Federal Funding Accountability and Transparency Act of 2006 (FFATA)

Annual Report

Office of Management and Budget

7/9/2010

This report is authorized by the Federal Funding Accountability and Transparency Act of 2006 (FFATA), which requires the Director of OMB to submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives an annual report regarding the implementation of the website established within FFATA.

Executive Summary

The Federal Funding Accountability and Transparency Act of 2006 (FFATA; Public Law 109-282; 31 U.S.C. § 6101 note) was enacted on September 26, 2006, and required the Office of Management and Budget (OMB) to "ensure the existence and operation of a single searchable website" for Federal awards," to be "accessible by the public at no cost to access."

Since its launch in 2007, USASpending.gov has provided unprecedented visibility into Federal spending on grants, contracts, loans, cooperative agreements, and other forms of financial assistance. USAspending.gov serves as a data source for educational institutions, research groups, other non-profit watch groups, governments, the press, and other members of the public focused on the analysis of Federal spending.

This Administration is committed to promoting even greater transparency of Federal spending information and fulfilling the key mandates of FFATA. This report describes current and planned activities to accomplish these goals, including an entirely rebuilt technical platform, new policies focused on improving data quality, and plans to implement subaward reporting before the end of calendar year 2010.

Background

This report is submitted pursuant to Section 2(g) of FFATA, which requires the OMB Director to submit "an annual report regarding the implementation of the website" to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Government Oversight and Reform. Each report must address the following items:

- "data regarding the usage and public feedback on the utility of the site (including recommendations for improving data quality and collection)";

- "an assessment of the reporting burden placed on Federal award and subaward recipients"; and

- "an explanation of any extension of the subaward reporting deadline" under FFATA.

As noted above, FFATA requires OMB to "ensure the existence and operation of a single searchable public website. Under FFATA, this website is to report the following information on a monthly basis:

- **Awards**: Transaction details for individual awards over $25,000 made by Federal agencies, including grants, contracts, loans, cooperative agreements, and other forms of financial assistance. (This was accomplished prior to the statutory deadline of January 1, 2008.)

- **Subawards**: Transaction details for subgrants and subcontracts over $25,000 made by recipients of Federal funding, reported in the same manner as prime awards. The statutory deadline was January 1, 2009 to complete. This has not yet been fully accomplished.

For each Federal award made, the following data is required:

- the **name of the entity** receiving the award;

- the **amount** of the award;

- information on the award including **transaction type, funding agency**, etc;

- the **location** of the entity receiving the award;

- a **unique identifier** of the entity receiving the award.

USAspending.gov was first launched in December 2007 to fulfill these requirements. The information shown on the website is provided by the Federal Agencies through six main source systems. These systems continue to drive the recently re-launched USAspending.gov platform:

FPDS-NG (Federal Procurement Data System - Next Generation)

- Data spans contract transactions from FY 2000 onwards
- Includes procurement contract transactions reported directly through the contract writing systems of approximately 65 U.S. Government, Executive Branch, departments, bureaus, agencies, and commissions
- USASpending.gov is updated with FPDS-NG data on a daily basis
- Operated by GSA (General Services Administration)

FAADS (Federal Assistance Award Data System)

- Data spans grants, direct payments and other assistance transactions prior to FY 2007 (USAspending.gov no longer receives updated data feeds from FAADS)
- Covers assistance award actions provided by the grant systems of 33 departments and agencies of the Executive branch of the Federal Government on a quarterly basis
- Operated by the U.S. Census Bureau

FAADS PLUS (Federal Assistance Award Data System PLUS)

- Data spans grants, loans, direct payments and other assistance transactions from FY 2007 onwards
- Submission format used by 31 departments and agencies of the Executive branch of the Federal Government to submit assistance award actions directly to USAspending.gov
- USASpending.gov is updated with any newly submitted FAADS PLUS data on a daily basis
- Specific data requirements are outlined in OMB Memorandum M-09-19
- Operated by GSA (General Services Administration)

SmartPay

- Contains charge card data provided by the national banks with whom master contracts are negotiated for over 350 U.S. Government agencies and departments
- Data spans micro purchases using purchase cards, travel cards and fleet cards from FY 1999 onwards
- USASpending.gov is updated with SmartPay data on a quarterly basis
- Operated by GSA (General Services Administration)

D&B (Dun & Bradstreet)

- A commercial entity (www.dnb.com) that maintains a repository of unique identifiers for most recipients (DUNS Numbers), which is a unique nine-digit sequence recognized as the universal standard for identifying a business entity and linking together corporate families
- Used to validate DUNS numbers provided by agencies to acquire the Parent Entity DUNS number based on linkage information at the time of the award
- Contract managed by GSA (General Services Administration)

CFDA (Catalog of Federal Domestic Assistance)

- Provides a full listing of Federal programs available to State and local governments (including the District of Columbia); federally-recognized Indian tribal governments; Territories (and possessions) of the United States; domestic public, quasi-public, and private profit and nonprofit organizations and institutions; specialized groups; and individuals
- Used to validate CFDA numbers and program titles provided by agencies
- USAspending.gov receives and displays data pertaining to obligations (amounts awarded for federally sponsored projects during a given budget period), not outlays or expenditures (actual cash disbursements made against each project).
- Operated by GSA (General Services Administration)

On May 19th, 2010, OMB and GSA launched a newly re-engineered USAspending.gov platform. The new USAspending.gov platform provides much improved navigation, daily data updates, more powerful search capability, and the scalability necessary to grow rapidly with to meet the increasing demands of transparency. The new USAspending.gov provides sophisticated analytical and visualization tools such as motion charts allow the display of spending across multiple dimensions such as time, spending type, agency, and location. An enhanced self-service data feed center enables the download of any dataset, empowering users to mash up spending data with other datasets to perform their own unique analysis. Hosted in a cloud computing environment, the new architecture ensures continued expandability and sustained performance as reporting datasets grow in size and complexity in the future.

Usage and Feedback

USAspending.gov has been used extensively by the public since its launch in 2007, serving as a rich source of data on Federal contracts, grants, loans, and other types of assistance. In accordance with the law and Federal policies, the USAspending.gov program management office at GSA captures limited web user statistics on the site. During calendar year 2009, GSA reported that USAspending.gov experienced an average monthly rate of 2.7 million hits, 1.26 million page views and 65,000 site visits. Common users of USAspending.gov include educational institutions, research groups, the press, governments, and other non-profit watch groups focused on the analysis of Federal spending.

Users wishing to contact USAspending.gov with questions or feedback can do so by calling the support team or directly from the website via the feedback feature. This newly enhanced feature now enables users to report data quality issues directly to the agency that submitted the data in question.

Through the various feedback mechanisms, users have suggested various improvements that have already been or are planned to be incorporated into USASpending.gov. Below, we have listed several specific suggestions for improvements, and described how USAspending.gov has responded to each suggestion:

- Data download capabilities. USAspending.gov provides a tool to allow users to download raw data in common formats such as comma separated values (CSV) and eXtensible markup language (XML). Once downloaded by the user, this data can be used to perform additional analysis or it can be archived for future reference. In the past, this feature was limited by the size of the datasets being downloaded and bandwidth limitations of the former hosting environment. The size of downloads was strictly limited to a pre-set number of records, and downloads would still often terminate (timeout) prior to completion. USAspending.gov version 2.0 directly addresses several of

these concerns with new enhanced data feed capabilities that provide virtually unlimited download capacity and improved speed.

- Search capabilities. Given the size and complexity of the USAspending.gov database, the ability to search through the millions of records is a necessity for users looking for specific things such as recipients, contracts, etc. Major improvement in the search capability since the launch of the new platform in May 2010 allows for much more robust and comprehensive searches, and incorporates the ability to narrow down search results through the use of multiple data facets.

- Accuracy of American Recovery and Reinvestment Act (ARRA) transaction data. Following the passage of ARRA, USAspending.gov attempted to identify transactions funded with ARRA funds through the use of program codes. After implementation, it was discovered that many records were found to be incorrectly tagged due to the fact that some of the existing program source accounts are being reused for ARRA programs. Guidance (OMB Memorandum M-09-19) was provided to agencies to resolve this ambiguity in future submissions by classifying funds as "NON" for non-Recovery funds or "REC" for Recovery funds. Analysis of the existing data allowed OMB to identify potentially inaccurate data and notify the appropriate agencies, resulting in greatly improved data quality.

- Frequency of data updates. User feedback revealed a demand for more frequent updates of both contracts and assistance data, both initially refreshed on USAspending.gov on a monthly basis. M-09-19 increased the frequency of assistance data collection from once per month to twice per month. With the May 2010 launch of USAspending.gov, contracts data is now refreshed on a daily basis from the FPDS system.

- Data reporting infrastructure. Early assistance data submissions to USAspending.gov were emailed by agencies to the developer and manually loaded into the database. The lack of validations and automated uploads increased the risk of data errors and late submissions. In response, the Data Submission and Validation Tool (DSVT) was developed as a mechanism through which agencies could automatically upload data and check it for errors or inconsistencies with reporting requirements. Over time the DSVT has evolved to be the primary data collection tool for assistance data, as well as for assistance and contracts program source data, as required by FFATA. The number and stringency of validation rules and the quality of the feedback continue to increase, driving improvements in the timeliness and quality of the data.

In order to foster additional collaboration and partnership with the public, we will solicit input on current transparency initiatives, the challenges and burdens faced by stakeholders in increasing transparency, technical and logistical obstacles, and additional efforts to improve

federal spending transparency and USASpending.gov. OMB will ask for ideas and recommendations on how interested parties outside the government and the various professional disciplines within the Government – policy, budget and appropriations, procurement, finance, and technology operations – can best work together to define and develop a long-range vision for optimal transparency. This dialogue will be vital to inform the next steps in the Administration's effort to promote transparency.

A clear lesson from the Federal government's experience with Recovery.gov is that, given the numerous stakeholders involved in the Federal spending process and the complexity of underlying systems, all efforts to improve transparency must include thoughtful consideration of the costs and benefits of various implementation approaches. This consideration should be guided by a long-range vision of how optimal transparency will be achieved.

Status of Subaward Reporting

On April 6, 2010, the Deputy Director for Management at OMB issued the Memorandum for Senior Accountable Officials over the Quality of Federal Spending Information, which requires all agencies to implement the requirement to collect subaward data by October 1, 2010. A copy of this guidance is included in the Appendix of this report.

Recipients, sub-recipients, contractors, and sub-contractors should be prepared to report on applicable grants, contracts, and orders awarded, as soon as practicable after the sub-grant or sub-contract (or a subsequent change to the sub-grant or sub-contract) has been made, but no more than 30 days after that date. Subaward reporting will apply to sub-grants and sub-contracts for the first-tier subawards. Proposed changes to the Federal Acquisition Regulation and policy guidance on reporting of grants will be released in the 3rd quarter of FY 2010 to allow time for implementation by October 1, 2010.

The following guidance has already been or will be published to facilitate recipient reporting on subawards to USAspending.gov:

- **In May 2010:** OMB issued interim final guidance requiring agencies to add a new standard award term and condition on the collection and reporting of sub-grant information through the first-tier sub-recipient.

- **By July 2010:** OMB will issue an enterprise architecture of how existing systems, platforms, business processes, databases, and technologies will be used to report, collect, or pre-populate subaward information. To leverage existing capability, several systems may be used to collect sub-grant and sub-contract data. However, it is anticipated that the sub-grant and sub-contract data will be reported into a single website, hereby known as USAspending.gov/reporting, whether directly reported into

the solution or uploaded by feeder systems. Agencies will have until December 2010 to comply with the requirements outlined in the architecture guidance, including necessary system modifications and testing.

- **By August 2010:** OMB will finalize necessary guidance, regulations, forms, and other documents, as appropriate. To optimize pre-population, OMB will issue guidance on the data elements and definitions within a Federal spending data model that would enable source data to be used wherever possible. This guidance will also address data quality requirements and expectations for subaward information.

In addition to guidance, enhancements to the USAspending.gov technical platform will be made in accordance with the updated architecture to store, display and share subaward data as soon as the first reports are collected. The newly reengineered USAspending.gov platform will provide the necessary expandability and performance to preclude the need for additional system capacity to accommodate the vast amount of new data and additional requirements.

Reporting Burden

Prime award transactions on USAspending.gov are currently submitted solely by the awarding Federal agencies. To-date, no FFATA reporting requirements exist for prime award recipients. All data on prime contracts, those made directly between a government agency and a vendor, is reported by agencies via the Federal Procurement Data System (FPDS). All first-tier assistance data is submitted by agencies on a monthly basis directly to USAspending.gov via a flat file format called FAADS+. Subaward data is not currently collected in USAspending.gov, although plans are underway to begin subaward reporting to begin in FY 2011.

Because USAspending.gov does not currently collect recipient or sub-recipient reporting from non-Federal entities, there is no reportable public burden at this time. The closest proxy currently available to estimate burden of subaward reporting is experience collecting such data as part of the American Recovery and Reinvestment Act (ARRA). The following data was reported to OMB in 2009 to estimate annual data collection burden required by the RATB.

Title	Responses	Hours Burden	Cost Burden
Section 1512 Data Elements - Federal Financial Assistance (ICR 200912-0430-001)	313,280	814,528	$55,450,560
FederalReporting.gov Recipient Registration System	88,000	7,333	$498,667

Because ARRA spending represents only a fraction of total annual Federal expenditures subject to FFATA, the actual number of responses, and most likely hours and cost will be substantially higher for USAspending.gov reporting. However, planned improvements made through pre-population of reporting forms should help to greatly reduce the hours and cost per response.

One of the key lessons learned from Recovery Act implementation with respect to data quality was the need for pre-population of key data elements. The goal for USAspending.gov/reporting is to provide the pre-population of some data fields to ensure quality data and minimize unintended data entry errors by sub-recipients. Using currently available agency data through feeder systems will maximize pre-population and greatly reduce reporting burden for the public.

Given the numerous stakeholders involved in the federal spending process and the complexity of underlying systems, all efforts to improve transparency must include thoughtful consideration of the costs and benefits of various implementation approaches. This consideration should be guided by a long-range vision of how optimal transparency will be achieved.

In order to foster additional collaboration and partnership with the public, we will solicit input on current transparency initiatives, the challenges and burdens faced by stakeholders in increasing transparency, technical and logistical obstacles, and additional efforts to improve federal spending transparency. OMB will ask for ideas and recommendations on how interested parties outside the government and the various professional disciplines within the Government – policy, budget and appropriations, procurement, finance, and technology operations – can best work together to define and develop a long-range vision for optimal transparency. This dialogue will be vital to inform the next steps in the Administration's effort to promote transparency.

Appendix A – Recent Guidance on FFATA Implementation

Attachment 1 - M-10-06 – Open Government Directive (December 8, 2009)

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

December 8, 2009

M-10-06

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
                 Director

SUBJECT: Open Government Directive

In the Memorandum on Transparency and Open Government, issued on January 21, 2009, the President instructed the Director of the Office of Management and Budget (OMB) to issue an Open Government Directive. Responding to that instruction, this memorandum is intended to direct executive departments and agencies to take specific actions to implement the principles of transparency, participation, and collaboration set forth in the President's Memorandum. This Directive was informed by recommendations from the Federal Chief Technology Officer, who solicited public comment through the White House Open Government Initiative.

The three principles of transparency, participation, and collaboration form the cornerstone of an open government. Transparency promotes accountability by providing the public with information about what the Government is doing. Participation allows members of the public to contribute ideas and expertise so that their government can make policies with the benefit of information that is widely dispersed in society. Collaboration improves the effectiveness of Government by encouraging partnerships and cooperation within the Federal Government, across levels of government, and between the Government and private institutions.

This Open Government Directive establishes deadlines for action. But because of the presumption of openness that the President has endorsed, agencies are encouraged to advance their open government initiatives well ahead of those deadlines. In addition to the steps delineated in this memorandum, Attorney General Eric Holder earlier this year issued new guidelines[1] for agencies with regard to the Freedom of Information Act (FOIA). With those guidelines, the Attorney General reinforced the principle that openness is the Federal Government's default position for FOIA issues.

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[1] http://www.usdoj.gov/ag/foia-memo-march2009.pdf

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This memorandum requires executive departments and agencies to take the following steps toward the goal of creating a more open government:

1. **Publish Government Information Online**

   To increase accountability, promote informed participation by the public, and create economic opportunity, each agency shall take prompt steps to expand access to information by making it available online in open formats.[2] With respect to information, the presumption shall be in favor of openness (to the extent permitted by law and subject to valid privacy, confidentiality, security, or other restrictions).

   a. Agencies shall respect the presumption of openness by publishing information online (in addition to any other planned or mandated publication methods) and by preserving and maintaining electronic information, consistent with the Federal Records Act and other applicable law and policy. Timely publication of information is an essential component of transparency. Delays should not be viewed as an inevitable and insurmountable consequence of high demand.

   b. To the extent practicable and subject to valid restrictions, agencies should publish information online in an open format that can be retrieved, downloaded, indexed, and searched by commonly used web search applications. An open format is one that is platform independent, machine readable, and made available to the public without restrictions that would impede the re-use of that information.

   c. To the extent practical and subject to valid restrictions, agencies should proactively use modern technology to disseminate useful information, rather than waiting for specific requests under FOIA.

   d. Within 45 days, each agency shall identify and publish online in an open format at least three high-value data sets (see attachment section 3.a.i) and register those data sets via Data.gov. These must be data sets not previously available online or in a downloadable format.

   e. Within 60 days, each agency shall create an Open Government Webpage located at http://www.[agency].gov/open to serve as the gateway for agency activities related to the Open Government Directive and shall maintain and update that webpage in a timely fashion.

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[2] The Federal Government has defined information in OMB Circular A-130, "*Management of Federal Information Resources*," as any communication or representation of knowledge such as facts, data, or opinions presented in any medium or format.

 f. Each Open Government Webpage shall incorporate a mechanism for the public to:

  i. Give feedback on and assessment of the quality of published information;

  ii. Provide input about which information to prioritize for publication; and

  iii. Provide input on the agency's Open Government Plan (see 3.a.).

 g. Each agency shall respond to public input received on its Open Government Webpage on a regular basis.

 h. Each agency shall publish its annual Freedom of Information Act Report in an open format on its Open Government Webpage in addition to any other planned dissemination methods.

 i. Each agency with a significant pending backlog of outstanding Freedom of Information requests shall take steps to reduce any such backlog by ten percent each year.

 j. Each agency shall comply with guidance on implementing specific Presidential open government initiatives, such as Data.gov, eRulemaking, IT Dashboard, Recovery.gov, and USAspending.gov.

2. Improve the Quality of Government Information

To improve the quality of government information available to the public, senior leaders should make certain that the information conforms to OMB guidance on information quality[3] and that adequate systems and processes are in place within the agencies to promote such conformity.

 a. Within 45 days, each agency, in consultation with OMB, shall designate a high-level senior official to be accountable for the quality and objectivity[4] of, and internal controls over, the Federal spending information publicly disseminated

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[3] Information Quality Act, Pub. L. No. 106-554, section 515; see also, "Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies" (67 FR 8452) and your agency's Information Quality Act guidelines.

[4] The Federal Government has defined quality and objectivity in, "Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies" (67 FR 8452). Quality is "...the encompassing term, of which 'utility,' 'objectivity,' and 'integrity' are the constituents." "'Objectivity' focuses on whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner, and as a matter of substance, is accurate, reliable, and unbiased."

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through such public venues as USAspending.gov or other similar websites. The official shall participate in the agency's Senior Management Council, or similar governance structure, for the agency-wide internal control assessment pursuant to the Federal Managers' Financial Integrity Act.[5]

b. Within 60 days, the Deputy Director for Management at OMB will issue, through separate guidance or as part of any planned comprehensive management guidance, a framework for the quality of Federal spending information publicly disseminated through such public venues as USAspending.gov or other similar websites. The framework shall require agencies to submit plans with details of the internal controls implemented over information quality, including system and process changes, and the integration of these controls within the agency's existing infrastructure. An assessment will later be made as to whether additional guidance on implementing OMB guidance on information quality is necessary to cover other types of government information disseminated to the public.

c. Within 120 days, the Deputy Director for Management at OMB will issue, through separate guidance or as part of any planned comprehensive management guidance, a longer-term comprehensive strategy for Federal spending transparency, including the Federal Funding Accountability Transparency Act and the American Reinvestment and Recovery Act. This guidance will identify the method for agencies to report quarterly on their progress toward improving their information quality.

3. **Create and Institutionalize a Culture of Open Government**

To create an unprecedented and sustained level of openness and accountability in every agency, senior leaders should strive to incorporate the values of transparency, participation, and collaboration into the ongoing work of their agency. Achieving a more open government will require the various professional disciplines within the Government – such as policy, legal, procurement, finance, and technology operations – to work together to define and to develop open government solutions. Integration of various disciplines facilitates organization-wide and lasting change in the way that Government works.

a. Within 120 days, each agency shall develop and publish on its Open Government Webpage an Open Government Plan that will describe how it will improve transparency and integrate public participation and collaboration into its activities.

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[5] The implementing guidance for the Federal Managers' Financial Integrity Act can be found in OMB Circular A-123, *"Management's Responsibility for Internal Control."*

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Additional details on the required content of this plan are attached. Each agency's plan shall be updated every two years.

b. Within 60 days, the Federal Chief Information Officer and the Federal Chief Technology Officer shall create an Open Government Dashboard on www.whitehouse.gov/open. The Open Government Dashboard will make available each agency's Open Government Plan, together with aggregate statistics and visualizations designed to provide an assessment of the state of open government in the Executive Branch and progress over time toward meeting the deadlines for action outlined in this Directive.

c. Within 45 days, the Deputy Director for Management at OMB, the Federal Chief Information Officer, and the Federal Chief Technology Officer will establish a working group that focuses on transparency, accountability, participation, and collaboration within the Federal Government. This group, with senior level representation from program and management offices throughout the Government, will serve several critical functions, including:

    i. Providing a forum to share best practices on innovative ideas to promote transparency, including system and process solutions for information collection, aggregation, validation, and dissemination;

    ii. Coordinating efforts to implement existing mandates for Federal spending transparency, including the Federal Funding Accountability Transparency Act and the American Reinvestment and Recovery Act; and

    iii. Providing a forum to share best practices on innovative ideas to promote participation and collaboration, including how to experiment with new technologies, take advantage of the expertise and insight of people both inside and outside the Federal Government, and form high-impact collaborations with researchers, the private sector, and civil society.

d. Within 90 days, the Deputy Director for Management at OMB will issue, through separate guidance or as part of any planned comprehensive management guidance, a framework for how agencies can use challenges, prizes, and other incentive-backed strategies to find innovative or cost-effective solutions to improving open government.

4. **Create an Enabling Policy Framework for Open Government**

Emerging technologies open new forms of communication between a government and the people. It is important that policies evolve to realize the potential of technology for open government.

5

a. Within 120 days, the Administrator of the Office of Information and Regulatory Affairs (OIRA), in consultation with the Federal Chief Information Officer and the Federal Chief Technology Officer, will review existing OMB policies, such as Paperwork Reduction Act guidance and privacy guidance, to identify impediments to open government and to the use of new technologies and, where necessary, issue clarifying guidance and/or propose revisions to such policies, to promote greater openness in government.

Nothing in this Directive shall be construed to supersede existing requirements for review and clearance of pre-decisional information by the Director of the Office of Management and Budget relating to legislative, budgetary, administrative, and regulatory materials. Moreover, nothing in this Directive shall be construed to suggest that the presumption of openness precludes the legitimate protection of information whose release would threaten national security, invade personal privacy, breach confidentiality, or damage other genuinely compelling interests.

If you have any questions regarding this memorandum, please direct them to opengov@omb.eop.gov or call Nicholas Fraser, Information Policy Branch, Office of Information and Regulatory Affairs, Office of Management and Budget at (202) 395-3785.

Attachment

Open Government Plan

1. **Formulating the Plan:** Your agency's Open Government Plan is the public roadmap that details how your agency will incorporate the principles of the President's January 21, 2009, Memorandum on Transparency and Open Government into the core mission objectives of your agency. The Plan should reflect the input of (a) senior policy, legal, and technology leadership in your agency and (b) the general public and open government experts. It should detail the specific actions that your agency will undertake and the timeline on which it will do so.

2. **Publishing the Plan:** Consistent with the deadlines set forth in this Directive, the Plan should be published online on the agency's Open Government Webpage in an open format that enables the public to download, analyze, and visualize any information and data in the Plan.

3. **Components of the Plan:**

   a. **Transparency:** Your agency's Open Government Plan should explain in detail how your agency will improve transparency. It should describe steps the agency will take to conduct its work more openly and publish its information online, including any proposed changes to internal management and administrative policies to improve transparency. Specifically, as part of your Plan to enhance information dissemination, your agency should describe how it is currently meeting its legal information dissemination obligations,[6] and how it plans to improve its existing information dissemination practices by providing:

      i. A strategic action plan for transparency that (1) inventories agency high-value information currently available for download; (2) fosters the public's use of this information to increase public knowledge and promote public scrutiny of agency services; and (3) identifies high value information not yet available and establishes a reasonable timeline for publication online in open formats with specific target dates. High-value information is information that can be used to increase agency accountability and responsiveness; improve public knowledge of the agency and its operations; further the core mission of

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[6] Paperwork Reduction Act, Pub L. No. 104-13, section 3506(d).

7

the agency; create economic opportunity; or respond to need and demand as identified through public consultation.

ii. In cases where the agency provides public information maintained in electronic format, a plan for timely publication of the underlying data. This underlying data should be in an open format and as granular as possible, consistent with statutory responsibilities and subject to valid privacy, confidentiality, security, or other restrictions. Your agency should also identify key audiences for its information and their needs, and endeavor to publish high-value information for each of those audiences in the most accessible forms and formats. In particular, information created or commissioned by the Government for educational use by teachers or students and made available online should clearly demarcate the public's right to use, modify, and distribute the information.

iii. Details as to how your agency is complying with transparency initiative guidance such as Data.gov, eRulemaking, IT Dashboard, Recovery.gov, and USAspending.gov. Where gaps exist, the agency should detail the steps the agency is taking and the timing to meet the requirements for each initiative.

iv. Details of proposed actions to be taken, with clear milestones, to inform the public of significant actions and business of your agency, such as through agency public meetings, briefings, press conferences on the Internet, and periodic national town hall meetings.

v. A link to a publicly available website that shows how your agency is meeting its existing records management requirements.[7] These requirements serve as the foundation for your agency's records management program, which includes such activities as identifying and scheduling all electronic records,[8] and ensuring the timely transfer of all permanently valuable records to the National Archives.

vi. A link to a website that includes (1) a description of your staffing, organizational structure, and process for analyzing and responding to FOIA requests; (2) an assessment of your agency's capacity to analyze, coordinate, and respond to such requests in a timely manner,

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[7] 36 CFR Subchapter B – Records Management.

[8] E-Government Act of 2002, Pub L. No. 107-347, section 207(e).

together with proposed changes, technological resources, or reforms that your agency determines are needed to strengthen your response processes; and (3) if your agency has a significant backlog, milestones that detail how your agency will reduce its pending backlog of outstanding FOIA requests by at least ten percent each year. Providing prompt responses to FOIA requests keeps the public apprised of specific informational matters they seek.

vii. A description or link to a webpage that describes your staffing, organizational structure, and process for analyzing and responding to Congressional requests for information.

viii. A link to a publicly available webpage where the public can learn about your agency's declassification programs, learn how to access declassified materials, and provide input about what types of information should be prioritized for declassification, as appropriate. Declassification of government information that no longer needs protection, in accordance with established procedures, is essential to the free flow of information.[9]

b. **Participation:** To create more informed and effective policies, the Federal Government should promote opportunities for the public to participate throughout the decision-making process. Your agency's Open Government Plan should explain in detail how your agency will improve participation, including steps your agency will take to revise its current practices to increase opportunities for public participation in and feedback on the agency's core mission activities. The specific details should include proposed changes to internal management and administrative policies to improve participation.

    i. The Plan should include descriptions of and links to appropriate websites where the public can engage in existing participatory processes of your agency.

    ii. The Plan should include proposals for new feedback mechanisms, including innovative tools and practices that create new and easier methods for public engagement.

c. **Collaboration:** Your agency's Open Government Plan should explain in detail how your agency will improve collaboration, including steps the agency

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[9] Executive Order 12958, Classified National Security Information.

will take to revise its current practices to further cooperation with other Federal and non-Federal governmental agencies, the public, and non-profit and private entities in fulfilling the agency's core mission activities. The specific details should include proposed changes to internal management and administrative policies to improve collaboration.

    i. The Plan should include proposals to use technology platforms to improve collaboration among people within and outside your agency.

    ii. The Plan should include descriptions of and links to appropriate websites where the public can learn about existing collaboration efforts of your agency.

    iii. The Plan should include innovative methods, such as prizes and competitions, to obtain ideas from and to increase collaboration with those in the private sector, non-profit, and academic communities.

d. **Flagship Initiative:** Each agency's Open Government Plan should describe at least one specific, new transparency, participation, or collaboration initiative that your agency is currently implementing (or that will be implemented before the next update of the Open Government Plan). That description should include:

    i. An overview of the initiative, how it addresses one or more of the three openness principles, and how it aims to improve agency operations;

    ii. An explanation of how your agency engages or plans to engage the public and maintain dialogue with interested parties who could contribute innovative ideas to the initiative;

    iii. If appropriate, identification of any partners external to your agency with whom you directly collaborate on the initiative;

    iv. An account of how your agency plans to measure improved transparency, participation, and/or collaboration through this initiative; and

    v. An explanation of the steps your agency is taking to make the initiative sustainable and allow for continued improvement.

e. **Public and Agency Involvement:** Your agency's Open Government Plan should include, but not be limited to, the requirements set forth in this

10

attachment. Extensive public and employee engagement should take place during the formation of this plan, which should lead to the incorporation of relevant and useful ideas developed in that dialogue. Public engagement should continue to be part of your agency's periodic review and modification of its plan. Your agency should respond to public feedback on a regular basis.

11

Attachment 2 - Open Government Directive – Framework for the Quality of Federal Spending Information (February 8, 2010)

DEPUTY DIRECTOR
FOR MANAGEMENT

February 8, 2010

MEMORANDUM FOR SENIOR ACCOUNTABLE OFFICIALS OVER THE QUALITY OF
FEDERAL SPENDING INFORMATION

FROM: Jeffrey D. Zients
                Deputy Director for Management

SUBJECT: Open Government Directive – Framework for the Quality of Federal Spending
                Information

Transparency and accountability are two fundamental objectives of this Administration. As the stewards
of taxpayer dollars, agencies should be transparent about how Federal funds are spent and be held
accountable for ensuring that the funds are spent properly and judiciously.

The Open Government Directive, M-10-06, issued on December 8, 2009, instructs executive
departments and agencies to take specific actions to implement the principles of transparency,
participation, and collaboration. The Directive required agencies to be accountable for the quality of
Federal spending information that is publicly disseminated through such public venues as
USASpending.gov and other similar websites, and to work to improve the quality and integrity of that
information.

Challenges exist, however, with the quality of the Federal spending information. Such challenges
include duplication of data, missing transactions and data elements, and inaccurate or untimely data.
This document outlines a data quality framework that agencies should adopt in improving the quality of
federal spending information that is publicly disseminated. Agencies should take steps to ensure that the
data disseminated complies with applicable standards on information quality[1] and that adequate internal
controls are in place to ensure the integrity of the data released to the public.

Federal spending information is designed to inform the public on how and where tax dollars are being
spent to provide transparency to the Federal government's operations. Agencies should coordinate
internally and leverage existing processes to the greatest extent practical when developing and
implementing the data quality framework.

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[1] The Office of Management and Budget (OMB) established government-wide standards "for ensuring and maximizing" the quality of information (Section
515 of the Treasury and General Government Appropriations Act, 2001 (Pub. L. No. 106-554, 44 U.S.C. § 3516 note), commonly known as the
"Information Quality Act" (IQA)) disseminated by Federal agencies. The standards are available at:
http://www.whitehouse.gov/omb/assets/omb/fedreg/reproducible2.pdf

1

Federal spending information includes financial[2] and associated performance or programmatic data disseminated to the public. This memorandum focuses on the financial data, but, in many cases, the underlying concepts may be applicable to performance and programmatic data as well. Additional guidance on the application of this framework to performance and programmatic data is forthcoming.

Data Quality Framework for Federal Spending Information

Agencies should ensure that information on Federal spending is objective and of high quality. Accordingly, agencies should place an internal controls[3] environment over the preparation and dissemination of financial data. This must include implementing an organizational structure, policies, processes, and systems in order to achieve the following three objectives: (1) effectiveness and efficiency of the operations producing and disseminating financial information, (2) reliability of the financial information reported, and (3) compliance with applicable laws and regulations.

The data quality framework for Federal spending information should encompass the five sections below. The concepts and phrases used in this framework can be further understood in reviewing OMB's Circular No. A-123, *Management's Responsibility for Internal Control* (A-123).

Governance

The Senior Accountable Official, as designated by your respective agencies, should coordinate and collaborate across multiple offices. The Senior Accountable Official should leverage the Senior Management Council, or similar governance body, for this coordination and collaboration. The Senior Management Council as addressed in OMB Circular A-123, is a cross-functional governance body within your departments and agencies responsible for assessing the effectiveness of internal controls and monitoring the corrections of deficiencies identified in those controls.

Under this framework, the Senior Management Council should play a critical role identifying aspects of the collection, analysis, and dissemination processes that present a threat to the accuracy, completeness, and timeliness of Federal spending data. It should identify criteria and measures for assessing the quality of agency spending data and the data collection, analysis, and dissemination processes. Using these criteria, it should also review and report on the quality of agency data systems, identify and correct weaknesses in Federal spending data quality, and establish and update agency guidance.

Risk Assessment

To improve the quality of Federal spending information, agencies should, via the governance framework above, use a risk-based approach in reviewing the existing processes and systems used to compile the information and assess the existence of risks in the current environment. Since Federal spending information can widely vary, agencies will need to separately identify those risks. Examples of risks could include, but are not limited to, privacy, confidentiality, and security violations or restrictions; errors; or incomplete data. For those processes or systems that are identified as posing the most risk of misstating or misrepresenting Federal spending information, agencies should redesign or improve those processes or systems. Some significant circumstances that could affect the level of risk include:

    a. Complexity or magnitude of programs, operations, transactions

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[2] For purposes of the framework, Federal spending information includes, but is not limited to, financial data (budgetary and accounting) that has acquisition, program, and/or performance data linked to and reported with that financial data, which is disseminated to the public.
[3] The OMB's Circular No. A-123, *Management's Responsibility for Internal Control* (A-123) defines management's overall responsibility for internal control.

2

b. Significant new or changed programs or operations
c. Use of estimates
d. Inadequate policy over data processes
e. Extent of manual processes or applications
f. Decentralized versus centralized reporting
g. New personnel or significant personnel changes
h. New or revamped information systems or technology
i. New or amended laws, regulations, or accounting standards
j. Findings from Third-party reviews (e.g., Government Accountability Office or Inspector General reports)
k. Information which, when published individually or combined with other public data, could harm national security, invade personal privacy, or unduly influence market conditions

Each agency should identify key data elements that involve the greatest risk of data quality problems, as well as those data elements of particular interest to the public. Based on the results of each agency's risk assessment, agencies should establish appropriate controls over the information, with greater controls over higher risk areas than lower risk areas.

General Governing Principles and Control Activities

Governing Principles
Agencies should implement control activities to ensure the quality and integrity of the data, while also leveraging existing processes and activities. There are several key governing principles of data quality that agencies should aim to achieve.

a. *Presentation and disclosure*:
    i. Present information in a logical and coherent format with all relevant information included
    ii. Place information in proper context, so it is clear and understandable
    iii. Cross-reference information to the same data in other datasets to ensure accuracy
b. *Existence and occurrence*:
    i. Report information that resulted from activities or events that occurred
    ii. Make available adequate[4] and well documented support of activities or events
    iii. Ensure that the support for the information is consistent with government-wide guidance[5]
c. *Rights and obligations*:
    i. Own and be responsible for the information reported and thus ensure adequate internal controls over that data
d. *Completeness*:
    i. Present all required information
    ii. Implement processes to ensure data completeness, such as using control totals[6]
e. *Valuation*:

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[4] The definition of "adequate support" is determined by each individual agency.
[5] For example, OMB Circular A-123, A-123 Appendix A, general information quality standards, and the Federal Acquisition Regulation.
[6] Agencies should conduct an analysis of the differences between the control totals of the information within the agency's systems and the information reported publicly.

3

   i. Assign the information a correct value
   ii. Verify information for reliability consistency within the agency[7] and with external sources[8]

While these principles are typically followed for financial data, the underlying concepts can likely be applied to performance and programmatic data as well. Additional guidance on the practical application of these principles to performance and programmatic data is forthcoming. As an initial step, the principles should be applied to financial information. Each principle, however, may not apply to all data.

Control Activities
Agencies should perform or use control activities to mitigate risks of misstating, misrepresenting, or losing its information. Several examples of policies, procedures, and mechanisms that agencies should have in place include:

  a. Proper segregation of duties (separate personnel with the authority to initiate a transaction, process the transaction, and review the transaction)
  b. Physical controls and security protocols over assets (limited access to inventories or equipment)
  c. Physical controls and security protocols over access to systems, including information systems
  d. Controls over data center operations
  e. Management of systems and information contained therein, including software acquisition and maintenance
  f. Appropriate documentation regarding these controls

Controls should also be designed to ensure that transactions are properly authorized and processed accurately and that the data is valid and complete. Due to the rapid changes in information technology, controls must also be updated to remain effective.

Communications
Agencies should establish a communications strategy to engage with the public either through websites, social media, or other collaborative efforts. This communication strategy should be incorporated in the overall Open Government Plan. It is important that agencies communicate relevant, reliable, and timely information within and outside their organizations. Agencies are required not only to provide more information at a quicker pace, but also to solicit feedback and collaborate with the public via websites or social media.

Monitoring
Agencies should monitor their data quality for accuracy, timeliness, and completeness. As required by OMB[9], existing reviews, processes, testing, and risk mitigation activities should be leveraged to the greatest extent possible. Through reviews and testing, agencies should identify deficiencies in the data

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[7] For example, multiple systems capturing the same data elements should produce the same information
[8] For example, obligational data in the general ledger should be consistent with obligational data reported to Treasury and the OMB, or contract data reported and Federal Procurement Data System should be consistent with similar information reported on public websites
[9] OMB Circular No. A-123, Appendix A, Internal Control over Financial Reporting, OMB Circular No. A-11, Section 230.5, Assessing the completeness and reliability of performance data, OMB Memorandum Conducting Acquisition Assessments under OMB Circular A-123, M-09-15 Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009,

M-10-08 Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates,

4

quality, as well as the governance, policies, risk assessment, systems and processes, communications, or monitoring. As a result, agencies shall implement and document corrective actions to address the identified deficiencies.

Agencies should develop performance measures to track the accuracy, timeliness, and completeness of Federal spending information. Performance measures may be posted publicly and will assist agencies in monitoring the effectiveness of its current systems and processes and inform on potential changes to the controls.

Data Quality Plans

Each agency must submit to OMB its data quality plan that implements and is consistent with the framework required above. As required by A-123, agencies should already have internal control programs and plans they can leverage for their data quality plans. This data quality plan is the initial step in an iterative process. The plan submitted should encompass the current processes implemented at the agencies. Additional implementation guidance and tools will be published to assist agencies with data quality improvement efforts. As the government-wide long-term strategy is developed and implemented, agencies' data quality plans shall evolve accordingly.

Each data quality plan must be certified[10] by the Senior Accountable Official. The certification should include the following language:

> *"In connection with the plans detailing information disseminated, as required by the Open Government Directive, the undersigned [TITLE] hereby certifies that the information contained in the attached plan materially represents the identity and other relevant information over the quality and integrity of Federal spending information."*

The data quality plan should include two sections.

Section 1: Implementation of the Data Quality Framework

Section 1 shall describe how the agency will implement the data quality framework outlined in this guidance specifically focused on Federal spending data as follows:

    a. **Governance Structure.** Describe the governance structure and process for providing oversight and improvement of data quality. As noted above, agencies are strongly encouraged to leverage existing governance structures like the Senior Management Council to coordinate agency-wide efforts. Provide the names and titles of the chair and members of the governance body and of the supporting staff to the governance body, frequency of meetings, and the agenda setting process.

    b. **Risk Assessment.** Describe the risk assessment process utilized by the agency and state the high risk areas identified in the assessment; e.g., whether security or privacy issues may arise when the public links related information that has been published separately.

    c. **General Governing Principles and Control Activities.** Describe the policies and procedures implemented relevant to ensure the quality and integrity of Federal spending information. Provide a schedule for review and updating of these policies and procedures. Describe how the policies and procedures address the increased volume of information made publicly available and

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[10] Certification includes a signature and date.

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the swiftness by which the information is disseminated; e.g., moving from a quarterly or annual dissemination to a monthly dissemination.

    d. **Communications.** Describe the policies and procedures implemented that govern communications with the public and the solicitation of public feedback on Federal spending information; e.g., public website soliciting feedback or collaboration with the public. In addition, identify the central office responsible for disseminating the Federal spending information and how that office interacts with the governance body providing oversight for data quality.

    e. **Monitoring.** Describe the process to develop performance measures and provide the performance metrics currently being used to monitor the quality of spending information. In addition, identify the Federal spending information data sets currently made available to the public and any upcoming data sets that will be made available within the next six months.

Section 2: USASpending.gov Data

Section 2 should describe how the agency data quality plan and control processes, discussed in Section 1, will be applied specifically to Federal spending information submitted for USASpending.gov.

The plan should address the following categories of data separately to accommodate the different types of risks associated with each category.

    a. *Grants*: Mandatory grants, discretionary grants, and cooperative agreements should be reported under the general category of grants

    b. *Loans*: Direct loans, loan guarantees, and defaulted guaranteed loans should be reported under the general category of loans

    c. *Contracts*: Federally awarded contracts should be reported under the general category of contracts

    d. *Other Assistance*: Insurance, direct assistance payments, or other types of assistance should be reported under the general category of other assistance

Within each data category listed above, the agency should discuss how it compiles, reviews, and monitors the quality of data provided to USASpending.gov. If improvements are required, the agency should include a timeline with major milestones to complete such actions.

    a. *Compile*

        i. List the specific subcategories of awards applicable to your agency (i.e., contracts, direct loans, loan guarantees, defaulted guaranteed loans, mandatory grants, discretionary grants, cooperative agreements, insurance, direct assistance, or other types of assistance) and whether your agency is currently reporting on all types

        ii. Provide the steps for compiling and reporting the data, by the four spending categories defined above (grants, loans, contracts, and other assistance)

        iii. Provide the amount of time elapsed between the execution of the transaction and reporting that transaction to USASpending.gov; e.g., execution and reporting of a transaction occurs within the same month, or with a one month lag, etc

    b. *Review*

        i. Describe the general steps performed during the review process, including identifying the management personnel responsible for reviewing the data prior to submission

6

    ii.   Describe the process to ensure consistency of Federal spending information submitted to USASpending.gov with similar data reported through other venues; (e.g., reported CFDA numbers are consistent with those reported in CFDA programs on www.cfda.gov, obligation/funding amount agrees with obligated balances reported to Treasury and the OMB via FACTS II/SF-133 on a quarterly basis)

    iii.   Describe the process to ensure completeness of the Federal spending information; e.g., use of control totals

c. *Monitor*
    i.   Provide metrics used internally to monitor the timeliness, completeness, and accuracy of data provided to USASpending.gov

    ii.   Provide deficiencies already identified by your agency regarding USASpending.gov information – missing data, erroneous data, delayed reporting, etc

In addition to the plan described above, agencies should complete a template in OMB's MAX system describing the current quality of their Federal spending information in USASpending.gov. Agencies will be separately notified when the template and detailed instructions for populating the template are available on MAX, but no later than March 1st. The template will be required to be updated quarterly until target data quality levels are achieved and sustained.

Submission
Agency data quality plans are due to OMB by April 14, 2010 to Gary Stofko at gstofko@omb.eop.gov. OMB will review the plans and provide initial feedback by April 30, 2010. OMB and agencies will have ongoing discussions on the plans working toward a target of May 14, 2010 to finalize the plans. OMB will require periodic updates to the plans and use portions of the plans to facilitate measurement of progress in the agency's data quality improvement efforts through the potential dashboards that will be publicly available.

Attachment 3 - Open Government Directive – Federal Spending Transparency (April 6, 2010)

DEPUTY DIRECTOR
FOR MANAGEMENT

April 6, 2010

MEMORANDUM FOR SENIOR ACCOUNTABLE OFFICIALS OVER THE QUALITY OF
FEDERAL SPENDING INFORMATION

FROM: Jeffrey D. Zients
               Deputy Director for Management

SUBJECT: Open Government Directive – Federal Spending Transparency

As detailed in the Open Government Directive issued by the Director of the Office of
Management and Budget (OMB) on December 8, 2009, transparency is a cornerstone of an open
government. This Administration is committed to making federal expenditures of taxpayer
dollars transparent to the public by providing readily accessible, complete, accurate, and usable
federal spending data.

Full and easy access to information on government spending promotes accountability by
allowing detailed tracking and analysis of the deployment of government resources. Such
tracking and analysis allow both the public and public officials to gauge the effectiveness of
expenditures and to modify spending patterns as necessary to achieve the best possible results.
Transparency also gives the public confidence that we are properly managing its funds. This
memorandum is a major step, building on the achievements of and the lessons learned from
implementing the American Recovery and Reinvestment Act (Recovery Act), toward further
instilling a culture of transparency in federal spending.

As required by the mandates set forth in the Open Government Directive, this memorandum
provides guidance by:

- Establishing an October 1, 2010 deadline for Federal agencies to initiate sub-award
  reporting pursuant to P.L.109-282 the Federal Funding Accountability and Transparency
  Act (Transparency Act) and provide a timeline for additional guidance to assist in
  meeting the goals established therein;

- Initiating new requirements for Federal agencies to maintain metrics on the quality and
  completeness of Federal spending data provided pursuant to the Transparency Act;

- Announcing the release of the new USAspending.gov website.

The Transparency Act required OMB to "ensure the existence and operation of a single
searchable website" for Federal awards. Since January 2008, Federal agencies have been
submitting Federal spending information to USAspending.gov on Federal contracts, grants,

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cooperative agreements, loans, and other financial assistance. This information has provided more transparency into the Federal government's spending than was previously available. Despite this progress, further steps are necessary to enhance transparency and meet the important mandates of the Transparency Act. An important goal is to improve the quality of the data currently available. Much more needs to be done to ensure the accuracy and the completeness of the data. Today's memorandum requires Federal agencies to take steps that will produce significant improvements in data quality.

A clear lesson from the Federal government's experience with the Recovery.gov website is that, given the numerous stakeholders involved in the federal spending process and the complexity of underlying systems, all efforts to improve transparency must include thoughtful consideration of the costs and benefits of various implementation approaches. This consideration should be guided by a long-range vision of how optimal transparency will be achieved.

In order to foster additional collaboration and partnership with the public, we will solicit input on current transparency initiatives, the challenges and burdens faced by stakeholders in increasing transparency, technical and logistical obstacles, and additional efforts to improve federal spending transparency. OMB will ask for ideas and recommendations on how interested parties outside the government and the various professional disciplines within the Government – policy, budget and appropriations, procurement, finance, and technology operations – can best work together to define and develop a long-range vision for optimal transparency. This dialogue will be vital to inform the next steps in the Administration's effort to promote transparency.

We look forward to working with you as we implement the key actions outlined in the guidance to achieve our mutual goals. If you have any questions regarding this memorandum, please contact Debra Bond, Deputy Controller of the Office of Federal Financial Management/OMB.

Attachment

Guidance for Federal Spending Transparency

This guidance sets forth transparency requirements that Federal agencies must meet for Federal spending information reporting, including the implementation of sub-award reporting and quarterly steps for monitoring data quality improvements.

A. General Overview

1. What are the main components of this guidance?

The guidance focuses on three areas:

1. <u>Implementation of a policy to require the collection and reporting on sub-award data.</u> To date, agencies have reported contract or award information only at the prime level for transparency purposes. Under this guidance, sub-award information will now be required to be collected and reported.

2. <u>Improvement to the data quality of information on Federal awards.</u> Agencies will be required to improve the timeliness, completeness, and accuracy of Federal spending information. Quarterly metrics on the data quality of the Federal government's spending website, USAspending.gov, will be displayed publicly.

3. <u>Enhancement of the technological capabilities of USAspending.gov.</u> OMB will launch new tools and capabilities that will be available to users to view and analyze Federal spending data.

2. What requirements under the Open Government Directive and the Federal Funding Accountability and Transparency Act of 2006 are being met by this guidance?

OMB Directive M-10-06 tasked OMB with issuing separate guidance on Federal spending transparency by April 7, 2010, to include addressing the Transparency Act and the Recovery Act requirements, as well as requiring quarterly reporting on agency progress towards improving information quality. This guidance does both by requiring sub-award reporting, beginning on October 1, 2010, through a single searchable website, USAspending.gov, and defining metrics agencies will use quarterly to measure progress towards improving data quality.

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3. What is the governance structure for Federal spending transparency?

Governance for Federal spending transparency is a shared responsibility of OMB and agencies. Beginning in April 2010, OMB will convene the Senior Accountable Officials (SAOs) over Federal spending data quality, as well as key representatives from the Chief Acquisition Officer and grants communities as the overarching Federal Steering Committee on Spending Transparency. OMB will convene sub-working groups across these communities on the key elements in this guidance.

B. Sub-award Data Reporting

1. What is the requirement for sub-award reporting and when will recipients be expected to comply?

All agencies shall implement the requirement to collect sub-award data by October 1, 2010. Recipients, sub-recipients, contractors, and sub-contractors should be prepared to report on applicable grants[1], contracts, and orders awarded, as soon as practicable after the sub-grant or sub-contract (or a subsequent change to the sub-grant or sub-contract) has been made, but no more than 30 days after that event.

2. Does the requirement for sub-award reporting apply to existing and new awards?

The guidance only applies to new grants, new contracts, and new task and delivery orders that are awarded after October 1, 2010. In addition, some contracts types (e.g., IDIQ contracts) may need modification to require sub-award reporting.

3. What types of awards are subject to sub-award reporting?

Sub-award reporting will apply to sub-grants and sub-contracts for the first-tier sub-awards. The following example illustrates a first-tier sub-grant. The Department of Energy awards a grant to the State of Arizona and the State of Arizona awards a sub-grant to the city of Phoenix. In this example, the Department of Energy currently submits information to USAspending.gov on the Federal award to the State of Arizona. The new requirement to collect information on sub-awards will now require the submission of information on the sub-grant from the State of Arizona to the city of Phoenix and subsequent posting of that data onto USAspending.gov. In the case of a federal contract, a first-tier subcontractor is any supplier, distributor, vendor, or firm that furnishes supplies or services directly to a federal government prime contractor. For

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[1] For the purposes of this guidance, the terminology "grants" also includes cooperative agreements.

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example, a federal agency enters into a contract with ABC, Inc. who, in turn, awards a subcontract to XYZ, Inc. to assist ABC in fulfilling their federal contract. ABC, Inc. is the prime contractor, solely responsible to the government for fulfillment of the contract. XYZ, Inc. is a first-tier subcontractor responsible to ABC, Inc. for their sub-contracted effort. The new requirement to collect information on first-tier sub-contracts will now require ABC, Inc. to collect and report information from XYZ, Inc. Beginning in FY 2011, sub-award reporting will be required for all recipients awarded grants or contracts valued over $25,000[2] pursuant to upcoming OMB or FAR regulation and guidance.

In accordance with the Transparency Act, "[a]ny entity that demonstrates to the Director of the Office of Management and Budget that the gross income, from all sources, for such entity did not exceed $300,000 in the previous tax year of such entity shall be exempt from the requirement to report subawards…until the Director determines that the imposition of such reporting requirements will not cause an undue burden on such entities."

During FY 2012 and in consultation with Federal agencies and non-Federal stakeholders, OMB will consider whether additional categories of financial assistance, such as loans, should be subject to first-tier sub-award reporting.

4. How is the term sub-award defined for the purpose of this guidance?

A sub-award generally means a monetary award made as a result of an award to a grant recipient or contractor to a sub-recipient or sub-contractor, respectively. The term includes first-tier sub-awards, and does not include awards made by a first-tier sub-recipient or sub-contractor to a lower tier sub-recipient or sub-contractor.

5. What are the required data elements in the Transparency Act, as amended?

The Transparency Act, as amended identifies the following data elements:

- Name of the entity receiving the award;
- Amount of the award;
- Information on the award including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic

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[2] The $25,000 threshold has been established to align with the Transparency Act's definition of "Federal award" which "does not include individual transactions below $25,000."

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Assistance number (where applicable), program source[3], and an award title descriptive of the purpose of each funding action;

- Location of the entity receiving the award and the primary location of performance under the award, including the city, State, congressional district, and country;
- A unique identifier[4] of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity;
- The names and total compensation of the five most highly compensated officers of the entity if--
   (i) the entity in the preceding fiscal year received—
      (I) 80 percent or more of its annual gross revenues in Federal awards; and
      (II) $25,000,000 or more in annual gross revenues from Federal awards; and
   (ii) the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986;
- Other relevant information specified by the Office of Management and Budget in subsequent guidance or regulation.

6. When will OMB issue guidance to clarify the administration, technology, and processes for the collection of sub-award reporting?

May 2010 – OMB will issue interim final guidance requiring agencies to add a new standard award term and condition on the collection and reporting of sub-grant information through the first-tier sub-recipient. OMB will also modify existing standard forms and other documents as appropriate. These modifications will be subject to the Paperwork Reduction Act and the Privacy Act, as applicable.

In addition, the Federal Acquisition Regulation (FAR) Council will issue an interim rule to include a new clause in federal contracts to capture sub-contractor information and to provide additional guidance to agencies.

July 2010 – OMB will issue an enterprise architecture of how existing systems, platforms, business processes, databases, and technologies will be used to report, collect, or pre-populate sub-award information. To leverage existing capability, several systems may be used to collect

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[3] For the purposes of reporting to USAspending.gov, 'program source' is defined as the 'Treasury Account Symbol (TAS)', as it has been documented in previous guidance regarding FFATA reporting, M-09-19.

[4] For the purposes of reporting to USAspending.gov, the "unique identifier" is defined as the entity's DUNS number, as it has been documented in previous guidance regarding FFATA reporting, M-09-19.

6

sub-grant and sub-contract data. However, it is anticipated that the sub-grant and sub-contract data will be reported into a single website, hereby known as USAspending.gov/reporting, whether directly reported into the solution or uploaded by feeder systems. As a guiding principle, OMB will look to build off existing platforms in developing an integrated approach in order to ease burden and leverage existing investments (e.g., FederalReporting.gov, the Electronic Subcontractor Reporting System (eSRS), etc.). Agencies will have until December 2010 to comply with the requirements outlined in the architecture guidance, including necessary system modifications and testing.

As necessary, OMB will also issue a set of instructions and requirements on the access and registration protocols for reporting. In addition, OMB will verify the data standards and reporting specifications already in use or update them as necessary. The requirements will also include the information on data standards and structure to promote consistent reporting across agencies. OMB will leverage existing registration processes to minimize associated administrative burden.

August 2010 – OMB will finalize necessary guidance, regulations, forms, and other documents, as appropriate. OMB will also finalize any necessary changes to existing data standards and reporting specifications. To optimize pre-population, OMB will issue guidance on the data elements and definitions within a Federal spending data model that would enable source data to be used wherever possible. This guidance will also address data quality requirements and expectations for sub-award information.

September 2010 – Agencies must complete revisions to their guidance, as appropriate.

7. Will the USAspending.gov/reporting site have data pre-population?

Yes. One of the key lessons learned from Recovery Act implementation with respect to data quality was the need for pre-population of key data elements. The goal for USAspending.gov/reporting is to provide the pre-population of some data fields to ensure quality data and minimize unintended data entry errors by sub-recipients. Using currently available agency data through feeder systems will maximize pre-population.

C. Data Quality for Federal Agency Reporting on USAspending.gov

This section applies to the quality of Federal agency data submitted to USAspending.gov, as outlined in the memorandum issued by OMB's Deputy Director for Management on February 8, 2010, Open Government Directive – Framework for the Quality of Federal Spending Information. This section does not apply to the data quality of sub-recipient or sub-contractor

data addressed in Section B of this guidance. The responsibilities for data quality of sub-recipient or sub-contractor data will be addressed in separate guidance from OMB.

1. **What metrics will be used to determine the quality of information on USAspending.gov?**

OMB will require agency reporting on three key metrics: timeliness, completeness, and accuracy[5].

2. **What is the overall data quality goal and when will agencies be expected to achieve it?**

The goal is to move toward 100% of awards data being reported on time, complete, and accurate (free of error) by the end of fourth quarter FY 2011, with interim milestones.

In order to achieve this goal, and as required in the memorandum issued by OMB's Deputy Director for Management on February 8, 2010, <u>Open Government Directive – Framework for the Quality of Federal Spending Information</u>, Federal agencies will establish a data quality framework for Federal spending information, including a governance structure, risk assessments, control activities, communication strategy, and monitoring program. Each agency will submit to OMB a plan addressing these components of the data quality framework. Each plan must also include a section on the current internal controls over the information Federal agencies submit to USAspending.gov.

OMB will work with agencies to establish a baseline metric of the timeliness, completeness, and accuracy of data currently submitted to USAspending.gov. Once a baseline has been established, the agencies will be required to submit a supplement to their data quality plans addressing actions the agencies will take to improve the internal control framework over the data submitted to USAspending.gov and to improve the quality of the actual Federal spending information submitted to USAspending.gov. Additional information on the metrics, baseline, and supplement to the data quality plans will be forthcoming.

3. **What are the key deliverable dates and milestones for data quality with respect to USAspending.gov?**

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[5] In general, timeliness is the percentage of transactions reported within 30 days, completeness is the percentage of transactions containing all data elements required by the Transparency Act, and accuracy is the percentage of transactions that are complete and do not have inconsistencies with systems of record or other authoritative sources (e.g., CFDA and program source). More detailed definitions of the metrics will be available in separate guidance. For more information, see Question 4, Section C of this guidance.

- April 14, 2010 – Agencies submit data quality plans to OMB, including a section on information submitted to USAspending.gov
- April 30, 2010 – OMB provides feedback on plans
- May 14, 2010 – Agencies finalize first data quality plans with SAO certification
- Quarterly beginning in FY 2011 - Agencies will achieve at least a 10% improvement in data quality for each metric

4. **What are the agency requirements for establishing baseline performance metrics for data quality?**

In an effort to improve the quality of information submitted to USAspending.gov, a dashboard containing metrics for timeliness, completeness, and accuracy will be publicly displayed (after the baseline has been established) and updated quarterly. The public dashboards will be displayed beginning in FY 2010 for each agency and each type of award, including Federal contracts, grants, loans, and other financial assistance.

The initial baseline of data quality metrics will be available on OMB's MAX system. Each Federal agency will need to review its baseline metrics. Any discrepancies that an agency identifies with the data on OMB's MAX system should be communicated to OMB as soon as possible since the baseline will be used for the public dashboard and provide the basis for the supplement to the data quality plans. The dashboard will provide the public the ability to monitor agencies' progress in improving the timeliness, completeness, and accuracy of Federal awards information. Agencies will be expected to provide interim milestones and targets in the supplement to the data quality plans such that the agencies will meet the data quality targets outlined in Question 3 of Section C. OMB will monitor the agencies' progress on meeting their milestones.

D. Technology Enhancements to USAspending.gov

1. What is USAspending.gov?

USAspending.gov is a platform that will enable Federal compliance with the Transparency Act and enable future growth of reporting on federal spending. It was launched in January 2008, and currently has information on grants and contracts at the prime award level.

2. What is the plan for upgrading USAspending.gov?

In coordination with GSA, OMB will launch a new USAspending.gov platform in a cloud environment to enhance the usability of the information posted and accommodate the significant future growth expected for the site, including sub-award reporting. The new site will also include new dashboards for presentation of the data by agency, by recipient, or by location. The site will also greatly improve the ability of members of the public to download raw data to perform their own analysis. OMB will launch a new version of USAspending.gov in the spring of 2010.

3. What is the governance of USAspending.gov?

Beginning in April 2010, OMB will establish the USAspending.gov Control Board. The purpose of the Board is to coordinate the policies and systems that support the collection and presentation of data on federal contracts, grants, loans, and other spending. This Board will consist of the Federal CIO, who is responsible for representing the technology community and enterprise architecture; the Federal Controller, who is responsible for representing the financial management and grants community; and the Administrator for Federal Procurement Policy, who is responsible for representing the procurement community. The Board will ensure that the USAspending.gov system meets the intent of the Transparency Act and considers the needs and interests of the functional communities, such as contracts, grants, and loans communities. The Board will seek to better align USAspending.gov reporting with source data. The functional owners will consult with their community advisors to ensure their interests are adequately and accurately reflected. As needed, a Change Control Board will be developed to implement the decision and modifications agreed to by the Control Board.

FEDERAL FUNDING ACCOUNTABILITY AND
TRANSPARENCY ACT OF 2006

Public Law 109–282
109th Congress

An Act

To require full disclosure of all entities and organizations receiving Federal funds.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Funding Accountability and Transparency Act of 2006".

SEC. 2. FULL DISCLOSURE OF ENTITIES RECEIVING FEDERAL FUNDING.

(a) DEFINITIONS.—In this section:

(1) ENTITY.—The term "entity"—

(A) includes, whether for profit or nonprofit—

(i) a corporation;

(ii) an association;

(iii) a partnership;

(iv) a limited liability company;

(v) a limited liability partnership;

(vi) a sole proprietorship;

(vii) any other legal business entity;

(viii) any other grantee or contractor that is not excluded by subparagraph (B) or (C); and

(ix) any State or locality;

(B) on and after January 1, 2009, includes any subcontractor or subgrantee; and

(C) does not include—

(i) an individual recipient of Federal assistance; or

(ii) a Federal employee.

(2) FEDERAL AWARD.—The term "Federal award"—

(A) means Federal financial assistance and expenditures that—

(i) include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance;

(ii) include contracts, subcontracts, purchase orders, task orders, and delivery orders;

(B) does not include individual transactions below $25,000; and

(C) before October 1, 2008, does not include credit card transactions.

(3) SEARCHABLE WEBSITE.—The term "searchable website" means a website that allows the public to—

(A) search and aggregate Federal funding by any element required by subsection (b)(1);

(B) ascertain through a single search the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(i), by fiscal year;

(C) ascertain through a single search the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(ii), by fiscal year; and

(D) download data included in subparagraph (A) included in the outcome from searches.

(b) IN GENERAL.—

(1) WEBSITE.—Not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section, section 204 of the E-Government Act of 2002 (Public Law 107–347; 44 U.S.C. 3501 note), and the Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.), ensure the existence and operation of a single searchable website, accessible by the public at no cost to access, that includes for each Federal award— Deadline.

(A) the name of the entity receiving the award;

(B) the amount of the award;

(C) information on the award including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;

(D) the location of the entity receiving the award and the primary location of performance under the award, including the city, State, congressional district, and country;

(E) a unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and

(F) any other relevant information specified by the Office of Management and Budget.

(2) SCOPE OF DATA.—The website shall include data for fiscal year 2007, and each fiscal year thereafter.

(3) DESIGNATION OF AGENCIES.—The Director of the Office of Management and Budget is authorized to designate one or more Federal agencies to participate in the development, establishment, operation, and support of the single website. In the initial designation, or in subsequent instructions and guidance, the Director may specify the scope of the responsibilities of each such agency.

(4) AGENCY RESPONSIBILITIES.—Federal agencies shall comply with the instructions and guidance issued by the Director of the Office of Management and Budget under paragraph (3), and shall provide appropriate assistance to the Director upon request, so as to assist the Director in ensuring the existence and operation of the single website.

(c) WEBSITE.—The website established under this section—

(1) may use as the source of its data the Federal Procurement Data System, Federal Assistance Award Data System, and Grants.gov, if all of these data sources are searchable through the website and can be accessed in a search on the website required by this Act, provided that the user may—

(A) specify such search shall be confined to Federal contracts and subcontracts;

(B) specify such search shall be confined to include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance;

(2) shall not be considered in compliance if it hyperlinks to the Federal Procurement Data System website, Federal Assistance Award Data System website, Grants.gov website, or other existing websites, so that the information elements required by subsection (b)(1) cannot be searched electronically by field in a single search;

Public comments.

(3) shall provide an opportunity for the public to provide input about the utility of the site and recommendations for improvements;

Deadline.

(4) shall be updated not later than 30 days after the award of any Federal award requiring a posting; and

(5) shall provide for separate searches for Federal awards described in subsection (a) to distinguish between the Federal awards described in subsection (a)(2)(A)(i) and those described in subsection (a)(2)(A)(ii).

(d) SUBAWARD DATA.—

(1) PILOT PROGRAM.—

Deadline.

(A) IN GENERAL.—Not later than July 1, 2007, the Director of the Office of Management and Budget shall commence a pilot program to—

(i) test the collection and accession of data about subgrants and subcontracts; and

(ii) determine how to implement a subaward reporting program across the Federal Government, including—

(I) a reporting system under which the entity issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement; and

(II) a mechanism for collecting and incorporating agency and public feedback on the design and utility of the website.

(B) TERMINATION.—The pilot program under subparagraph (A) shall terminate not later than January 1, 2009.

(2) REPORTING OF SUBAWARDS.—

(A) IN GENERAL.—Based on the pilot program conducted under paragraph (1), and, except as provided in subparagraph (B), not later than January 1, 2009, the Director of the Office of Management and Budget—

(i) shall ensure that data regarding subawards are disclosed in the same manner as data regarding other Federal awards, as required by this Act; and

(ii) shall ensure that the method for collecting and distributing data about subawards under clause (i)—

(I) minimizes burdens imposed on Federal award recipients and subaward recipients;

(II) allows Federal award recipients and subaward recipients to allocate reasonable costs for the collection and reporting of subaward data as indirect costs; and

(III) establishes cost-effective requirements for collecting subaward data under block grants, formula grants, and other types of assistance to State and local governments.

(B) EXTENSION OF DEADLINE.—For subaward recipients that receive Federal funds through State, local, or tribal governments, the Director of the Office of Management and Budget may extend the deadline for ensuring that data regarding such subawards are disclosed in the same manner as data regarding other Federal awards for a period not to exceed 18 months, if the Director determines that compliance would impose an undue burden on the subaward recipient.

(e) EXCEPTION.—Any entity that demonstrates to the Director of the Office of Management and Budget that the gross income, from all sources, for such entity did not exceed $300,000 in the previous tax year of such entity shall be exempt from the requirement to report subawards under subsection (d), until the Director determines that the imposition of such reporting requirements will not cause an undue burden on such entities.

(f) CONSTRUCTION.—Nothing in this Act shall prohibit the Office of Management and Budget from including through the website established under this section access to data that is publicly available in any other Federal database.

(g) REPORT.—

(1) IN GENERAL.—The Director of the Office of Management and Budget shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives an annual report regarding the implementation of the website established under this section.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) data regarding the usage and public feedback on the utility of the site (including recommendations for improving data quality and collection);

(B) an assessment of the reporting burden placed on Federal award and subaward recipients; and

(C) an explanation of any extension of the subaward reporting deadline under subsection (d)(2)(B), if applicable.

(3) PUBLICATION.—The Director of the Office of Management and Budget shall make each report submitted under paragraph (1) publicly available on the website established under this section.

Public information.

SEC. 3. CLASSIFIED INFORMATION.

31 USC 6101 note.

Nothing in this Act shall require the disclosure of classified information.