the resources they need to ensure the law is carried out as it was intended.

Again, I welcome the witnesses and I thank the chairman for holding this bipartisan hearing, and I look forward to hearing from you.

Mr. HURD. Thank you, Ranking Member Kelly.

Now it is an honor to welcome the Honorable Gene Dodaro, Comptroller General of the United States at the U.S. Government Accountability Office. He is no stranger to this committee. It is great to have you here. And he is going to be accompanied by Christopher Mihm, the managing director of strategic issues at the GAO, whose expertise may be needed during this hearing.

The next person I would like to introduce is the Honorable David Mader, the Controller of the Office of Federal Financial Management at OMB.

And Mr. David Lebryk, the Fiscal Assistant Secretary at the U.S. Department of Treasury. Thank you for being here today, and it was great meeting you earlier this morning.

And Mr. Robert Taylor is our fourth panelist, the Deputy Assistant Inspector General for Audit at the U.S. Department of Treasury. Thank you for being here today.

And pursuant to committee rules, all witnesses will be sworn in before they testify. We will also swear in Mr. Mihm.

Please rise and raise your right hand.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Thank you. Please be seated. And let the record reflect that the witnesses answered in the affirmative.

In order to allow time for discussion, please limit your testimony to 5 minutes. Your entire written record and your written statement will be made part of the record. And I would like to recognize Mr. Dodaro for his opening remarks for 5 minutes. Welcome, sir.

WITNESS STATEMENTS**STATEMENT OF HON. GENE L. DODARO**

Mr. DODARO. Thank you very much. Good afternoon, Chairman Hurd and Meadows, Ranking Member Kelly. It is very nice to see all of you today. I want to thank you for holding this hearing and for asking for GAO to participate.

The DATA Act, if effectively implemented, can really enhance the transparency and accountability of government, and lead to more efficient and effective government operations.

Treasury and OMB have gotten off to a good start. I think they have taken some significant steps. They have issued 27 of an eventual 57 data elements that plan to be implemented by the end of this summer. So that is very important.

Now, we have given them a lot of technical suggestions that could lead to some revisions. The intent of our effort to engage early is to make sure that we get a good solid foundation in the beginning to make sure that the standards are clear, they can be consistently applied, and will produce the desired result over time. So we plan to continue to provide them ongoing feedback to achieve those objectives, but much more needs to be done in order to effectively implement the Act.

Today, I'd like to focus my opening remarks on three recommendations that we have made in our written testimony. One is we think OMB and Treasury need to accelerate the efforts to merge the DATA Act standards requirements with the requirement in the Government Performance Results Act to ensure that the government has a complete inventory of Federal programs. The Federal Government still does not have this. We need an inventory of Federal programs so that Congress can collectively look at the aggregate investment the Federal Government's making in Federal programs and activities. And also, if we are going to efficiently and effectively be able to reduce fragmentation, overlap, and duplication in the Federal Government. It is critical that this inventory be developed so that Federal spending can be linked to Federal programs and activities.

Secondly, we encourage Treasury and OMB to establish a permanent governance structure for the life cycle of the standards to ensure that they're enforced, that their integrity's maintained over time, and that they use leading practices in data governance that have been used by standard-setting bodies throughout the world. And we have made that recommendation.

I think it is very important. Treasury and OMB have a good, initial governance structure, but they have yet to establish how it is going to be permanently done over time. Now, I think it is very important to do it now, because the implementation of the DATA Act will span the next two administrations, and I am concerned that there will be lost momentum and lack of direction to the agencies without that permanent governance structure being in place now that can transcend the transition to the new administration.

Thirdly, Treasury and OMB have outreached to stakeholders, but we think there is more that could be done in this area that would effectively replicate a lot of good practices that were established during the Recovery Act. There needs to be a two-way dialogue be-

tween Treasury, OMB and the agencies and various stakeholders, particularly at the State and local level, non-for-profit level, the contracting community, and we believe that Treasury and OMB need to provide feedback to them based upon their suggestions. That hasn't happened to date. We think that that dialogue is important. The initial standards were more focused on Federal Government budget data and requirements, so that there is not yet a lot of standards that are going to affect the recipient community. Those will be coming out, or have been coming out now, so it is very important to get this dialogue up and running effectively over time.

Lastly, I would say, there needs to be continued attention by this committee and the administration to ensure that these standards are effectively implemented. We can come up, and OMB and Treasury and the government come up with the best standards in the world, but unless they're implemented effectively, you are not going to have accurate data.

Chairman Meadows mentioned our work in the past about the inaccurate, incomplete data on USASpending.gov. It significantly has—we found it to be incomplete and inaccurate. And unless attention is made to effectively implementing the standards, I am afraid that we could have the same very poor result after a lot of good intentions and good efforts to get the DATA Act implemented.

So a long way to go. GAO will be there every step of the way. And I thank you for the opportunity. I will be happy to answer questions at the appropriate time.

[Prepared statement of Mr. Dodaro follows:]

GAO Highlights

Highlights of GAO-15-752T, a testimony before the Subcommittees on Information Technology and Government Operations, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The DATA Act directs OMB and Treasury to establish government-wide data standards by May 2015. The act also requires agencies to begin reporting financial spending data using these standards by May 2017 and to post spending data in machine-readable formats by May 2018. This statement is part of a series of products that GAO will provide the Congress as the DATA Act is implemented.

This statement discusses four DATA Act implementation areas to date: (1) establishment of government-wide data standards; (2) OMB and Treasury's effort to establish a governance structure and obtain stakeholder input; (3) the status of the potential transfer of the ROC's assets to Treasury; and (4) the pilot program to reduce reporting burden. GAO reviewed the first 15 data elements finalized under the act, analyzed key documents, technical specifications and applicable guidance; interviewed OMB, Treasury, HHS, and other staff as well as officials from organizations representing non-federal stakeholders, and reviewed literature.

What GAO Recommends

GAO recommends that OMB accelerate efforts to merge DATA Act purposes with the production of a federal program inventory under GPRAMA, and that OMB and Treasury (1) establish policies and processes for a governance structure to maintain the integrity of data standards over time and (2) enhance policies and procedures to provide for ongoing and effective two-way dialogue with stakeholders. OMB staff, Treasury officials, and others provided technical comments which GAO incorporated as appropriate.

View GAO-15-752T. For more information, contact J. Christopher Mihm, 202-512-6806, mihmj@gao.gov.

July 29, 2015

DATA ACT

Progress Made in Initial Implementation but Challenges Must be Addressed as Efforts Proceed

What GAO Found

Since the Digital Accountability and Transparency Act (DATA Act) became law in May 2014, the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) have taken significant steps towards implementing key provisions. These steps include the release of 27 data standards, draft technical documentation, and implementation guidance to help federal agencies meet their responsibilities under the act. However, given the complexity and government-wide scale of activities required by the DATA Act, much more remains to be done.

Data standards. OMB and Treasury have proposed standardizing 57 data elements for reporting under the act. They released 15 elements on May 8, 2015, a year after the passage of the act, and have since released 12 more. Eight of the first 15 were new elements required under the DATA Act; the balance were required under the Federal Funding Accountability and Transparency Act of 2006. GAO identified several issues that may impact the quality and ability to aggregate federal spending data. For example, GAO found: (1) the data standards may not provide a complete picture of spending by program unless OMB accelerates its efforts to produce an inventory of federal programs as required under the GPRA Modernization Act of 2010 (GPRAMA); (2) the data standards and elements may not yet represent all that are necessary to fully capture and reliably report on federal spending; and (3) the draft technical specifications GAO reviewed may result in the reporting of inconsistent information. GAO shared its observations with officials who are considering revisions and updating their technical documentation.

Governance and stakeholder engagement. OMB and Treasury have made progress in initial implementation activities by developing structures for project management and data governance as well as for obtaining stakeholder input. However, GAO found that additional effort to address the whole lifecycle of standards development will be needed to ensure that the integrity of data standards is maintained over time. Establishing these policies and procedures now could provide an opportunity for OMB and Treasury to build on existing efforts to reach out to stakeholders by taking steps to foster effective two-way communication to help ensure that the concerns of interested parties are responded to and addressed as appropriate on an ongoing and timely basis.

Recovery Operations Center (ROC). GAO's review of the potential transfer of the ROC's assets found that Treasury does not plan to assume these assets because of a number of impediments. Instead, Treasury has focused on facilitating information sharing between the ROC and Treasury's Do Not Pay initiative, which assists agencies in preventing improper payments. GAO has ongoing work on this issue and plans to issue a report later this year.

Reporting burden pilot. The DATA Act requires OMB to establish a 2-year pilot program to develop recommendations for reducing reporting burden for recipients of federal awards. The pilot was launched this May with the initiation of a national dialogue on reducing reporting burden, building of an online repository of common grants-related data elements, and addition of grants-related resources on Grants.gov. GAO also has ongoing work focusing on this pilot.

United States Government Accountability Office

Chairman Hurd, Ranking Member Kelly, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittees:

Thank you for the opportunity to discuss the status of implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) and to share our observations regarding the progress that has been made to date and key challenges going forward.¹ I would like to begin by commending you, along with the full Committee, for your sustained leadership on data transparency and accountability issues. Given the scope and complexity of the changes required by the DATA Act across the federal government, regular oversight from the Congress is key, particularly early on in the act's multi-year implementation phase. As I testified before the full Committee last December, early planning accompanied by careful oversight can help build a solid foundation so that key provisions of the DATA Act are effectively implemented in a timely manner.²

The DATA Act directs the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) to establish government-wide data standards by May 2015. The act also requires agencies to begin reporting financial spending data using these standards by May 2017 and to post spending data on USASpending.gov or an alternate system by May 2018.³ OMB and Treasury have taken several significant steps towards meeting these requirements including the release of 27 discrete data standards, draft technical specifications, and implementation

¹Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA), Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006) (*codified, as amended, at* 31 U.S.C. § 6101 note). The stated purposes of the act include: (1) increasing transparency by expanding FFATA to disclose federal agency spending and to link federal contract, loan, and grant spending information to federal programs; (2) establishing government-wide data standards for financial data and providing consistent, reliable, and searchable government-wide spending data, which are to be displayed accurately on USASpending.gov or a successor system; (3) simplifying reporting for entities receiving federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency; (4) improving the quality of data submitted to USASpending.gov by holding federal agencies accountable for the completeness and accuracy of the data submitted; and (5) applying approaches developed by the Recovery Accountability and Transparency Board to spending across the federal government.

²GAO, *Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight*, GAO-15-241T (Washington, D.C.: Dec. 3, 2014).

³FFATA, § 4(a), (c).

guidance intended to help federal agencies meet their responsibilities under the act. However, given the government-wide scope of the technical and cultural reforms required by the DATA Act, much more remains to be done.

Our previous work has demonstrated why it is so important for the DATA Act to be implemented effectively.

- First, we have reported that a lack of government-wide data standards limits the ability to measure the cost and magnitude of federal investments and hampers efforts to share data across agencies in order to improve decision making and oversight.⁴ For example, our work examining fragmentation, overlap, and duplication in federal government programs has demonstrated the need for more reliable and consistent federal data, which the DATA Act, if fully implemented, should produce.⁵
- Second, our work examining the implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)⁶ stressed the importance of obtaining input from federal agencies, fund recipients, and subrecipients early in the development of new transparency reporting systems to ensure accurate and complete data and minimize reporting burden.⁷
- Third, our prior work has found persistent challenges related to the quality and completeness of the spending data agencies report to USAspending.gov.⁸ For example, we reported in June 2014 that roughly \$619 billion in assistance awards were not properly reported in fiscal year 2012. In addition, few reported awards—between 2 and

⁴GAO-15-241T.

⁵GAO, 2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits, GAO-15-414SP (Washington, D.C.: Apr. 14, 2015).

⁶Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

⁷GAO, Federal Data Transparency: Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increases, GAO-13-733 (Washington, D.C.: Sept. 12, 2013).

⁸GAO, Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website, GAO-14-476 (Washington, D.C.: June 30, 2014) and Electronic Government: Implementation of the Federal Funding Accountability and Transparency Act of 2006, GAO-10-365 (Washington, D.C.: Mar. 12, 2010).

7 percent—contained information that was fully consistent with agency records for all 21 data elements we examined.

In that regard, I would like to underscore the vital importance of building the necessary agency capacities to implement such standards. The best standards in the world will be of little value if agencies are not prepared to collect and report quality data in conformance with those standards.

As you know, 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. Consistent with these requirements, we are committed to assisting congressional oversight by being a continuing presence to monitor OMB, Treasury, and federal agencies' actions as data standards are developed and implemented, and to work with inspectors general to ensure an efficient and effective audit process is in place to help ensure data quality. Toward that end, we plan to provide congressional and executive branch decision makers with information and recommendations, as appropriate, throughout the DATA Act implementation process.

Our overall oversight approach is structured around two high-level themes: the first focuses on issues and challenges related to the design and implementation of the act's provisions, and the second concerns opportunities and challenges related to the different uses of the information collected under the act. These themes are drawn from a variety of sources including the DATA Act's stated purposes, our prior work on federal data transparency and the implementation of the Recovery Act, and key oversight and management challenges. We have three evaluations already underway examining different aspects of DATA Act implementation.⁹ We have also been coordinating closely with federal inspectors general to leverage information and reduce duplication of effort as they conduct reviews and develop common audit guidance and practices. As part of this effort, we will work with our inspectors general colleagues to ensure sufficient attention is being devoted to agencies' capacity to meet their responsibilities under the act.

⁹These engagements address the following topics: (1) OMB's and Treasury's development and implementation of government-wide financial data standards; (2) OMB's and others' design and implementation of the pilot to reduce recipient reporting burden required under the act; and (3) the status of the Recovery Board's Recovery Operations Center.

My testimony today will address four topics related to implementation of the DATA Act to date: (1) issues regarding the establishment of government-wide data standards; (2) observations regarding key components underlying successful implementation of the act including establishing structures for project management and data governance and obtaining and incorporating stakeholder input; (3) the status of the potential transfer of the Recovery Operations Center's (ROC) assets to Treasury;¹⁰ and (4) actions taken related to the required pilot program on reducing recipient reporting burden.

For this statement, we analyzed the definitions of the first 15 finalized data elements released on May 8, 2015, technical specifications, and applicable guidance related to implementation of the DATA Act; reviewed relevant literature including our previous reports in the areas of the federal budget, federal financial reporting, change management, and collaborative practices; interviewed OMB, Treasury, and U.S. Department of Health and Human Services (HHS) officials responsible for implementing key provisions of the act; and interviewed Recovery Board officials as well as officials from organizations representing key non-federal stakeholders including state and local governments and other federal fund recipients. We conducted this performance audit from May 2015 to July 2015 in accordance with generally accepted government auditing standards. 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁰These assets are eligible to be transferred to Treasury under the DATA Act. The ROC is overseen by the Recovery Accountability and Transparency Board (Recovery Board) which was originally created by the Recovery Act.

Continued Attention Is Needed To Ensure Consistency, Comparability, and Completeness of Data Standards

The DATA Act requires OMB and Treasury to establish government-wide financial data standards for the specific items to be reported under the act. These specific items are generally referred to as "data elements." The standards for these data elements consist of two distinct but related components as described in the text box:

- Definitions which describe what is included in the element with the aim of ensuring that information will be consistent and comparable.
- Technical specifications on the format, structure, tagging, and transmission of each data element. OMB and Treasury have developed a data exchange, also known as a technical schema, which is intended to provide a comprehensive view of the data definitions and their relationships to one another.

Source: GAO analysis of OMB and Treasury Documents | GAO-15-752T

OMB and Treasury have proposed standardizing 57 data elements for reporting under the act. They released 15 elements in May 2015, a year after the passage of the act, and have since released 12 more. Eight of these were new elements required under the DATA Act; the balance of the first 15 data elements were required under the Federal Funding Accountability and Transparency Act of 2006 (FFATA). Figure 1 provides a list of these data elements and their roll-out schedule. Officials told us that they expect to complete the process by the end of the summer.

Figure 1: Detailed Listing of 57 Data Elements to be Established under the DATA Act (as of July 2015)

15 Elements Definitions finalized on May 8, 2015	<ul style="list-style-type: none"> Appropriations Account Awarding Agency Code Awarding Agency Name Budget Authority 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
8 Elements Definitions finalized on June 26, 2015	<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
4 Elements Definitions finalized on July 10, 2015	<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
30 Elements Definitions not finalized and public input open	<ul style="list-style-type: none"> Action Date Awarding Office Code Awarding Office Name Awarding Sub Tier Agency Code Awarding Sub Tier Agency Name Business Type Catalog of Federal Domestic Assistance (CFDA) Number CFDA Title Current Total Funding Obligation Amount on Award Current Total Value of Award 	<ul style="list-style-type: none"> Funding 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 Type of Action Type of Transaction Code

Source: GAO analysis of Office of Management and Budget and Treasury plans for establishing government-wide data standards under the DATA Act. | GAO-15-752T

Further Guidance Will
Be Needed to Ensure
Consistency and
Comparability of
Program-Related Data

The DATA Act requires the establishment of standards that produce consistent and comparable data across programs, agencies, and time. We reviewed the first set of 15 data standards finalized by OMB and Treasury in May 2015. We found that most of the elements adhere to the definitions used in widely accepted government standards such as OMB Circular A-11 and the Census Bureau's North American Industry Classification System.¹¹ For example, as required by the DATA Act, OMB and Treasury provided a standard for "program activity" and finalized the definition as "a specific activity or project listed in the program and financing schedules of the annual budget of the United States Government."

Program activities are a long-standing reporting structure in the federal budget and are intended to provide a meaningful representation of the operations funded by a specific budget account. Therefore, program activities can be mission or program focused. For example, the Federal Emergency Management Agency's program activities include "Response," "Recovery," and "Mitigation," and the Environmental Protection Agency's program activities include "Clean and Safe Water" and "Healthy Communities and Ecosystems."

Program activities can also be organized by type of personnel such as Officers, Enlisted, and Cadets, in the Army's Military Personnel Account, or by organizational unit such as the National Cancer Institute, and National Heart, Lung, and Blood Institute in the National Institutes of Health. As the examples illustrate, OMB and Treasury will need to build on the program activity structure and provide agencies with guidance if they are to meet the stated purpose of the DATA Act to "link federal contract, loan, and grant spending information to federal programs to enable taxpayers and policy makers to track federal spending more effectively." To underscore the differences between program activities and programs, our September 2005 *Glossary of Terms Used in the Federal Budget Process* defines a program as "an organized set of

¹¹We provided OMB and Treasury with a technical analysis and related questions on the 15 data standards. We also met with OMB and Treasury to discuss our observations. In some cases, they acknowledged the need for additional guidance or to provide a link to more detail; in other cases, they said they will continue to consider the issues we raised.

activities directed toward a common purpose or goal that an agency undertakes or proposes to carry out its responsibilities."¹²

The GPRA Modernization Act of 2010 (GPRAMA), among other things, requires OMB to make publicly available, on a central government-wide website, a list of all federal programs identified by agencies.¹³ For each program, the agency is to provide to OMB for publication an identification of how the agency defines the term "program," consistent with OMB guidance, including program activities that were aggregated, disaggregated, or consolidated to be considered a program by the agency; a description of the purposes of the program and how the program contributes to the agency's mission and goals; and an identification of funding for the current fiscal year and the previous 2 fiscal years.

Effective implementation of both the DATA Act and GPRAMA's program inventory provisions, especially the ability to crosswalk spending data to individual programs, could provide vital information to assist federal decision makers in addressing significant challenges the government faces. As our annual reports on fragmentation, overlap, and duplication have highlighted, creating a comprehensive list of federal programs along with related funding and performance information is critical for identifying potential fragmentation, overlap, or duplication among federal programs or activities.¹⁴ The lack of such a list makes it difficult to determine the scope of the federal government's involvement in particular areas and the results it is achieving, and therefore, where action is needed to eliminate, reduce, or better manage fragmentation, overlap, or duplication. Until these steps are taken and linked to the appropriate program activity data element, OMB and Treasury will be unable to provide a complete picture of spending by federal programs as required under the act.

Our recent work reviewing implementation of GPRAMA identified a number of challenges related to executive branch efforts to identify and

¹²GAO, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP (Washington, D.C.: September 2005).

¹³See 31 U.S.C. § 1122(a).

¹⁴See, for instance, GAO-15-424SP.

define federal programs.¹⁵ OMB staff explained that a one-size-fits-all approach does not work well; agencies and their stakeholders use the term “program” in different ways because agencies achieve their missions through different programmatic approaches. Therefore, OMB issued guidance allowing agencies flexibility to define their programs using different approaches, but within a broad definition of what constitutes a program—a set of related activities directed toward a common purpose or goal. Not surprisingly, our October 2014 report reviewing implementation of GPRAMA’s program inventory requirements showed that agencies did indeed use different approaches to define their programs. We reported that these differences limited the comparability of programs within and across agencies.

We made related recommendations in our October 2014 report aimed at improving the completeness and comparability of the program inventory. In commenting on that report, OMB staff generally agreed with those recommendations. According to OMB staff, as of June 2015 they have not taken any actions to address these recommendations, because implementation of the program inventory requirements remains on hold as OMB determines how best to merge that effort with implementation of the DATA Act. One approach could be for OMB to explore ways to improve the comparability of program data by using tagging or similar approaches that allow users to search by key words or terms and combine elements based on the user’s interests and needs. This merging could help ensure consistency in the reporting of related program-level spending information. As a result, we recommend the following:

Recommendation for Executive Action

To ensure that federal program spending data are provided to the public in a transparent, useful, and timely manner, we recommend that the Director of OMB accelerate efforts to determine how best to merge DATA Act purposes and requirements with the GPRAMA requirement to produce a federal program inventory.

¹⁵GAO, *Government Efficiency and Effectiveness: Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories*, GAO-15-53 (Washington, D.C.: Oct. 31, 2014).

Data Standards and Elements Proposed by OMB and Treasury May Not Yet Represent All That Are Necessary to Fully Capture and Reliably Report on Federal Spending

The DATA Act requires Treasury, in consultation with OMB, to publish a report of funds made available to, or expended by, federal agencies and their components on USAspending.gov or an alternative system. Given that OMB has not yet provided an example of the form and content of the envisioned financial reporting under the DATA Act, it is difficult to determine at this point whether additional data standards and elements are needed. As Treasury and OMB continue establishing the DATA Act data standards and elements, linking them to established financial accounting and reporting processes will be important in helping ensure consistency and comparability of the information reported and could provide a means for determining data quality between new financial information reported under the DATA Act and information in audited agency financial statements. For example, certain data standards and elements used by agencies in reporting financial data in their audited Statement of Budgetary Resources¹⁶ may also be used to report certain agency budgetary data under the DATA Act. In addition, the DATA Act requires Treasury to include certain financial information similar to that reported in the Schedule of Spending, which is included in agency annual financial reports, as required by OMB Circular No. A-136, Financial Reporting Requirements. Therefore, established data standards and elements used by agencies in preparing this unaudited schedule could be used to report certain information under the DATA Act. Further, leveraging existing and establishing new controls over the data standards and elements—financial and non-financial—used in reporting under the DATA Act could help ensure data reliability.

The DATA Act also requires OMB and Treasury to incorporate widely accepted common data standards and elements, to the extent reasonable and practicable, such as those developed and maintained by international standards-setting bodies and accounting standards organizations, in a machine-readable format. As OMB and Treasury move forward with establishing data standards, given their limited time and resources, they could benefit from leveraging existing international standards for digital reporting of financial, performance, risk, or compliance information. For example, the International Organization for Standardization (ISO) has developed data standards such as one that describes an internationally

¹⁶The Statement of Budgetary Resources and related disclosures provide information about budgetary resources made available to an agency as well as the status of those resources at the end of the fiscal year. It serves as a tool to link budget execution data in an agency's financial statements to information reported in the "actual" column of the Budget of the United States Government.

accepted way to represent dates and times which may help address the DATA Act requirement to establish a standard method of conveying a reporting period.¹⁷ The ISO also has a standard for a digital object identification system which may help address the DATA Act requirements to have a unique identifier and use a widely accepted, nonproprietary, searchable, platform-independent, machine-readable format. The use of such standards helps reduce uncertainty and confusion with organizations interpreting standards and reporting differently which could lead to inconsistent results and unreliable data.

**Treasury Is Aware of
Issues with Its Technical
Schema and Intends to
Address Concerns**

Treasury's draft technical schema is intended to standardize the way financial assistance, contract, and loan award data, as well as other financial data, will be collected and reported under the DATA Act. Toward that end, the technical schema describes, among other things, the standard format for data elements including their description, type, and length. We reviewed version 0.2 of the technical schema that was publicly released in May 2015.¹⁸ Treasury officials said that they are testing this schema and are continually revising it based on considerations of these tests as well as feedback they receive from stakeholders. In light of this, we shared the following potential issues with Treasury.

Treasury developed a subset of the schema based on the U.S. Standard General Ledger, which provides a uniform chart of accounts and technical guidance for standardizing federal agency accounting of financial activity. We found that some of the data elements, as defined in the most recent draft version available for us to review, could allow for inconsistent information to be entered. For example, alphabetic characters could be entered into a data field that should only accept numeric data. This could, in turn, affect the proper reporting, reliability, and comparability of submitted data. Further, OMB and Treasury intended to fulfill a portion of their requirements by leveraging existing agency reporting. Going forward, the technical schema will need to describe enhancements or changes to current financial reporting.

¹⁷The International Organization for Standardization (ISO) is an independent, non-governmental membership organization and the world's largest developer of voluntary international standards. It has published more than 19,500 international standards covering almost every industry, from technology to food safety, to agriculture and health care.

¹⁸In May 2015, OMB and Treasury released a DATA Act schema model version 0.2. This document is publicly available at <http://fedspendingtransparency.github.io/data-exchange-standard/>.

We also noted that the schema does not currently identify the computer markup language (i.e., standards for annotating or tagging information so that it can be transmitted over the Internet and readily interpreted by disparate computer systems)¹⁹ that agencies can use for communicating financial data standards. Treasury officials said they plan to address this issue in a forthcoming version of the schema, which they estimated would be publicly released by the end of the summer. We will continue to review additional versions of the schema and will share our views with Treasury and you.

OMB and Treasury
Established a
Framework for
Developing Data
Standards, but Action
Is Needed to Ensure
the Integrity of the
Standards Is
Maintained over Time

OMB and Treasury
Established a Governance
Structure for Overall
Implementation of the
DATA Act

The DATA Act designates OMB and Treasury to lead government-wide implementation efforts. Toward that end, OMB and Treasury have established a governance framework that includes structures for both project management and data governance. At the top of this framework is an executive steering committee, which is responsible for setting overarching policy guidance and making key policy decisions affecting government-wide implementation of the act. The executive steering committee consists of two senior administration individuals: OMB's Controller and Treasury's Fiscal Assistant Secretary. The executive steering committee is supported by the Interagency Advisory Committee (IAC), which is responsible for providing recommendations to the steering committee related to DATA Act implementation. The IAC includes the

¹⁹The Extensible Markup Language (XML) is an example of a markup language.

chairs of various federal government-wide councils as well as other agency officials.²⁰ In addition, the IAC members are responsible for updating their respective agencies and for providing leadership in implementing DATA Act requirements. As part of their plans for agency implementation, OMB and Treasury have asked federal agencies to identify a Senior Accountable Official and organize an agency-wide team to coordinate agency-level implementation activities.

OMB and Treasury have made progress in developing a governance structure for government-wide implementation. However, a recent Treasury Office of the Inspector General (OIG) report raised a number of concerns with Treasury's project management practices that the OIG believes could hinder the effective implementation of the act if not addressed.²¹ Specifically, the Treasury OIG found that project management documents designed to track the implementation of significant DATA Act workstreams lacked several key attributes—such as project planning tools, progress metrics, and collaboration documentation—called for by project management best practices. Due to the complexities involved, OMB and Treasury are using a mix of both agile and traditional project management approaches to implement the DATA Act.

However, the Treasury OIG found that project planning documents did not describe the different approaches being used for each workstream. The Treasury OIG recommended that Treasury's Fiscal Assistant Secretary strengthen project management over the DATA Act's implementation by defining the project management methodology being used for each significant workstream and ensuring that project management artifacts appropriate to those methodologies are adopted and maintained. Treasury agreed with the OIG findings and stated that it was taking corrective action in response, including a commitment to implementing a recognized agile development approach in an appropriate

²⁰The Interagency Advisory Committee (IAC) comprises representatives from multiple interagency councils including the Chief Financial Officers Council (CFOC), Budget Officers Advisory Council (BOAC), Award Committee for E-Government (ACE), Council on Financial Assistance Reform (COFAR), the Chief Acquisition Officers Council (CAOC), the Chief Information Officers Council (CIOOC), the Performance Improvement Council (PIC) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE), among others.

²¹See Treasury Office of Inspector General, *Treasury Is Making Progress In Implementing the DATA Act But Needs Stronger Project Management*, OIG-15-034 (May 19, 2015).

	<p>and disciplined manner for each workstream and improving documentation to identify when the agile approach is being used. Treasury OIG officials told us that they are continuing to monitor OMB and Treasury project management efforts and will report their audit findings on an ongoing basis. In coordination with the Treasury OIG, we will be monitoring OMB and Treasury's governance process as part of our ongoing work as well.</p>
<p>Additional Action Is Needed to Help Ensure the Integrity of Data Standards Is Maintained In Coming Years</p>	<p>OMB and Treasury have taken steps to establish a governance process for developing data standards. However, more effort is needed to build a data governance structure that not only addresses the initial development of the data standards but also provides a framework for adjudicating revisions, enforcing the standards, and maintaining the integrity of standards over time. One of the key responsibilities of the IAC is to provide support for the development of data standards. In this capacity, the IAC is responsible for developing white paper proposals and building consensus within members' respective communities for new standardized data elements that align with existing business practices across multiple reporting communities (e.g., grants, procurement, and financial reporting) that will be using the standards. OMB and Treasury officials told us that while they have established a process to develop data standards through the IAC, they have not yet instituted procedures for maintaining the integrity of the standards over time. According to these officials, they are taking an iterative approach to developing additional procedures for data governance, similar to their overall approach for managing the implementation of the act.</p> <p>Industry and technology councils, and domestic and international standards-setting organizations, endorse the establishment and use of governance structures to oversee the development and implementation of standards. While there are a number of governance models, many of them promote a set of common principles that includes clear policies and procedures for broad-based participation from a cross-section of stakeholders for managing the standard-setting process and for controlling the integrity of established standards. Standards-setting organizations, such as the Software Engineering Institute (SEI),²² define</p>

²²SEI is a nationally recognized, federally funded research and development center established at Carnegie Mellon University in Pittsburgh, Pennsylvania, to address software development issues.

data governance as a set of institutionalized policies and processes that can help ensure the integrity of data standards over time.

According to these entities, a data governance structure should have a defined focus, such as monitoring policies and standards, monitoring and reporting on data quality, and ensuring the consistency of the standards across potentially different data definitions. These organizations also suggest that for a data governance structure to be successful, an organization needs clear processes and methods to govern the data that can be standardized, documented, and repeatable. Ideally, this structure could include processes for

- evaluating, coordinating, approving, and implementing changes in standards from the initial concept through design, implementation, testing, and release;
- maintaining established standards; and
- gaining a reasonable degree of agreement from stakeholders.

Going forward, in the absence of a clear set of institutionalized policies and processes for developing standards and for adjudicating necessary changes, the ability to sustain progress and maintain the integrity of established data standards may be jeopardized as priorities and data standards shift over time. As a result, we are recommending the following action:

Recommendation for Executive Action

To ensure that the integrity of data standards is maintained over time, we recommend that the Director of OMB, in collaboration with the Secretary of the Treasury, establish a set of clear policies and processes for developing and maintaining data standards that are consistent with leading practices for data governance.

OMB and Treasury
Have Obtained Input
from Stakeholders; As
Implementation
Progresses
Communication Will
Become Even More
Important

One component of good data governance involves establishing a process for consulting with and obtaining agreement from stakeholders. In fact, the DATA Act requires OMB and Treasury to consult with public and private stakeholders when establishing data standards. Recognizing the importance of engaging on data standards, OMB and Treasury have taken the following steps:

- convened a town hall meeting on data transparency in late September 2014 to, in part, allow stakeholders to share their views and recommendations;
- published a *Federal Register* notice seeking public comment on the establishment of financial data standards by November 25, 2014;²³
- presented periodic updates on the status of DATA Act implementation to federal and non-federal stakeholders at meetings and conferences;
- solicited public comment on data standards using GitHub, an online collaboration space, including the posing of general questions in December 2014 and subsequently seeking public comment on proposed data standards beginning in March 2015; and
- collaborated with federal agencies on the development of data standards and the technical schema through MAX.gov, an OMB-supported website.

Such efforts by OMB and Treasury have provided valuable opportunities for non-federal stakeholders to provide input into the development of data standards. However, more can be done to engage in meaningful two-way dialogue with these stakeholders. Creating such a dialogue and an "open exchange of ideas between federal and non-federal stakeholders" is identified as an explicit goal of the Federal Spending Transparency GitHub site²⁴ established by OMB and Treasury. Moreover, the site's landing page links such interactive communication with the successful development of data standards.

However, we found only a few examples that OMB and Treasury have engaged in such a dialogue or have otherwise substantively responded to

²³79 Fed. Reg. 58,045 (Sept. 26, 2014).

²⁴GitHub is a web-based software repository hosting service. The DATA Act collaboration website, Federal Spending Transparency, can be found at: <http://fedspendingtransparency.github.io/>.

stakeholder comments on the site. When we asked OMB and Treasury officials how public comments from GitHub were considered when finalizing the first 15 data standards issued in May 2015, they said that none of the comments warranted incorporation and confirmed that substantive replies to stakeholder comments were not posted.

Our work examining the implementation of the Recovery Act underscored the importance of obtaining stakeholder input as guidance is developed to address potential reporting challenges.²⁵ We found that during implementation of the Recovery Act, OMB and other federal officials listened to recipients' concerns and changed guidance in response, which helped recipients meet reporting requirements. Some stakeholders we spoke with cited the process OMB followed in developing Recovery Act guidance as an example of effective two-way communication; however, these stakeholders indicated that they have not experienced this same level of outreach and communication with OMB and Treasury thus far with DATA Act implementation. Without similar outreach for OMB and Treasury's current initiatives there is the possibility that reporting challenges may be neglected or not fully understood and therefore not addressed, potentially impairing the data's accuracy and completeness or increasing reporting burden.

As DATA Act implementation progresses, establishing an effective two-way dialogue will likely become even more important. As they primarily pertain to federal budget reporting activities, the first set of 15 data elements finalized in May 2015 may not have been viewed as being directly applicable to some non-federal stakeholders including state and local governments. However, future data elements to be issued by OMB and Treasury are directly related to federal grants and contracts. These may be perceived as being more relevant to states, localities, businesses, nonprofits, and other non-federal stakeholders, resulting in increased questions and desire for input and involvement from these communities.

Additional policies and procedures that address the whole lifecycle of standards development will be needed to ensure the integrity of government-wide financial data standards is maintained over time. These policies and procedures could also provide an opportunity for OMB and Treasury to establish effective two-way communication with a broad

²⁵GAO-13-753.

representation of federal fund recipients to ensure all interested parties' concerns are addressed as this important work continues. As a result we are making the following recommendation:

Recommendation for Executive Action

To ensure that interested parties' concerns are addressed as implementation efforts continue, we recommend that the Director of OMB, in collaboration with the Secretary of the Treasury, build on existing efforts and put in place policies and procedures to foster ongoing and effective two-way dialogue with stakeholders including timely and substantive responses to feedback received on the Federal Spending Transparency GitHub website.

**Treasury Does Not
Plan To Transfer
Recovery Operations
Center Assets**

The DATA Act authorizes Treasury to establish a data analysis center or to expand an existing service, to provide data, analytic tools, and data management techniques for preventing or reducing improper payments and improving the efficiency and transparency in federal spending.²⁶ Should Treasury elect to establish a data analysis center or expand an existing service, all assets of the Recovery Accountability and Transparency Board (Recovery Board) that support the operations and activities of the Recovery Operations Center (ROC)—a central data analytics service to support fraud detection and prevention and assist the oversight communities in their efforts to prevent fraud, waste, and abuse—will be transferred to Treasury by September 30, 2015, the day that the authority for the Recovery Board expires. Treasury officials have told us that the department does not plan to transfer any of the ROC's assets, and, as discussed below, outlined the challenges that led to this decision. As a consequence, some OIGs who were the primary users of the ROC will either need to develop, replace, or lose the existing capabilities for certain audit and investigative services.

²⁶FFATA, § 6(c).

Initially Created to Improve Accountability of Recovery Act Funds, the ROC's Tools and Techniques Have Been Extended to Other Federal Spending

The Recovery Act created the Recovery Board, made up of inspectors general to promote accountability by overseeing recovery-related funds and transparency by providing the public with easily accessible information.²⁷ To accomplish this goal, the Recovery Board established the ROC to provide

- predictive analysis capability to help oversight entities focus limited government oversight resources based on risk indicators such as a program previously identified as high-risk, high-dollar-value projects, past criminal history of key parties involved in a project, and tips from citizens; and
- in-depth fraud analysis capability to identify non-obvious relations between legal entities using public information about companies.

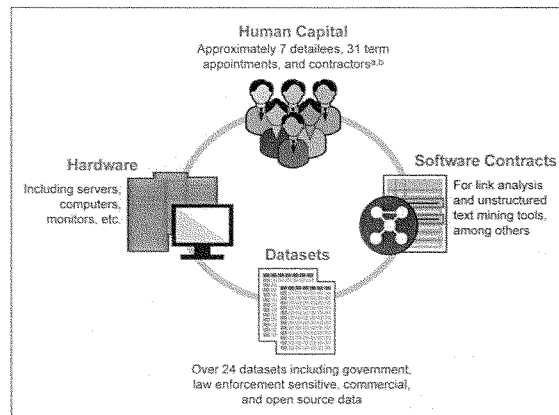
After its initial mandate to oversee Recovery Act funds, subsequent legislation expanded the Recovery Board's mandate to include oversight of all federal spending as well as funds appropriated for purposes related to the impact of Hurricane Sandy. In addition to expanding its authority, the legislation also extended the termination date of the Recovery Board from September 30, 2013 to September 30, 2015.²⁸

The ROC serves as an independent central repository of tools, methods, and expertise for identifying and mitigating fraud, waste, and mismanagement of federal funds. The Recovery Board's assets supporting the ROC include human capital, hardware, data sets, and software. (See figure 2.)

²⁷Pub. L. No. 111-5, div. A, §§ 1521–1530, 123 Stat. 115, 289–294 (Feb. 17, 2009).

²⁸The Recovery Act appropriated \$84 million for the Recovery Board to carry out its duties, and set a termination date of September 30, 2013 for its oversight activities. The Consolidated Appropriations Act, 2012, expanded the Recovery Board's authority to include developing and testing information technology resources and oversight mechanisms to enhance transparency of and detect and remediate waste, fraud, and abuse in federal spending. Pub. L. No. 112-74, 125 Stat. 786, 920 (Dec. 23, 2011). The Disaster Relief Appropriations Act of 2013 further mandated the Recovery Board to develop and use those resources and mechanisms to detect and remediate waste, fraud, and abuse in the obligation and expenditure of funds appropriated for purposes related to the impact of Hurricane Sandy. In addition, it extended the authorization of the Recovery Board through September 30, 2015. Pub. L. No. 113-2, 127 Stat. 4, 18 (Jan. 29, 2013).

Figure 2: Recovery Operations Center Assets



Source: GAO. ¹ GAO-15-752T

Note: ^aReflects peak staffing numbers from September 2013.
^bMany of these personnel supported other Recovery Board activities.

The ROC developed specialized data analytic capabilities that members of the federal oversight community could leverage by submitting a request for analysis. For instance:

- The Appalachian Regional Commission (ARC) OIG used the ROC's capabilities to analyze text from A-133 single audit data to search for indications of risk and identify the highest risk grantees for review.²⁹ This approach allowed the ARC OIG to identify 30 to 40 grantees out of approximately 400 grants per year based on risk rather than selecting grantees randomly based on geography and grant type.

²⁹All non-federal entities that expend \$750,000 or more of federal awards in a year are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, and the OMB Circular Compliance Supplement and Government Auditing Standards.

-
- The Environmental Protection Agency (EPA) OIG used the ROC's data visualizations of a link analysis, which identifies relationships among entities involved in activities such as a fraud ring or an effort to commit collusion, to present to juries. An EPA OIG official said that the visualization of these relationships made it easier for juries to understand how entities had collaborated in wrongdoing.

Since 2012, after its mandate was expanded to cover all federal funds, over 50 federal OIGs and agencies have asked the ROC for help. Based on requests for analysis compiled in the Recovery Board's Annual Reports, the ROC researched roughly 1.7 million entities associated with \$36.4 billion in federal funds during fiscal years 2013 and 2014.³⁰ The largest single user of ROC assistance over this time was the ARC OIG in 2012 and the Department of Homeland Security OIG in fiscal years 2013 and 2014.

Treasury Decided Not to Transfer the ROC's Assets, Citing Cost and Other Challenges

To facilitate a potential transition, Recovery Board officials provided a transition plan to Treasury in late spring of 2014. The plan provided an overview of the ROC's assets and presented possible scenarios for a transition and steps needed including estimated time frames assuming a transfer by September 30, 2015. In May 2015, Treasury officials told us that the agency does not plan to transfer any of the ROC's assets, identifying the following challenges to assuming ROC's assets:

- **Hardware.** Although Treasury officials viewed hardware as being feasible to transfer, in their assessment it was not cost effective to do so because the ROC's hardware is aging, lessening the value of these assets.
- **Human capital.** The agency would have to use the competitive hiring process to hire key ROC employees, which can be time consuming. In addition, because some ROC staff were term-limited hires or contractors, a competitive hiring process would not guarantee that ROC staff would ultimately be selected for employment.

³⁰Requests for assistance were submitted primarily by OIGs and the law enforcement community. Underlying allegations prompting requests for assistance included theft/misappropriation, concealment, collusion, false statements/claims, commercial kickbacks, conflicts of interest, bribery/gratuity, non-performance, bid-rigging, money laundering, bankruptcy, Davis-Bacon Act violations, embezzlement, product substitution, and other fraudulent activities.

-
- **Data sets.** The ROC obtained access to federal datasets through memoranda of understanding, which are not transferrable and therefore would need to be negotiated. Commercially procured data sets also are not transferrable but would instead have to go through a procurement process.
 - **Software contracts.** Because the Recovery Board extended its software contracts on a sole source basis when it was re-authorized for 2 additional years, Treasury would need to use a competitive procurement process to obtain these data analytic tools.

Because of these challenges, Treasury focused on facilitating information sharing through meetings between the ROC and Treasury's Do Not Pay (DNP) initiative, which assists agencies in preventing improper payments. Treasury officials stated that the expertise developed at the ROC was its most valuable asset, so officials focused on meeting with the ROC staff to discuss best practices and share knowledge with the DNP staff. In addition, Treasury officials noted that they had hired the former Assistant Director for Data and Performance Metrics at the Recovery Board as the Director of Outreach and Business Process for DNP. Officials further noted that the Director's experience at the ROC included leveraging data to identify high risk entities and conducting outreach to the ROC's user community—skills that Treasury officials said were complementary to DNP's activities. (See figure 3.)

Figure 3: Comparison of ROC and Treasury Do Not Pay Services and Data Sources

Treasury's Do Not Pay	Recovery Operations Center
<p>Treasury's Do Not Pay checks various data sources for several different payment activities including pre-award, pre-payment eligibility verification at the time of payment and any time in the payment lifecycle. It does this on a large-scale basis—up to \$2.5 trillion—of payment activities.</p> <p>Services^a</p> <p>Data source matching</p> <ul style="list-style-type: none"> Online search capabilities allow for searching a single name or entity. Batch matching allows a comparison of an agency's pre-award and pre-payment file matched to available approved data sources. Continuous monitoring allows an ongoing comparison of an agency's file against all data sources they are authorized to access. <p>Payment integration provides a comparison at the time of payment.</p> <p>Data sources</p> <ul style="list-style-type: none"> Credit Alert Interactive Voice Response System (CAIVRS) Social Security Administration Public Death Master File (DMF) Health and Human Services OIG List of Excluded Individuals & Entities (LEIE) Office of Foreign Assets Control (OFAC) System for Award Management (SAM) Entity Registration Records SAM Exclusion Records Public & Restricted (also known as the Excluded Parties List System) Treasury Offset Program (TOP) Debt Check Government wide payment data 	<p>The ROC is an independent data analytics center that supports fraud detection and prevention and assists the oversight communities (Offices of Inspector General and law enforcement) in their efforts to prevent fraud, waste, and abuse as well as to prevent and detect erroneous/ineligible duplicate payments of federal funds by agencies.</p> <p>Services^a</p> <ul style="list-style-type: none"> Link analysis examines large amounts of data (e.g., multiple datasets, social media) for connections indicating fraud, waste, and abuse. An unstructured/structured text mining tool (developed in-house) proactively identifies high-risk entities in the A-133 Single Audit database (or other unstructured data sources). GIS tools identify patterns and geographic hotspots to focus on high-risk geographic areas. <p>Data sources</p> <p>Fully ingested data:</p> <ul style="list-style-type: none"> Central Contractor Registry (CCR) Department of Defense Terminations List Federal Audit Clearinghouse (FAC) Federal Procurement Data System (FPDS) Excluded Parties List System Health and Human Services OIG List of Excluded Individuals & Entities (LEIE) Internal Revenue Service Automatic Revocation of Exemption list Recovery.gov 1512 Data Board Oversight Support Records (law enforcement sensitive) – Hotline Records and Records Related to Requests for Analysis IG Investigative Recovery Act Data (law enforcement sensitive) <p>Data available for single record retrieval:</p> <ul style="list-style-type: none"> CLEAR (Thomson Reuters) Corporate filings at various Secretaries of State Corporate Websites Federal Assistance Awards Data System (FAADS) via USASpending.gov Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) via USASpending.gov Electronic Data Gathering, Analysis and Retrieval (EDGAR) Financial Crimes Enforcement Network (FinCEN) Guidestar Online Representations and Certifications Applications (ORCA) Public Access to Court Electronic Records (PACER) Small Business Administration Dynamic Small Business Search Social Security Administration Public Death Master File (DMF) Social Media (LinkedIn, Facebook, and Twitter) Veterans Affairs Office of Small & Disadvantaged Business Utilization (OSDBU) Vetbiz

Source: GAO | GAO-15-752T

Note: ^aBoth the Treasury and the ROC may offer additional services. For example, Treasury's analytics examines large amounts of data (e.g., payment data, multiple data sets) to detect systemic improper payments and fraud. The ROC also provides data analytics using SAS.

In 2013, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) explored the viability of assuming some ROC assets to continue providing analytic capabilities to the OIG community.³¹ CIGIE estimated that it would cost \$10.2 million per year to continue to run the ROC and because CIGIE is primarily funded by membership dues, CIGIE determined the additional cost to operate the ROC would be too burdensome for the organization.³² A CIGIE official indicated they have continued to look for opportunities to provide centralized data analytic resources to OIGs. However, this official said given its financial resources, any resources CIGIE might provide would be at a significantly scaled back level compared to the ROC.

Some large OIGs that previously used the ROC intend to develop their own analytic capabilities. However, according to some OIG officials, the ROC's closure may impact the audit and investigative capabilities of some small and medium-sized OIGs who do not have the resources to develop independent data analytics or pay fees for a similar service.³³ According to some OIG officials, the loss of the ROC's analytical capabilities could also result in auditors and investigators working more staff hours to research the same types of linkages rather than verifying the information that the ROC could provide in a shorter time. Treasury officials stated that the Fiscal Service operations assist federal agencies—including OIG and other law enforcement agencies—in identifying, preventing, and recovering improper payments under existing authorities. However, as noted earlier, our work on the potential impact of the ROC's sunset on the oversight community is on-going, and we have

³¹The CIGIE is an independent entity established within the executive branch to address integrity, economy, and effectiveness issues that transcend individual government agencies and aid in the establishment of a professional, well-trained, and highly skilled workforce in the Office of Inspectors General. CIGIE's mission includes the identification, review, and discussion areas of weakness and vulnerability in federal programs with respect to fraud, waste, and abuse.

³²According to a ROC official, the Recovery Board did not have a separate line item for the ROC in its budget that showed its total costs.

³³If Treasury opts to establish or expand a data analysis center, the DATA Act requires Treasury to enter into memoranda of understanding (MOU) with federal agencies, inspectors general, and federal law enforcement agencies under which Treasury may provide data from the data analysis center for the purposes of preventing and reducing improper payments by federal agencies, to improve efficiency and transparency in federal spending; to identify, prevent, and reduce fraud, waste, and abuse related to federal spending; and to conduct criminal investigations. The MOU may require these entities to provide reimbursement to Treasury for the reasonable cost of carrying out the agreement.

not independently compared the services of Fiscal Service operations to the ROC. We plan to issue a report on the ROC later this year.

OMB Has Launched a Pilot to Develop Recommendations for Reducing Recipient Reporting Burden

The DATA Act requires OMB to establish a 2-year pilot program to develop recommendations for standardizing financial data elements, eliminating unnecessary duplication, and reducing compliance costs for recipients of federal awards.³⁴ Toward this end, OMB has partnered with the Department of Health and Human Services (HHS), the General Services Administration (GSA), and the Chief Acquisition Officers Council (CAOC). According to OMB staff, HHS is assisting OMB for grants-specific activities while GSA and the CAOC are doing so for contract-specific activities.

Our work to date has centered on the grants-related part of the pilot. The pilot was launched this May with three activities: (1) a national dialogue on reducing the reporting burden faced by recipients of federal funds; (2) an online repository of common data elements; and (3) a new section on Grants.gov with information about the grants lifecycle.

Conducting a national dialogue on reducing recipient reporting burden. A national dialogue is being conducted for federal contractors and grantees with a focus on sharing ideas for easing reporting burden, eliminating duplication, and standardizing processes. According to OMB and HHS officials, this online dialogue will be open on a public website through May 2017 and comments will be actively reviewed, incorporated, and addressed as appropriate.³⁵ HHS, GSA, and CAOC have posed a number of questions to federal award recipients in this dialogue, including the following:

- If you could change one thing that would ease your reporting burden associated with your grants or sub-grants, what would it be (e.g., time, cost, resource burden)?
- If you have reporting requirements to the federal government, how are those met?

³⁴FFATA, § 5(b).

³⁵The National Dialogue for Reducing Recipient Burden can be accessed at <https://cxo.dialogue2.cao.gov/a/pages/gsa-challenges>.

-
- If you could create a central reporting portal into which you could submit all required reports, what capabilities/functions would you include?

Online repository of common grants-related data elements. The HHS DATA Act Program Management Office manages an online repository of agreed-upon standardized data elements, called the Common Data Element Repository (C-DER) Library, to be an authorized source for data elements and definitions used by the federal government in agency interactions with the public. The C-DER is designed to include data standards that have been approved through the implementation of the DATA Act.³⁶ Specifically, as of July 16, 2015, the C-DER is populated with 112 data elements from a variety of sources.³⁷ The 15 data elements finalized by OMB and Treasury under the DATA Act on May 8, 2015, are included in the C-DER; however the remaining 12 that have been finalized since then are not yet included. A number of the terms included in the C-DER go beyond the data elements that are required to be standardized under the DATA Act, such as definitions for audit finding, auditee, auditor, and hospital.

According to HHS officials, the C-DER was developed through an analysis of 1,000 data elements from 17 different sources. HHS officials stated that key findings that led to the creation of the C-DER were (1) lessons learned from the development of Uniform Grants Guidance that different communities, such as grants, acquisitions, and procurement, use terms and concepts differently; (2) that it is difficult for the public to access common definitions across these different communities; and (3) that data standards in and of themselves are not helpful unless they are used. The purpose of the C-DER is to reconcile these three findings and accommodate different data standards as they are developed under the act.

Providing grants-related resources. The third component of the pilot is the launch of a portal that provides the public with grants resources and information on the grants lifecycle, known as the Grants Information Gateway (GIG). Available on Grants.gov, the GIG is intended to serve as

³⁶The C-DER library is available online at <https://repository.usaspending.gov/poc-tool/>.

³⁷Some of the sources attributed to these data elements included the Federal Acquisition Regulation, OMB Circular A-11, and the Uniform Grant Guidance.

a clearinghouse for information on the federal grants management process and lifecycle.³⁸ Further, HHS officials stated that they intend to leverage Grants.gov and the GIG to improve the transparency of federal spending by educating the public and potential applicants for federal grants about federal grant-making.

As part of our ongoing work on this pilot, we are reviewing past experiences and good practices on designing, implementing, and evaluating pilots; assessing whether the pilot's design is likely to meet DATA Act requirements and objectives; and evaluating whether the pilot is managed in a way that will likely result in useful recommendations. We will report our findings to Congress next spring.

We provided a draft of this statement to Treasury, Health and Human Services, Office of Management and Budget, the Chair of the Council of the Inspectors General on Integrity and Efficiency, and the Chair of the Recovery Accountability and Transparency Board. OMB staff and Treasury officials did not have comments on the recommendations. OMB staff, Treasury officials, HHS, the Recovery Board, and the CIGIE provided technical comments on the draft, which we incorporated as appropriate.

In conclusion, given the complexity and government-wide scale of the activities required by the DATA Act, full and effective implementation will not occur without sustained commitment by the executive branch and continued oversight by Congress. We welcome the responsibility that the Congress has placed on us to assist in the oversight of the DATA Act. Toward that end, we look forward to continuing to monitor and assess the efforts of OMB, Treasury, and other federal agencies while standing ready to assist this and other committees in carrying out Congress's key oversight role in the months and years to come.

³⁸The Grants Information Gateway is available online at <http://www.grants.gov/web/grants/learn-grants.html>.

Chairman Hurd, Ranking Member Kelly, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittees, this concludes my prepared statement. I would be pleased to respond to any questions you have.

GAO Contact and Staff Acknowledgements

Questions about this testimony can be directed to J. Christopher Mihm, Managing Director, Strategic Issues at (202) 512-6806 or mihmj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

Key contributors to this statement are Shari Brewster; Mark Canter; Jenny Chanley; Giny Cheong; Lon Chin; Peter Del Toro (Assistant Director); Kathleen Drennan (Analyst-in-Charge); Gary Engel; Robert Gebhart; Meafelia Gusukuma; Shirley Hwang (Analyst-in-Charge); Joah Iannotta; Charles Jones; Lauren Kirkpatrick; Michael LaForge; Jason Lyuke; Donna Miller; Laura Pacheco; Carl Ramirez; Paula Rascona; Brynn Rovito; Kiran Sreepada; James Sweetman, Jr.; Andrew Stephens; Carroll Warfield, Jr.; and David Watsula. Additional members of GAO's DATA Act Working Group also contributed to the development of this statement.

Mr. HURD. Thank you very much, sir.

Mr. Mader, you have 5 minutes for your opening remarks.

STATEMENT OF HON. DAVID MADER

Mr. MADER. Thank you, Chairman Hurd, Ranking Member Kelly, and Chairman Meadows for the opportunity to be here today to talk about the progress that OMB and Treasury have been making since our last appearance in December with the implementation of the DATA Act. As you stated, Mr. Chairman, the Act presents the unique opportunity to improve the way the government works by providing all Americans with the ability to see how Federal dollars are spent. By delivering access to reliable financial information through USASpending, the DATA Act will provide both individuals and organizations in and outside of government to understand how the Nation's tax dollars are being spent, and provide opportunities to create innovative solutions for improving the efficiency and effectiveness and oversight of how the government does its business.

Equally important, increasing transparency will enhance inter-government and intra-governmental communication, allowing for more informed, effective, and efficient decision-making. Access to standardized data will improve the efforts of Federal, State, local, and tribal governments as well as all other stakeholders.

We believe the DATA Act's statutory requirements are driven by three clear goals: First, continuing to improve how the Federal Government accounts for and displays total spending; second, institutionalize a culture of data-driven decision-making; and third, re-examine how we can lessen the burden on Federal contract and grant recipients and their reporting burden.

Since last December, we have had an opportunity to make significant progress. Since our December meeting here, there are significant actions that have been accomplished: first, we continue to work to improve USASpending's government interface; two, we established government-wide USASpending data definitions and data exchange standards for all Federal spending; third, we developed an agency playbook to assist the agencies in the DATA Act implementation; fourth, we issued guidance to agencies to systemically improve data quality; and fifth, we launched a pilot to simplify Federal award reporting.

Moving forward from this day, we have significant work ahead of us: One, we must complete the remaining work for additional data standards, including additional data definitions; second, we need to work with agencies, specifically, for them to develop implementation plans; third, we need to continue to collaborate with Federal and non-Federal stakeholders to develop the display of DATA Act information; and lastly, we need to continue to enhance the Section 5 pilot.

As we close out fiscal year 2015 and move into fiscal year 2016, the success of our ongoing efforts will be contingent on the appropriation of sufficient resources for Federal agencies. Thus far, progress made in the implementation of the DATA Act has been accomplished using existing resources. In fiscal year 2016, the President's budget included \$84 million for DATA Act implementation, which would put us on a strong path towards May of 2017.

As you recall, the Congressional Budget Office estimated that the DATA Act would cost somewhere around \$300 million for the period 2014 through 2018. Without dedicated resources, agencies will have a substantial difficulty in reaching both the statutory requirements and the overall intent of the DATA Act. With Congress's continued support, appropriate funding, and continued robust collaboration, we will be on a path for successful DATA Act implementation.

We look forward to the opportunity to continue to work with GAO, with the IG community, and this committee to ensure that we meet the objectives of the DATA Act.

Thank you for the opportunity to testify, and I look forward to answering your questions.

Mr. HURD. Thank you for your remarks, sir.

Mr. Lebryk, 5 minutes is yours.

STATEMENT OF DAVID A. LEBRYK

Mr. LEBRYK. Thank you. Chairman Hurd, Ranking Member Kelly and Chairman Meadows, thank you very much for having us here today to talk about—

Mr. HURD. Mr. Lebryk, can you—

Mr. LEBRYK. Yep. There you go.

Thank you for having us here today to talk about the implementation of the DATA Act. In my over 25 years of experience in the Federal Government, there are few initiatives I've seen in the financial management area that can make as much of a difference as this Act can across government.

When Mr. Mader and I have gone out and spoken to the Federal community, I think what we have been struck by is how receptive the Federal community has been to getting better access to data. And the underlying premise of our implementation has been better data, better decisions, better government. And I think our ability to actually improve the access to data, to unlock the data that exists in disparate and siloed systems across government can make a major difference in terms of making government operate better, both internally as well as externally, with respect to citizens understanding how government is spending their money, as well as seeing ways that we can improve program performance and enhancements. So I think that it is really an ample opportunity here, a really good opportunity for us to make a significant difference long term for how government operates.

When I testified last on this, we talked about the implementation approach we had. And I think, you know, when you have a new piece of legislation and it is as comprehensive and as transformational as this, one of the first things you have to do is articulate what your business approach is and what the business case is of why you want to do this.

So Dave and I have spent a lot of time within the Federal community talking about the importance of the Act and explaining our approach. And significantly, we have talked about a data-centric approach, which is more about the ability to access the data rather than the systems approach. In the past, government oftentimes builds large-scale systems in attempts to access data or change sys-

tems to access data. Our approach has been more data-centric. It is about finding the data that currently exists within existing systems, mapping to that data, and then being able to present it and make it accessible to both government and externally.

So this has been something that is a little bit new. And as we have gone out and spoken about that, we have had to sort of—once we get people to kind of understand a little bit better, the next question is, what do you want us to do? So part of the implementation has been for us to put together a playbook. And, you know, one of the probably smarter things I think we have done was to develop a PMO, a Program Management Office, a small group of people who are very much getting up every morning and going to sleep every night thinking about how can we advance the implementation of the Act? And one of the things that they have done, and the office was established within Treasury, was working closely with OMB, was put together this 8-step plan, and saying to the agencies, if you are going to implement the Act, what kinds of things do you need to do? And we're at the very beginning stages of that.

In May, when we announced the standards, we also announced the playbook. And one of the first things that people needed to do is put together a small team to understand where the data resides within their existing systems.

And that process, which is underway today, is going well. We have held over 20—we have met with all 24 of the CFO Act agencies, we have met with the IG community, the GAO, and spoken about the implementation and how you need to proceed as an organization to actually get access and start mapping the data.

So that is gone very well. We're at the very beginning stages of that, and I think the results of that will give us some indication of how difficult this will be across government over the coming months, what kind of resources are going to be necessary, how easy it is going to be to actually map the data and actually extract it from the different systems.

One other philosophical point of view we had in implementation was that we would try pilots, that we would try an agile approach to development, which is more about sprints and failing fast if you are going to fail, and understanding, you know, what's working and what's not working. So we have had a number of pilots that we have been testing as it relates to the implementation. Those have been very effective at having us learn lessons and moving forward. And we'll be doing more of that.

I should also mention that I know we have been getting a lot of very good constructive feedback. And the GAO and our IG, I think it is been very good that they have been involved in this in the beginning to give us quick feedback and allowing us to make corrective course corrections as necessary with respect to how we're doing the implementation.

We have done a lot of outreach to the community. We have done something new with respect to getting input, using something called the Github, which is allowing people in real-time to actually look at proposals that we have out there and getting us back their comments and their feedback. This is, I think, a useful tool in the sense that it does allow a community of experts to really—to be a community and talk about how you actually implement data and

use the data, and we have been—we have found that a very effective way to move the project forward. But certainly, there are challenges, and I don't want to suggest this is easy, because it is not. And moving the Federal Government in a direction, it is going to take resources, as Dave mentioned, but we're very much committed to doing what we can to move this effort forward.

I look forward to taking questions. Thank you.

[Prepared statement of Mr. Lebryk follows:]

**Statement of
David A. Lebryk
Fiscal Assistant Secretary
U.S. Department of the Treasury
before the
House Committee on Oversight and Government Reform
Subcommittee on Information Technology and
Subcommittee on Government Operations
United States House of Representatives
July 29, 2015**

Chairman Chaffetz, Ranking Member Cummings, Chairman Hurd and Ranking Member Kelly of the Subcommittee on Information Technology, and Chairman Meadows and Ranking Member Connolly of the Subcommittee on Government Operations, thank you for inviting me to discuss the Department of the Treasury's (Treasury) efforts to increase transparency and accountability in Federal financial management and implement the Digital Accountability Transparency Act of 2014 (DATA Act).

DATA Act Opportunity

Together, the Office of Management and Budget (OMB) and Treasury have been leading the implementation of the DATA Act to provide more accessible, searchable, and reliable spending data for the purpose of promoting transparency, facilitating better decision-making and improving operational efficiency. Since last December when we testified before this Committee, we have explored the opportunities and challenges for DATA Act implementation across the government, and I am pleased to provide you with an update today on our progress.

Based on over twenty-five years of experience in the federal government, I have seen few federal management reforms that hold as much promise as the DATA Act. We have a unique opportunity to unlock the spending data that is scattered across the government and access it in new ways that will create public value. Our long-term goal is to capture and make available financial management data to enable the data consumers to follow as practicable the life cycle of Federal spending – from appropriations to the disbursements of grants, contracts and administrative spending. Over the past year, OMB and Treasury have modeled the financial and award data elements and systems across the federal enterprise to inform DATA Act implementation. While the data models and maps are complex and elaborate, the path forward is clear. We are on the verge of a transformation in federal spending data that could have a ripple effect at every level of government. The data standards that are being developed can connect this data and allow it to be exchanged to inform agency financial management decisions, stimulate innovation and provide greater transparency for the public. Better data leads to better decisions and ultimately a better government.

Implementation Updates

When I testified before the Committee in December of last year, I shared information on the DATA Act implementation approach and governance structure. And I'm pleased to say that the

implementation approach we established continues to be successful. The DATA Act governance and implementation structure consists of an Executive Steering Committee, Interagency Advisory Committee and the Program Management Office. Treasury established the DATA Act Program Management Office to develop resources to support the agency implementation and execute our government-wide efforts.

In March, Treasury updated the USAspending.gov website to include a number of improvements to address some of the long-standing feedback regarding the site's usability, presentation, and search functions. Our update of the website responded to feedback from external stakeholders to improve the usability of the site and adopted an award-winning platform from Recovery.gov. Since the update, we have received requests from users to make additional improvements to the site to ensure the same download and search functionalities from the previous site. We responded to user requests promptly, and made improvements to the data download, archives, and search functionalities. We also established an online site for users to request further enhancements that can be monitored transparently. We are committed to providing a site that meets the needs of our user communities.

In May, OMB and Treasury released the initial data standards, guidance, and other resources to federal agencies to support the implementation of the DATA Act. OMB issued a memorandum (M-15-12). "Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable." This memorandum includes guidance to federal agencies for implementing the new DATA Act requirements and outlines ongoing reporting responsibilities for USAspending.gov. The OMB memorandum also links to the data standards that are being developed. OMB, Treasury, and the relevant federal communities from the finance, procurement, budget, information technology and financial assistance lines of business have been working to develop the government-wide data standards required by the DATA Act. Fifty-seven data elements were identified and all of the definitions will be finalized by the end of the summer.

Data-Centric Approach

OMB and Treasury released information about the path forward and the data-centric approach for the DATA Act implementation. Last year, Treasury conducted a pilot to explore the feasibility of leveraging industry data exchange standards to map federal financial data to a standard taxonomy and format. This is a critical component to DATA Act implementation because much of the federal financial data resides in non-interoperable systems that cannot be readily retrieved. By labeling this data in its current location with a definition, and other characteristics such as reporting period, units of measurement and validation rules, it will allow agencies to report from the source and limit costly system improvements. Treasury's first pilot successfully demonstrated that the financial information from three federal agency financial systems could be tagged with a digital label by mapping the data to a schema. Treasury is now working on a pilot to create digital labels for the financial award data to create a similar schema. Once this work is completed, Treasury and other agencies will be able to conduct a more in-depth analysis of their own data and Treasury can display government-wide data online to provide greater transparency about what the data represents and how it can be used to create public value.

DATA Act Schema

Despite the models being pilot-tested, adopting a new format for exchanging data across the federal government will be challenging to implement. OMB and Treasury are working with the agencies to provide relevant resources to support the implementation and reduce government-wide costs. The DATA Act directs OMB and Treasury to establish government-wide financial data standards for any federal funds made available to or expended by federal agencies and entities receiving such funds. Codifying this data in standard computer readable formats (i.e., a standard data exchange) will reduce the need for costly system changes across federal agencies to collect information and will allow agencies to focus on managing the data. Accordingly, Treasury is issuing data exchange guidelines on an iterative basis that leverage industry standards to label financial and non-financial data with metadata, or structured information that describes, explains, locates, or otherwise makes it easier to transfer and consume the data. The DATA Act Schema provides a comprehensive view of the data definition standards and the related metadata, including relationship and validation rules. Put simply, the Schema is a means of organizing information related to the data standards and for communicating, or “exchanging,” the information.

In May, Treasury released a baseline DATA Act Schema for some of the financial data required by the DATA Act, which is expressed in XBRL. This DATA Act Schema will be revised periodically and additional components will be created to capture other data elements. For data transmission within the federal government and to external stakeholders, Treasury will leverage a combination of XBRL, JSON, Protocol Buffer, CSV, and other formats, as appropriate. This will allow matching of the optimal format given data volume, performance, and data presentation needs.

DATA Act Playbook

Making federal spending data accessible, searchable, and reliable provides opportunities not only to have an open, public-facing dialogue on how federal dollars are spent, but also to serve as a tool for better oversight, management decision-making, and innovation both inside and outside of government. When implemented, the DATA Act will provide the opportunity to better understand how federal programs and investments can improve the lives of the American public and make program delivery more effective.

To be successful, agencies should approach DATA Act implementation not as a compliance exercise, but rather as an opportunity to transform how agencies access, share, and use data. Treasury and OMB are taking a “data-centric” approach that helps to minimize system changes across all agencies to collect information and instead focuses on managing data in a more streamlined way. The “data-centric” approach differs from the traditional “system-centric” way of collecting, aggregating, and validating additional data from agencies via a bulk file or aggregating information in a central system, never to be reused by the agency. This approach leverages industry data exchange standards to share and utilize financial data.

To assist agencies with implementation, Treasury recommends eight key steps that can help agencies fulfill the requirements of the DATA Act by leveraging existing capabilities and streamlining implementation efforts. The eight key steps are:

1. **Organize Your Team:** Create an agency DATA Act work group including impacted communities within your agency and designate a Senior Accountability Officer (SAO);
2. **Review Elements:** Review the list of DATA Act elements and participate in data definitions standardization;
3. **Inventory Data:** Perform an inventory of agency data and associated business processes and systems;
4. **Design & Strategize:** Plan changes to systems and business processes to capture financial, procurement, and financial assistance data;
5. **Execute Broker:** Implement a “broker” at the agency. The broker is a virtual data layer at the agency that maps, ingests, transforms, validates, and submits agency data into a format consistent with the DATA Act Schema (i.e., data exchange standards).
6. **Test Broker Implementation:** Test broker outputs to ensure data is accurate and reliable;
7. **Update Systems:** Implement other system changes (e.g., establish linkages between program and financial data, and capture any new data); and
8. **Submit Data:** Update and refine process (repeat 5-7 as needed).

As agencies work to implement the DATA Act, Treasury will refine this playbook and have regular communication and workshops with agencies to provide updates on DATA Act activities, encourage agency collaboration, and share important insights and information.

Stakeholder Outreach

Since Treasury and OMB’s DATA Act implementation involves the entire federal enterprise, and impacts state and local government and the private sectors, we have made outreach a priority. From the beginning, we have worked to ensure that our many public and private stakeholders are kept informed on key milestones for the implementation and that we receive their input on our work. In September 2014, we held a town hall to inform public and private stakeholders of our work and to solicit their input on, among other things, their interests and desired outcomes from the DATA Act. Senior officials from the White House, Treasury, and all major federal agencies as well as non-federal stakeholders participated in the meeting to learn more about DATA Act implementation and to exchange ideas. We established an online spending transparency collaboration website (Github) to post information online and collect public input. We posted the proposed data standards and DATA Act Schema online for public input and have been using this input to inform our work. We held a webcast on April 15 where Dave Mader and I gave more detailed information about the vision for the DATA Act, and where our staff answered questions from a panel of stakeholders. We regularly consult with public and private stakeholders through other channels, such as at conferences and training events.

Challenges

So far, I have shared with you my views on the promise of the DATA Act, but I also must share the considerable challenges associated with its implementation. The biggest challenges that we have observed for the implementation so far are related to linking the disconnected data, change management for business process reforms, and resource limitations.

As I mentioned earlier, the data from the various financial and management systems across the government, in many instances, are not linked. For example, in many agencies the accounting systems that are used to track agency expenditures are separate from the management systems that contain the award-level data for grants, loans, other forms of financial assistance, and contracts. Creating the linkages for these data is going to be one of the biggest challenges for many federal agencies. While it might seem like a relatively straight-forward task, the volume of data and the complexity of systems make it a significant challenge. For example, on the current spending transparency website USAspending.gov, there were more than six million transactions identified for grants, loans, other financial assistance, and contracts in 2014. In addition, the DATA Act expands the data to be reported which will substantially increase the amount of data reported.

Federal agencies will also need to change current business processes for how they collect some of the data required by the DATA Act. While technology can assist in this task, it will still require significant change management leadership to make these reforms at each agency. I also need to note that the Treasury and most federal agencies will require additional resources to comply with and to realize the potential of the DATA Act. Without additional resources, the implementation will be difficult for most agencies.

Next steps

While we have made significant progress in the past year to implement the DATA Act, our work has really just begun. We still have almost two years to collect the data from across government and publish it online as required by the DATA Act. We have held two rounds of federal agency implementation workshops over the past few months and we will continue to hold workshops and forums with the agencies as the work continues. OMB and Treasury will also be releasing an updated DATA Act Schema as the data standards are completed as well as the results from the data broker pilot. We will also continue to make consultations with public and private stakeholders a priority.

The DATA Act provides the federal Government with opportunities to improve spending transparency, transform federal financial management, and stimulate ideas and innovation. Treasury looks forward to continuing to work with Congress, OMB, GAO, and the many federal agencies to help us achieve the full potential of the DATA Act and realize a transformation that will lead to better data, better decisions, and ultimately a better government.

Thank you for the opportunity to testify today. This concludes my testimony. I look forward to your questions.

Mr. HURD. Thank you, sir.
Mr. Taylor.

STATEMENT OF ROBERT A. TAYLOR

Mr. TAYLOR. Yes. Chairman Hurd, Chairman Meadows, Ranking Member Kelly, and members of the subcommittee, thank you for the opportunity to appear before you this afternoon for the hearing on DATA Act implementation. I am here to discuss our office's recent oversight report on Treasury's effort under this Act.

The DATA Act places initial responsibility for implementation squarely on Treasury and OMB, requiring that they issue guidance on government-wide financial data standards for Federal spending, ensure financial and payment information data is accurately posted and displayed on USASpending by May 2017, and then ensuring the data standards established are applied to the data made available on this Web site by May 2018.

As the DATA Act moved towards passage, Treasury Inspector General Eric Thorson, recognized that our office would hold an important oversight role. He asked that we engage Treasury early in this process. In response, we started what will be a series of audits over the next several years focused on Treasury's DATA Act efforts.

We issued our first report this past May. That report covered actions taken by Treasury as of October 31, 2014. We found that Treasury and OMB made progress in setting up an implementation approach. For example, Treasury and OMB established an executive steering committee with Mr. Mader and Mr. Lebryk. This committee is supported by an interagency advisory committee comprised of representatives from various government-wide communities to provide leadership in obtaining stakeholder buy-in.

And as Mr. Lebryk mentioned, Treasury and OMB also developed a data-centric vision for implementation. This approach focuses on managing existing data to avoid massive system changes across government. To execute the data-centric approach, Treasury and OMB created a structured divide into four general areas: Lead, implement, support, and consult, with specific workstreams under each.

While Treasury's progress is notable, we did identify concerns with project management that we believe could hinder implementation. Due to the complexities involved, Treasury is using a combination of agile and traditional project management practices. Very briefly, agile is characterized by quick, small-scale sprints to test innovative concepts and strategies to get to an end result. Traditional project management, on the other hand, is a more structured methodology that is characterized by a detailed step-by-step approach done in chronological order to achieve an end product that is clearly defined upfront.

Conceptually, the combination of these two approaches makes sense. However, we know that Treasury's project planning documents did not describe the different practices being used for each identified work stream, it did not clearly show how the tasks in the various workstreams tied together to produce desired results. Additionally, the planning documents did not fully reflect or recognize

artifacts, tools, and metrics for either an agile or traditional project management methodology.

There were also inconsistencies between the status of activities reflected in certain tracking documents, and some documents that we expected to see were either not prepared or not maintained. Furthermore, at the time, Treasury did not have a formal process to track stakeholder feedback. We also know that Treasury had some trouble filling the position of program manager, which may have contributed to some of the concerns we found. However, Treasury did fill this critical role in November 2014.

We are pleased to report that in his response to our audit, Mr. Lebryk agreed with our recommendations for strengthening project management. I also want to emphasize that the above concerns were as of a point in time, October 31 of last year, and a lot has taken place since that time.

In closing, I'd like to say that our office views the DATA Act as a critical step in providing government managers, the Congress, citizens, and the inspectors general, and GAO, for that matter, with a better tool to evaluate how government is using the resources entrusted to it. We believe that a key component is the strong oversight provision incorporated in the Act; specifically, that the Congress and inspectors general and GAO conduct a series of rigorous reviews to assess the quality of data submitted under the Act. These reviews will hopefully give users comfort and reliability of the spending information presented, something that is currently lacking with USASpending data.

This concludes my statement. I will be happy to answer any questions you may have.

[Prepared statement of Mr. Taylor follows:]

STATEMENT OF ROBERT A. TAYLOR
DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDIT
DEPARTMENT OF THE TREASURY OFFICE OF INSPECTOR GENERAL
BEFORE THE HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON INFORMATION TECHNOLOGY
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
JULY 29, 2015
1:00 PM

Chairman Hurd, Chairman Meadows, Ranking Member Kelly, Ranking Member Connolly, and Members of the Subcommittees, thank you for the opportunity to appear before you this afternoon for the hearing on "DATA Act Implementation." I will discuss our office's recent oversight report on the Department of Treasury's (Treasury) efforts to meet its responsibilities under the Digital Accountability and Transparency Act of 2014 (DATA Act).¹

Treasury Office of Inspector General

Before I discuss the details of the audit, I would like to give you some background about our office. The Treasury Office of Inspector General (OIG) is headed by Inspector General Eric Thorson, who was appointed by the President and confirmed by the Senate. We provide independent audit and investigative oversight of Treasury as well as its bureaus, excluding the Internal Revenue Service and the Troubled Asset Relief Program. We oversee Treasury programs and operations to manage Federal collections and payments systems, manage and account for the public debt, maintain government-wide financial accounting records, regulate national banks and federal savings associations, manufacture the Nation's currency and coins, collect excise taxes on alcohol and tobacco products and regulate those industries, provide domestic assistance through the Office of the Fiscal Assistant Secretary and the Community Development Financial Institutions Fund and international assistance through multilateral financial institutions, and promote lending to small businesses through the Small Business Lending Fund and the State

¹ Public Law 113-101 (May 9, 2014)

Small Business Credit Initiative programs. We also oversee the Gulf Coast Restoration Trust Fund and the Gulf Coast Ecosystem Restoration Council, an independent Federal entity.

Digital Accountability and Transparency Act of 2014

Signed into law May 9, 2014, the DATA Act, among other things, expands the Federal Funding Accountability and Transparency Act of 2006 (FFATA)² to disclose direct Federal agency expenditures; link Federal contract, loan, and grant spending information to programs of Federal agencies; and provide consistent, reliable and searchable Government-wide spending data that is displayed accurately on USAspending.gov (or a successor system) for taxpayers and policy makers.

The DATA Act places initial responsibility for implementation efforts squarely on Treasury and the Office of Management and Budget (OMB), requiring that they: (1) issue guidance on Government-wide financial data standards for Federal spending by May 2015; (2) ensure financial and payment information data is accurately posted and displayed on USAspending.gov (or a successor system) by May 2017; and (3) ensure the data standards established are applied to the data made available on the website by May 2018.

Further, the DATA Act seeks to improve the quality of data on USAspending.gov by holding Federal agencies accountable for the completeness and accuracy of the financial and payment information data submitted. This is to be accomplished by the requirement for a series of reviews by the cognizant Inspectors General, and the Comptroller General of the United States. Those reviews are to assess (1) the completeness, timeliness, quality, and accuracy of statistical samples of the data submitted under the Act and (2) compliance by the agencies with the data standards established by OMB and Treasury.

Treasury Office of Inspector General Oversight

As the DATA Act moved toward enactment, Inspector General Thorson recognized that Treasury OIG would hold a unique and important oversight role of Treasury's DATA Act implementation efforts. Accordingly, he directed our office to engage Treasury early in the implementation process. In response, we initiated what will be a series of audits over the next several years focused on Treasury's DATA Act implementation efforts. Our work is specifically focused on the requirements in Section 3, Full Disclosure of Federal Funds, and Section 4, Data Standards.

² Public Law 109-282 (Sep. 26, 2006)

Treasury Is Making Progress in Implementing the DATA Act But Needs Stronger Project Management (OIG-15-034)

Our first report in this series was issued in May 2015. The objective of this audit was to determine the sufficiency of plans and actions taken by Treasury as of October 31, 2014, to timely comply with the DATA Act. To accomplish our objective, we conducted interviews with Treasury and OMB personnel involved with the implementation. We gained an understanding of the project management practices being applied, and reviewed Treasury and OMB's DATA Act project management plans and other relevant documents. It should be noted that Treasury OIG does not have jurisdictional oversight over OMB; accordingly, our interaction with OMB personnel was limited to gathering background information and insight on the implementation process.

We found that, as of October 31, 2014, Treasury and OMB had made progress in implementing the DATA Act. However, we identified concerns with Treasury's project management practices that we believe could hinder the timely, comprehensive implementation of the program, if not addressed.

First, I would like to go over the areas where progress was evident. Treasury and OMB established an Executive Steering Committee (ESC), consisting of Treasury's Fiscal Assistant Secretary and OMB's Controller, to govern the implementation. The ESC is supported by an Interagency Advisory Committee comprised of representatives from various government-wide communities, such as the Chief Financial Officers Council, and provides leadership in obtaining stakeholder buy-in on recommendations.

Treasury and OMB developed a vision for the implementation of the Act, which they characterized as a "data-centric" approach. This approach focuses on managing existing data and seeks to avoid massive system changes across Federal agencies. The data-centric approach calls for agencies to map data from their existing systems to a standard taxonomy. Once the data is mapped, it is anticipated that data will be pulled from agency specified data warehouses, financial systems, and management systems into a virtual repository. It is anticipated that the data-centric approach will provide the necessary standards and format to enable users to query data across the government.

To execute this data-centric approach, Treasury and OMB created an implementation structure that is divided into four general areas: (1) Lead, (2) Implement, (3) Support, and (4) Consult.

Lead – As the implementation leads, Treasury and OMB began guiding the implementation approach and strategy; coordinating and/or developing policies; providing program management functions; and conducting internal and external stakeholder outreach.

Implement – This area is where most of the hands-on implementation work occurs. Treasury and OMB began work on five high-level workstreams based on the requirements of the DATA Act. These workstreams are: (1) Data Exchange Standards, (2) Blueprint/Roadmap between Data Elements, (3) Data Definition Standards, (4) Pilot to Reduce Administrative Reporting Burden, and (5) Data Analytics.

Support – Treasury began the process of reaching out to Senior Accountable Officials from Federal agencies. These high-level senior officials are accountable for the quality and objectivity of Federal spending information and are responsible for providing high-level feedback on the DATA Act implementation and workstream outputs.

Consult – In compliance with the DATA Act, Treasury and OMB began to consult with public and private stakeholders in establishing data standards. Internal stakeholders include Federal departments and agencies and Federal councils, groups, and boards. External stakeholders include state, local, and tribal governments, citizens, private industry, transparency advocacy groups, and academia. Treasury has made numerous DATA Act presentations to stakeholders. These presentations include DATA Act council/committee meetings, one-on-one meetings with agencies, outreach events, and participation in transparency advocacy groups meetings. Treasury also published a notice in the Federal Register seeking input on the establishment of financial data standards and developed webpages on Max.gov³ and GitHub.com,⁴ allowing both public and private stakeholders to provide feedback during the implementation process.

As of our audit cut-off date, Treasury and OMB had provided a vision for the implementation, initiated the work needed to execute the implementation, and developed tools designed to track the implementation's progress at a high level. However, as we looked deeper into the documentation supporting the work

³ Max.gov is a website that allows Federal agencies and their partners to collaborate across agencies by sharing information and files.

⁴ GitHub.com is a web-based open source collaboration tool based on the Git version control software which allows users to make and track changes for software development projects.

performed, we found that it lacked several key attributes called for by project management best practices.

By way of background, project management can be defined as the process of planning, organizing, motivating, and controlling resources to achieve the goals of a temporary endeavor producing a unique product, e.g., a project. There are a number of approaches for managing project activities but, regardless of the methodology employed, careful consideration must be given to the overall project objectives, timeline and cost, as well as the roles and responsibilities of all the participants and stakeholders. According to the Government Accountability Office (GAO), program management principles and best practices emphasize the importance of using a program management plan that, among other things, establishes a complete description that ties together all program activities.⁵

Due to the complexities involved in implementing the DATA Act, officials told us that it is being executed primarily using an agile approach. The agile approach, typically used in software development, involves collaboration across the Federal community and is characterized by the execution of quick, small-scale pilots to test innovative concepts and strategies for implementation. Treasury officials acknowledged that since all aspects of the implementation do not fit this approach, they are also using traditional project management practices for some workstreams. Traditional project management is a more structured project management methodology that is generally characterized by a step-by-step approach which moves the project through five stages: initiation, planning, execution, monitoring, and completion. Each stage is done in chronological order, with a stage beginning after the preceding stage has been completed.

We noted that the project planning documents that Treasury developed did not describe the different practices being used for each identified workstream and did not clearly show how the tasks in the various workstreams tied together to produce desired results. Further, the project management documents provided did not fully reflect recognized artifacts, tools, and metrics for either an agile or traditional project management methodology. Detailed project plans for certain workstreams were either incomplete or were not provided to us. We also noted inconsistencies between the statuses reflected in certain tracking documents.

⁵ GAO-11-50, *Information Technology: Opportunities Exist to Improve Management of DOD's Electronic Health Record Initiative* (Oct. 2010)

Furthermore, documentation of the results of certain meetings was not maintained and we noted that Treasury did not have a formal process to track stakeholder feedback.

The absence of expected project management documents and inconsistencies such as those described above may be attributable, in part, to the lack of definition surrounding the method of project management to be followed for each of the various implementation workstreams. In addition, Treasury's inability to timely fill the position of program manager for the implementation may have been another contributing factor. Subsequent to the completion of our fieldwork, Treasury officials did fill this important position with an internal transfer.

Overall, in our report, we recommended that project management over the DATA Act's implementation efforts be strengthened by (1) defining the project management methodology being used for each workstream, and (2) ensuring that project management artifacts appropriate to those methodologies such as project planning tools, progress metrics, and collaboration documentation are adopted and maintained. To this end, we also recommended that management ensure that the individual charged with program management have the requisite qualifications, resources, and understanding of project management methodologies used to effectively fulfill that role.

In summary, we found that Treasury has made progress toward implementing the DATA Act. Without a doubt, this implementation is a complex project involving multiple agencies and systems and the development of new data handling methodologies, coupled with aggressive deadlines. Accordingly, we emphasized in our report how critical it is for Treasury to have a well-defined project management plan overseen by a qualified program manager to facilitate the successful, timely completion of the implementation and to adequately document project activities.

Fiscal Assistant Secretary Lebryk concurred with our recommendations. Treasury recognized that there are improvements to be made with the artifacts as well as the processes for the agile approach. Mr. Lebryk's response described a number of process improvements that have been recently implemented and stated that Treasury is committed to improving workstream documentation to identify and document when the agile approach is being used. In addition, Treasury noted that it filled the program manager position with an individual who is certified in agile project management methodologies. Treasury also committed to ensure that its data transparency office program management personnel have the requisite qualifications and skills to perform the coordinating functions necessary to achieve

its larger business goal. We consider the actions taken by Treasury to be responsive to our recommendations.

Other Treasury OIG Work

As I mentioned, this audit is the first in a series of audits that we will perform on Treasury's DATA Act implementation. Our second audit in the series, focuses on the status of the implementation as of May 31, 2015. It is currently underway and will assess whether the corrective actions that Treasury has taken in response to our first audit have been sufficient. We have also initiated a review of the DATA Act implementation from the perspective of Treasury as a data reporting agency.

Conclusion

Our office views the success of DATA Act implementation as critical to providing Government managers, the Congress, and the citizens with real-time access to how the Government is using the resources entrusted to it, and to where those resources are going. We believe that key to this success is the strong oversight provision by the Inspectors General and the Comptroller General that was built into the Act. We certainly look forward to meeting that responsibility so that the users of the spending information can be assured the spending information is complete and reliable.

This concludes my prepared statement. I will be happy to answer any questions that you may have.

Mr. HURD. Thank you, Mr. Taylor.

Now I'd like to recognize Chairman Meadows for 5 minutes for questioning.

Mr. MEADOWS. Thank you, Mr. Chairman. Thank each of you for your testimony. I am going to start out very briefly, and maybe emphasize the reason why, Mr. Mader, Mr. Lebryk, why it is so critical that we get this information.

If you go back to the Wastebook of 2014, it highlights a few things in there. And so I looked at what I found egregious, and then I went and looked to try to find the information on the site for how we would make a decision on whether we should give that grant or not. And so this—I won't mention the institution, but the institution name is there, and it basically is two pages of just where they're from and the name of the institution, and then the project description is Research in Strong Interaction Theory. Now, I mean, that could mean a lot of things to a lot of people, and so—but that was the extent of the information that we had from the Federal Government.

Well, come to find out, that was a \$331,000 project that allowed parents, or individuals, to stab voodoo dolls with pins so that they could figure out if you—when you are hungry, if you are angrier. Now, most parents who have toddlers know that when they're hungry, they get cranky, and so to spend \$331,000 to stick pins in a voodoo doll may be important to someone, but when we have so many unbelievable needs out there, to make an informed decision, we need more data. And so I want to give that example. I've got more, but we won't go into those.

So, Mr. Dodaro, let me come to you. I understand there are some pilot programs that we're trying to implement. What would you believe that a good pilot program would look like?

Mr. DODARO. Well, the characteristics of a good pilot program would be clear objectives of what you would want to test, a defined time frame, clear criteria on how you are going to evaluate the pilot to know whether it was successful or not, and having good data along the way in order to be able to monitor the effective implementation of the pilot and evaluate the results of the pilot.

Mr. MEADOWS. So basically, a matrix of where you are trying to get to, some standards on what those expectations are, and then the quality of the input to see if it measures up to that so you can make an informed decision?

Mr. DODARO. Right. Right. And so you can compare it to the existing system to make sure it is going to improve the situation.

Mr. MEADOWS. All right. So as we look to do this, and the pilot programs, Mr. Mader, I know you've been working, I guess, with HHS, and what that pilot program, as it is described to me, and it may be wrong, it seems that it misses the target that Mr. Dodaro has in that, you know, it is a blog and, you know, we're putting up a few things and we're getting a little bit more information here and there, but it really is not clearly defined. So when it comes from a pilot standpoint, how can, one, do you see any deficiencies, and I guess the other is, is how can we go to improve that?

Mr. MADER. Mr. Chairman, first of all, I agree with Mr. Dodaro's description of what the critical elements are for a good pilot.

And I think with regard, specifically, to the Section 5 pilot, which is basically—if we go back to the underlying statute, it basically talked about a pilot and it talks about a report at the end of the period. And when we looked at the statute and we looked at what we know the outcome needed to be—and that really is to reduce the burden on individuals that interact with the government with regard to contracts, or with financial assistance and loans. And I think if we had taken a traditional approach of doing a study, what we would have wound up at the end of 2 years is a 3-inch binder with a series of recommendations. And I don't think that that would be satisfying to us, nor would it be satisfying to the committee, or anybody, for that matter.

So in thinking about how to construct a pilot with the intent that everybody wants, we said let's sort of think, and I will use something that Dave mentioned, is let's take a more iterative approach. Let's start working with the recipients, the stakeholders, and asking them, if you are applying for a grant, what is the burden? How difficult is it? What are things that we could improve? If you are applying—if you are going to bid on a Federal contract, how could we make that process easier? So the first part of the strategy is actually to ask the recipients, the stakeholders, what would you fix? What's broken? And that is the step that we have embarked on now.

As we gather that input from the stakeholders, then we're going to start looking at the business processes, the business practices, whether it is in financial assistance or in contracting, saying, can we change this? Can we change the practice? Can we do it now instead of 2 years from now?

So I do believe that the way we are constructing this pilot adheres to best practices, because we're just getting started. We only began a couple months ago. But I also think that this iterative approach is actually going to get us real results faster.

Mr. MEADOWS. Well, I hope you are right. The only problem that I have is, is if Mr. Dodaro's definition of what success is and you go in to the stakeholders who receive the grants and say, How do we make this better? Really it doesn't meet the requirements of what a pilot program is supposed to be, you know, with regards to the statute, you know, because it is got some pretty—you know, A, B and C there in terms of what it needs to do, and it sounds like you haven't really addressed those. Have you addressed those in your pilot?

Mr. MADER. Mr. Chairman. We are going to—we're going to—

Mr. MEADOWS. Have you already addressed them?

Mr. MADER. No. We're in the process of addressing, but we will address what's required in the statute, but I think we're going to do it in a way that actually will generate real results sooner rather than later.

Mr. MEADOWS. I will yield back since I am—you were very gracious with your time, Mr. Chairman. I will have a follow-up series of questions.

Mr. HURD. Ms. Kelly, you are recognized for 5 minutes.

Ms. KELLY. Thank you, Mr. Chair.

Mr. Dodaro, the Recovery Accountability and Transparency Board in consultation with inspector generals established the Re-

covery Operation Center, ROC, in 2009. The ROC has been successful in using enforcement and analytics in software tools to identify patterns and identify areas at risk for fraud. For example, the inspector general for the Department of Homeland Security used ROC to investigate companies that receive contracts for debris removal from Hurricane Sandy. The ROC identified contractors who had tax liens and filed for bankruptcy, as well as organizations that committed fraud previously on similar contracts.

Do you agree that ROC has been an effective tool in identifying fraud?

Mr. DODARO. Yes.

Ms. KELLY. You said that pretty emphatically.

Mr. DODARO. Well, I will tell you, we were involved in the Recovery Act implementation as well. Our job was to look at the use of the money by State and local governments, but I went over and I saw demonstrations of the ROC's capabilities. I think the Recovery Board and the IGs did an excellent job. I think there was great concern about the amount of potential fraud that could occur pushing out \$800 billion in a short period of time. And I think that their effective implementation of these sets of tools in the Recovery Operation Center led to a relatively minimal amount of identifiable fraud in that program, a lot less than people anticipated.

Ms. KELLY. Thanks.

Mr. Taylor, has the ROC also been a valuable service to the inspector general community?

Mr. TAYLOR. To some extent. I am going to defer to the GAO on that. I can speak for myself. I have not used it, but they have been doing a body of work looking at the requirements under the DATA Act. There is a requirement that Treasury consider setting up a data analytic center. When GAO informed us that they were going to do a study of that, we deferred our work.

Ms. KELLY. Okay. So under the DATA Act, Treasury can transfer the assets of the ROC to establish a data analysis center, or to simply expand an existing service.

So Mr. Dodaro, your written testimony states that the Treasury Department does not plan on transferring any of the ROC's assets. Is that correct?

Mr. DODARO. That is correct. I mean, they are engaged in transferring information and knowledge from the ROC operations. They have hired one person, who had an integral role in the ROC's area, but for various reasons that we cite in our testimony, that they told us about the age of the hardware, the proprietary nature of some of the contracts, and et cetera, no, they do not plan at this time, what they have told us, to transfer those assets, intact, over to their operations.

Ms. KELLY. And, Mr. Lebryk, is that accurate?

Mr. LEBRYK. Yes, it is.

Ms. KELLY. Okay. And, Mr. Dodaro, your testimony identifies four categories of assets that could be transferred from the ROC to Treasury. One of those is personnel.

Mr. Lebryk, has Treasury hired any employees from the ROC?

Mr. LEBRYK. Yes. We have hired several employees from the ROC, as well as have leveraged significantly kind of what they have learned in the process of operating the ROC.

Ms. KELLY. Another category of assets Treasury could obtain from the ROC is data sets. And your written testimony includes a chart that shows the data sources available to Treasury Do Not Pay Program compared to the data sources available to the ROC.

Mr. Lebryk, do you agree with GAO's assessment that there are data sets available to the ROC that are not available to Treasury Do Not Pay Program?

Mr. LEBRYK. That would be correct in the sense that the ROC had very specific authorities that were not transferred in the Act. The Act actually allows Treasury to take assets, but to not transfer the authorities of the ROC.

Ms. KELLY. And has Treasury taken any steps to use its authority under the DATA Act to obtain access to those data sets that the ROC has but Treasury does not have?

Mr. LEBRYK. So it may be useful to sort of talk about how we have approached the issue of improper payments and fraud. Treasury is very much committed to reducing improper payments across government, and we operate something called the Do Not Pay Center. The Do Not Pay Center is more comprehensive than what the ROC is doing, because what Do Not Pay is doing is over 500 million government payments have already been run through the Do Not Pay Center; that is, making sure that you are doing real-time matching against existing government payments, something the ROC was not able to do.

The second piece, which is—that is important is in Do Not Pay, we're looking at pre-award, that is, when someone's making a determination about whether they should give an award to someone, they have the ability to come in to Do Not Pay and do an assessment about whether they should give that person an award. They then have the ability prior to actually issuing award to run it against the Do Not Pay databases. And finally, there is real—thirdly, there is real-time ability that once payments are being made, to match them against the Do Not Pay database. And then finally, fourth, is the ability after a payment has been made, to do analysis to figure out whether the payment is appropriate.

So we have used the Do Not Pay Center as well as our existing capabilities and payments to use that information to do analytics and to stop improper payments, which is much more expansive than what the ROC can do today.

Our IG recently gave us an award for the ability to actually help identify and prosecute over 130 cases of fraud that was based on our payment files. So what we're doing right now is we're going by, which is something the ROC did not have the capability of doing, is analyzing all the government payments that are being made. So if a beneficiary has received a payment for the last 10 years to a bank account, and all of a sudden, it appears as though it is not going to a prepaid debit card, that may be an indication that there is fraud.

In one of the cases that was prosecuted, there were over 10 government payments being made to a single address, and we did geospace coding and sort of said where is that house that those payments are going to? And it turned out it was a warehouse. And you, therefore, can sort of say, well, that is not—those payments shouldn't have been being made that way and they're problematic.

So we have been working with the IG community to—in CIGIE to sit down and talk about how can they get better access to Do Not Pay, how can we work with them more closely to provide those services that currently are being provided by the ROC in addition to further services that we can offer to them to reduce improper payments.

Ms. KELLY. Well, congrats on the award, and my time is up. Thank you.

Mr. HURD. Mr. Walberg from Michigan is recognized for 5 minutes.

Mr. WALBERG. Thank you, Mr. Chairman. Just last week, I believe, the Oversight and Government Reform Committee approved the Taxpayer Right to Know Act, which, as you know, establishes a definition for a government program. It seems it is about time that we do that since we have plenty of programs.

It requires OMB to publish an inventory of all programs as well as its activities online, and so Mr. Dodaro, can you describe the effect of not having an established definition of “Federal program” on both transparency and the ability to conduct oversight?

Mr. DODARO. Yes, I’d be happy to. I mean, it is very problematic not having this definition. We were charged in law by the Congress 5 years ago to produce an annual report on overlap, duplication, fragmentation in the Federal Government. It took us great pains and time and effort to come up with an inventory.

For example, we identified, after a lot of work and a lot of digging, 82 programs that provided assistance for teacher quality. Not even the Department of Education had a comprehensive list of all these programs. There are 160 programs in the housing area that we eventually unearthed, but even then, we couldn’t tell how much spending was associated with these programs.

So this is a very—it is an impediment from several means, Congressman. Number one, you and other policy Members of Congress, in making decisions, can not tell what the aggregate Federal investment is in a related set of programs. This is problematic if you are trying to decide priorities and make decisions, also knowing whether you are getting a return on the investment.

The other problem we found was there wasn’t a lot of data on evaluating the success and the outcomes of Federal programs, so you did not have a lot of good inventory of the programs, you did not have a good listing of the spending associated with the programs, and what you were getting in outcomes for the programs. This is not a way to run a government. You need to have that information.

Mr. WALBERG. So implementing the DATA Act would be very difficult for OMB as well without this definition of a program.

Mr. DODARO. Yes, that is exactly right. That is one of my recommendations in our testimony today is they accelerate the DATA Act with the—the Government Performance and Results Modernization Act passed in 2010 required OMB to come up with an inventory of Federal programs. They have not yet done that. They have allotted a lot of flexibility to the agencies, and the agencies implemented it in different ways, and so you can not compare across departments and agencies.

So they agreed with our recommendation then and said they were going to defer implementation until the DATA Act was in place, which I thought was a reasonable position, but we need to get it done, and it is not yet done.

Mr. WALBERG. I guess then I'd slide over here, Mr. Mader, and ask you why has OMB then not created a Federal program and inventory to date?

Mr. MADER. Mr. Congressman, my understanding was that at the time that OMB attempted to create the inventory, they took an approach that basically went out to, and I will say, let's say the 24 major departments across government, and asked them to identify within their particular organization what programs—you know, what rose to the program level.

And then when they brought all of that data back and looked at the 24, what they couldn't do—and I think this goes to an earlier comment about duplication and overlap is you couldn't actually see across the 24 where there were common expenditures against the particular activity.

For example, there are programs that exist and are executed in different departments. They weren't able to link them because everybody defined what was important to them as a program, so—

Mr. WALBERG. When it was action and activity; is that what you are saying?

Mr. MADER. Well, it was—they identified a program, but they did not identify a program so that it was consistent with another program in a different department.

Mr. WALBERG. Okay.

Mr. MADER. So there was inconsistency, so you couldn't cross-walk that.

What we're doing now is we have, right now, 3,800-plus program activities, and in the DATA Act, what we're doing is actually refining them and ensuring that everybody understands the definition of those program activities. If you think about program activities and you think about a pyramid, to us, the program sits on top of that. Where you would have multiple program activities, that would aggregate up to a broader definition of program. And as we—

Mr. WALBERG. But you are defining those programs now?

Mr. MADER. We have not started yet, Congressman, because our goal is, first, to perfect, and we're starting to perfect the program activities, get that right across the government, and then start looking at, so when we look at a breadth of these 3,000-plus program activities, how do you aggregate that up to fewer? Because there will be fewer than 3,000 if you bring the definition up.

Mr. WALBERG. Well, my time is expired, but if I could ask just an expected date of getting to that point where you have that list of programs, is there any timeline you have on it now, based upon what you are doing already with the activities?

Mr. MADER. We don't have a timeline yet, but what we have said is that we're going to start looking at, you know, can we start that activity some time in the new fiscal year so that we run it concurrent? But as I've told Senator Lankford recently, the same people that are implementing the DATA Act will have to do this, and it is a matter of prioritization, and also the fact that program activity

is foundational to the program. So while there—while we may be able to launch the effort, our sense is that won't be finished until after May of 2017.

Mr. WALBERG. Whoa. Mr. Chairman, I guess I would say, with the Taxpayer Right to Know proposal, with the DATA Act in place now, I would encourage you to bump that up, an aggressive work to get those programs defined. That is the only way we gain control, as I understand it, gain control on what the size, scope, cost, and responsibility of government is. I yield back.

Mr. HURD. Thank you. I recognize myself for 5 minutes.

I've been in Congress for 7 months, I think that is it, and my staff makes fun of me because I say the word "outrageous" a lot, because as I learn more about how our government operates, it is pretty outrageous, and something as simple as understanding how the Federal Government spends money, I would think we'd be able to answer that question, and we can not.

And I recognize the four of you all are involved in trying to get us to a point where we can answer that question, and my understanding, and Mr. Lebryk, I think the philosophy that you all are using to try to solve this problem is a good one, and we recognize that whether it is fed 57 pieces of data that we want track, and that every agency may have one of those 57 pieces in a different database that doesn't talk to each other. Now, for me, it doesn't take 2 years to map that, right?

And so my first question is, what is the deadline for the agencies to just identify those 57 pieces of information, whether they have it or not or how they're going to get? When is the next—when is there a deadline for them to identify that?

Mr. LEBRYK. So what we have done in the—with the guidance that we set out on May 8th was we laid out the eight steps we want agencies to go through, and as I mentioned, they're in the process of doing that right now.

From that process, they put small teams together, and I think this is one of the values of the approach we're taking. It doesn't take lots of people to do this. You just need a small number of knowledgeable people to sit down and sort of look at the systems.

From that effort, we'll have a much better sense of the level—degree of difficulty to actually get to that end state. What we have done, and also part of that May 8th announcement was that by the end of this summer, agencies—early September, agencies are asked to come back what their agency implementation plan will be.

So after they have done their sort of assessment, they're going to comeback and they're going to say, this is what the degree of difficulty is, these are the resources that are necessary in order to do it.

Mr. HURD. So what resources do they need in order to look through their databases to find out if there is—you know, where that 57 pieces of information is? And Mr. Mader, you said at the beginning—and I wasn't around when the DATA Act was passed. I think it is a good thing, and we're moving in the right direction, but \$3 million to get 24 Federal agencies to map 56 pieces of information to a single database does not require 2 years and \$300 million.

This is something that I've spent time doing in the private sector, and what are we using the \$300 million for?

Mr. MADER. Mr. Chairman, that was a CBO mark. The administration asked for \$94 million in '16 and the——

Mr. HURD. So what did we use the \$94 million for? Or \$84 million?

Mr. MADER. And the House appropriations have only allocated 25 million for four agencies. And I think when you think about, let's talk——

Mr. HURD. there is programmers on staff, right, already in some of these agencies, they're collecting the information.

Mr. MADER. The information, Mr. Chairman, is being collected. There is a financial system that collects and reports information. There are acquisition systems——

Mr. HURD. Yeah.

Mr. MADER. —that collect and report——

Mr. HURD. And somebody is maintaining these systems.

Mr. MADER. —and will be——

Mr. HURD. Somebody is maintaining these systems already. Somebody is already putting data in these systems. Why do we need more people and more resources to come in, because basically, this is going to be—you are going to identify some database tables and which attributes was in those tables, and you know, run an SQL query and generate that to some place that sends it to USASpending.gov, right?

The solution is quite simple. The real problem, in my opinion, is the data that is already been entered, because now we're going to have to go back through in 24 agencies and 56 different pieces of information, folks have put in a lot of different data and probably done it the wrong way, so going back and cleaning up the data is going to be a challenge.

And Mr. Dodaro, I am interested in hearing your thoughts on how we solve that problem.

Mr. DODARO. I think that the agencies need to do the identification as you say. I don't think it should require a lot of resource to identify whether they have the 57 data elements or not. The question is, what—what's the gap between what they currently provide and what they need to do in order to come into compliance with the standards and ensure the quality of the data.

There is a lot of money being spent now by the Federal Government to produce inaccurate, incomplete data, and I think that the money, we also ought to look as to whether some of the money that is currently being spent for the systems, our estimate is there is about, in this current fiscal year, about \$900 million spent for financial management systems upgrades across the Federal Government. Some of that money potentially could be reprioritized to come into compliance with these standards.

Mr. HURD. Amen, brother. Help us identify these things because—and know this, and I recognize the endeavor that you all are taking, right, and also make sure the agencies that you are working with, because you all are going to create the framework, you've already hit the timelines that you are supposed to hit, you know, good on you all, but the agencies, better make sure that they're giving you the information that you all need in order to

move forward, because this will be something that we continue to look at as we go forward in executing our oversight role. Because this really is outrageous that we don't know how much money is being spent, and we're spending money on, you know, poking voodoo dolls when we're angry to see if you poke it more in the knots, and this is the kind of—this is the kind of stuff that needs to stop. This is the kind of stuff that I think the folks that we represent expect us to fix, and we're going to need you-all's help to do that, but also know we're watching, we're going to continue to watch, and if there is folks that are having—if there is—if there is agencies that you all are having difficulty with, please let me know.

Any further questions? Ranking member? I would like to thank our witnesses for taking the time to appear before us today. If there is no further business, without objection, the subcommittee is to stand adjourned.

[Whereupon, at 2:00 p.m., the subcommittees were adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

JUL 24 2015



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

July 23, 2015

The Honorable William Hurd
Chairman
Subcommittee on Information Technology
Committee on Oversight and Government Reform
House of Representatives

The Honorable Mark Meadows
Chairman
Subcommittee on Government Operations
Committee on Oversight and Government Reform
House of Representatives

Per your request, we are providing the enclosed responses to Representative Duckworth's post-hearing questions for the record from the Subcommittees' June 10, 2015 hearing on *The Federal Information Technology Acquisition Reform Act's Role in Reducing IT Acquisition Risk*.

Sincerely yours,

//signed//

David A. Powner
Director, Information Technology
Management Issues

Enclosure

Post Hearing Questions for the Record
Submitted to Mr. David A. Pownor
From Representative Tammy Duckworth

"The Federal Information Technology Acquisition Reform Act's Role in Reducing IT Acquisition Risk"

June 10, 2015

1. GAO added "Improving the Management of IT Acquisitions and Operations" to its 2015 High-Risk List, and has stated that the efficient implementation of FITARA requirements will help address the management problems related to IT investments. What is the potential impact of FITARA reforms on the management and oversight of IT in the federal government? What kind of cost savings could we see?

When GAO introduced "Improving the Management of IT Acquisitions and Operations" to our High-Risk List in February 2015,¹ we highlighted several critical information technology (IT) initiatives that have the potential to significantly improve the management and oversight of federal IT investments and yield substantial cost savings. These initiatives include opportunities for greater savings from data center consolidation, the need for agencies to deliver capabilities incrementally (e.g., in 12-month cycles) to reduce investment risk, improvements needed in the accuracy and reliability of investment cost and schedule data on the IT Dashboard, and the importance of identifying duplicative IT spending and achieving cost savings as part of the Office of Management and Budget's (OMB) PortfolioStat initiative.

Recognizing the importance of efforts to improve the government-wide management of IT, in December 2014, Congress enacted the Federal Information Technology Acquisition Reform provisions (commonly referred to as FITARA) as a part of the *Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*.² This law includes requirements that agencies³ report to OMB on progress in consolidating federal data centers and achieving associated cost savings, and that cost and schedule performance are adequately reflected in evaluations of major IT investments. Pursuant to FITARA, OMB must require in the annual IT capital planning guidance that agency chief information officers (CIO) certify that IT acquisitions are adequately implementing incremental development. Further, the law requires that OMB, in consultation with agency CIOs, implement a process to assist agencies in managing their IT portfolios, and that agencies ensure that CIOs have a significant role in IT programming and budgeting decisions.

¹GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

²*Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*, Pub. L. No. 113-291, division A, title VIII, subtitle D, 128 Stat. 3292, 3438-3450 (Dec. 19, 2014).

³Unless otherwise noted, the provisions apply to the agencies covered by the Chief Financial Officers Act of 1990, as amended, 31 U.S.C. § 901(b).

The new IT acquisition reform requirements codified in FITARA, when fully implemented, will further assist the federal government in implementing the key initiatives identified in our high-risk report. Further, if fully implemented, these initiatives will significantly improve the management and oversight of federal IT investments and yield substantial cost savings. For example:

- **Data Center Consolidation.** In September 2014 we reported that, between fiscal years 2011 and 2017, agencies reported planning a total of about \$5.3 billion in cost savings and avoidances due to the consolidation of federal data centers.⁴ In correspondence subsequent to the publication of our report, the Department of Defense's Office of the CIO identified an additional \$2.1 billion in savings to be realized beyond fiscal year 2017, which increased the total savings across the federal government to about \$7.4 billion.
- **Incremental Development.** We have previously reported that prior IT expenditures too often have produced failed projects—that is, projects with multimillion dollar cost overruns and schedule delays measured in years, with questionable mission-related achievements.⁵ Agencies have reported that poor-performing projects have often used a “big bang” approach—that is, projects that are broadly scoped and aim to deliver functionality several years after initiation. One approach to reducing the risks from broadly scoped, multiyear projects is to divide investments into smaller parts. By following this approach, agencies can potentially increase the likelihood that each project will achieve its cost, schedule, and performance goals; obtain additional feedback from users, increasing the probability that each successive increment and project will meet user needs; and terminate poorly performing investments with fewer sunk costs.

In 2010, OMB called for agencies’ major investments to deliver functionality every 12 months and, since 2012, every 6 months. However, in May 2014, we reported that less than half of selected investments at five major agencies planned to deliver capabilities in 12-month cycles.⁶ Accordingly, we recommended that OMB develop and issue clearer guidance on incremental development and that selected agencies update and implement their associated policies. Most agencies agreed with our recommendations or had no comment.

- **IT Dashboard.** To improve transparency in the management of billions of dollars in federal IT investments, in June 2009, OMB established a public website (referred to as the IT Dashboard) that provides detailed information on major IT investments at 27 federal agencies, including ratings of their performance against cost and schedule targets.⁷ The public dissemination of this information is intended to allow OMB, other oversight bodies, including Congress; and the general public to hold agencies accountable for results and performance.

⁴GAO, *Data Center Consolidation: Reporting Can Be Improved to Reflect Substantial Planned Savings*, GAO-14-713 (Washington, D.C.: Sept. 25, 2014).

⁵GAO, *OMB and Agencies Need to More Effectively Implement Major Initiatives to Save Billions of Dollars*, GAO-13-796T (Washington, D.C.: July 25, 2013).

⁶GAO, *Information Technology: Agencies Need to Establish and Implement Incremental Development Policies*, GAO-14-361 (Washington, D.C.: May 1, 2014).

⁷GAO, *IT Dashboard: Agencies Are Managing Investment Risk, but Related Ratings Need to Be More Accurate and Available*, GAO-14-64 (Washington, D.C.: Dec. 12, 2013).

Although the accuracy of Dashboard cost and schedule data has improved over time,⁸ in December 2013, we reported that agencies had removed major investments from the site, representing a troubling trend toward decreased transparency.⁹ For example, several of the Department of Energy's supercomputer investments had been classified as facilities, rather than IT, thus removing those investments from the Dashboard, and OMB staff stated that they had no control over such decisions. Further reducing transparency, OMB does not update the public version of the Dashboard as it and the agencies work to assist in the formulation of the President's annual budget request. Over the past several years, we have made over 20 recommendations to help improve the accuracy and reliability of the information on the IT Dashboard and to increase its availability.

- **PortfolioStat.** To better manage existing IT systems, OMB launched the PortfolioStat initiative, which requires agencies to conduct an annual, agency-wide IT portfolio review to, among other things, reduce commodity IT¹⁰ spending and demonstrate how their IT investments align with the agency's mission and business functions. In November 2013, we reported that, agencies continued to identify duplicative spending as part of PortfolioStat and that this initiative had the potential to save at least \$5.8 billion through fiscal year 2015; however, weaknesses existed in agencies' implementation of the initiative, such as limitations in the CIOs' authority.¹¹ We made more than 60 recommendations to improve OMB's and agencies' implementation of PortfolioStat. OMB partially agreed with our recommendations, and responses from 21 of the agencies varied.

More recently, in April 2015, we reported that agencies decreased their planned PortfolioStat savings to approximately \$2 billion—a 68 percent reduction from the amount they reported to us in 2013.¹² Additionally, although agencies also reported having achieved approximately \$1.1 billion in PortfolioStat-related savings, inconsistencies in OMB's and agencies' reporting make it difficult to reliably measure progress in achieving savings. Among other things, we made recommendations to OMB aimed at improving the reporting of achieved savings and OMB agreed with the recommendations.

⁸GAO, *IT Dashboard: Accuracy Has Improved, and Additional Efforts Are Under Way to Better Inform Decision Making*, GAO-12-210 (Washington, D.C.: Nov. 7, 2011).

⁹GAO-14-64.

¹⁰According to OMB, commodity IT includes services such as IT infrastructure (data centers, networks, desktop computers and mobile devices); enterprise IT systems (e-mail, collaboration tools, identity and access management, security, and web infrastructure); and business systems (finance, human resources, and other administrative functions).

¹¹GAO, *Information Technology: Additional OMB and Agency Actions Are Needed to Achieve Portfolio Savings*, GAO-14-65 (Washington, D.C.: Nov. 6, 2013).

¹²GAO, *Information Technology: Additional OMB and Agency Actions Needed to Ensure Portfolio Savings Are Realized and Effectively Tracked*, GAO-15-296 (Washington, D.C.: Apr. 16, 2015).

2. In One objective of the guidance on FITARA issued today is to strengthen agencies ability to align IT resources with agency missions, goals, programmatic priorities and statutory requirements. Can you provide an example of agency management practices in which IT resources are not aligned with agency missions or goals?

OMB's implementation guidance for FITARA states that one of the guidance's objectives is to assist agencies in establishing management practices that align IT resources with agency missions, goals, programmatic priorities, and statutory requirements.¹³ Over the past several years, we have repeatedly reported on and made recommendations to agencies to improve their IT governance and management practices. For example,

- We recently reported on the Department of Agriculture's cancellation of key systems modernization program after the initiative experienced significant cost overruns and schedule delays, deferred the majority of the envisioned features, skipped key tests, and deployed software in April 2013 that was slow and inaccurate.¹⁴ The program's cost estimates also grew from \$330 million to \$659 million and time frames were delayed from early 2014 to late 2016. Among other things, we recommended that the department establish and implement a plan for adopting recognized IT management best practices.
- We also recently found that the Department of Homeland Security's U.S. Citizenship and Immigration Services' (USCIS) currently expects that its Transformation Program will cost up to \$3.1 billion and be fully deployed no later than March 2019, which is an increase of approximately \$1 billion and delay of over 4 years from its initial July 2011 baseline.¹⁵ Changes in the investment's acquisition strategy to address various technical challenges have significantly delayed the program's planned schedule, which in turn has had adverse effects on when USCIS expects to achieve cost savings, operational efficiencies, and other benefits. While the program's two key governance bodies have taken actions aligned with leading IT management practices, neither has used reliable information to make decisions and inform external reporting. We made recommendations to the department to improve the governance and oversight of the transformation program.

Further, in our high risk report, we noted that while there have been numerous executive branch initiatives aimed at addressing issues such as those described above, implementation of the initiatives across the federal government has been inconsistent.¹⁶ As a result, over the past 5 years, we have reported numerous times on shortcomings with IT acquisitions and operations, and through December 2014, had made about 737 related recommendations, 361 of which were to OMB and agencies to improve the implementation of the recent initiatives and other government-wide, cross-cutting efforts; as of January 2015, about 23 percent of the 737 recommendations had been fully implemented.

¹³OMB, *Management and Oversight of Federal Information Technology*, Memorandum M-15-14 (Washington, D.C.; June 10, 2015).

¹⁴GAO, *Farm Program Modernization: Farm Service Agency Needs to Demonstrate the Capacity to Manage IT Initiatives*, GAO-15-506 (Washington, D.C.; June 18, 2015).

¹⁵GAO, *Immigration Benefits System: Better Informed Decision Making Needed on Transformation Program*, GAO-15-415 (Washington, D.C.; May 18, 2015).

¹⁶GAO-15-290.