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Mr. Chairman and members of the Committee, I want to thank you for the opportunity to appear before you today to discuss the activities of the Recovery Accountability and Transparency Board (the Board), to include the recipient reporting period that just ended last month. I will be glad to answer any questions you have for me after my opening remarks.

Much has transpired since I last testified before this Committee in March, but I would like to jump to the end, as it were, by providing some data on the most recent major event that has occurred – namely, recipient reporting. Overall, the Board's two websites – the inbound reporting site FederalReporting.gov and the public-facing portal Recovery.gov – worked concurrently as intended during the historic first reporting period. On October 1st, recipients of Recovery funds began reporting on their use of those funds. From October 1st to October 10th, prime recipients and subrecipients filed more than 113,000 award reports. Since this was the first time that recipients were submitting data reports and some states had been encountering technical challenges in filing bulk reports for their recipients, the Board decided to have FederalReporting.gov remain open for reporting until October 20th. During this 10-day "grace period," late filers were permitted to submit their required quarterly reports; however, they were also required to explain their reasons for delayed reporting. These late filers are identified as such on Recovery.gov. In all, there were approximately 17,000 late filers identified on Recovery.gov, about 13 percent of the total submissions. I expect those late submitters will be prepared to file timely in January.

Between October 11th and 29th, prime recipients, awarding agencies, and the Office of Management and Budget (OMB) reviewed the recipient reports for inaccuracies. During this same period, prime recipients and subrecipients worked together to correct errors in the data they had submitted. As a result of this data quality process, about 21 percent of the recipient reports were modified. These changes are chronicled on a separate web page for all users to see and are also downloadable for more technologically experienced users.

On October 15th, the recipient-reported information on federal contracts was posted on Recovery.gov, representing approximately 7 percent of the total funds being tracked by Recovery.gov. When the Board posted the reports on October 15th, traffic on the website jumped 52 percent from its daily average of 19,000 visitors to 28,895 visitors. Users logged on from 137 countries and territories. The largest number of visitors were from California, followed by New York, and then the District of Columbia. On that date, the website also reported that more than 30,000 jobs had been created or saved through the use of those federal contracting dollars.

On October 30th, the second, larger wave of data – that reported by recipients of non-federal contracts, grants and loans – was also displayed on Recovery.gov. In the aggregate,

recipients reported on the award of almost $158 billion in Recovery funds and counted approximately 640,000 jobs created or saved through the use of Recovery funds.

As expected, the process for this first reporting period was not completely free of difficulties. We know that some recipients experienced unacceptable wait times to reach the technical helpdesk, which at its height of operations was running seven days a week with more than 60 helpdesk personnel. The helpdesk ultimately handled over 31,000 separate recipient contacts.

The Board was also very pleased with the effectiveness and utility of the High Volume Coordinator (HVC) program, which was created to assist state and local governments with their reporting obligations. With leadership from the USDA Forest Service, coordinators from more than a dozen agencies participated in state conference calls and answered questions, meeting the HVC's goal of a 24-hour average response time in providing solutions to state and city Recovery officials. The HVC program was positively received by the state and city participants, who praised the personalized responsiveness and coordinators' ability to provide the right answers quickly to ensure compliance with the requirements of the American Recovery and Reinvestment Act (Recovery Act). For example, seven states – six of which were batch reporters with a significant number of recipient reports – ran into last-minute errors on October 10th, but the HVC program resolved their problems within hours.

While it is still too soon to make pronouncements on lessons learned, even at this early stage we can reflect on some matters that may affect the next rounds of reporting. While there were very few technical difficulties with the reporting process, that is not to say that recipients did not encounter problems on their end, either in reporting or in their ability to digest the guidance. As you undoubtedly know, OMB created a large amount of guidance on reporting; however, there were apparently still some reporting questions that recipients were unable to solve even with that abundance of assistance. Accordingly, we will continue to do our part to help craft solutions to solve the problems of the largest number of recipients.

The reporting problems can be divided into two categories: inaccurate data and noncompliance. First, the data initially reported was riddled with inaccuracies and contradictions. For example, a misplaced decimal made it look as though a company was awarded a $10 billion contract, when it had really been awarded a $10 million contract. Another obvious error: more than one entity put the dollars awarded in the data field for jobs created or saved.

These mistakes do not surprise me, however, and in a serendipitous way, they are not unequivocally bad. In reality, this data should serve in the long run as evidence of what transparency can achieve. In the past, this data would have been scrubbed from top to bottom before its release, and the agencies would never have released the information until it was perfect. You – and the American public – are now seeing what agencies have seen, internally, in the past. And what we are all seeing, at least following this first reporting period, is not particularly pretty. This raw-form, unsanitized data may cause embarrassment for some agencies and recipients, but my expectation is that any embarrassment suffered will encourage self-correcting behavior and lead to more accurate reporting in the future.

In addition to incorrect data, the second major reporting problem was the considerable number of recipients who did not report. The Board believes that the number of non-reporting prime recipients exceeds early OMB estimates. As a law enforcement type, I believe that there needs to be a penalty of some sort for non-filers. The Recovery Act, as you may know, prescribes no penalties for failure to report, but perhaps an amendment in that regard would be something to consider. Even if criminal penalties are not practical, the fact that some would willfully not file is distressing and must be addressed. Agencies will need to decide what actions they are willing to take to ensure that the transparency and accountability aims of the Recovery Act are not disregarded. Perhaps an agency could refuse to provide any additional funds to a noncompliant recipient, or demand that noncompliant recipients return funds not yet spent. For the Board's part, after we do a thorough analysis to determine which recipients of contracts, grants, and loans did not report, we intend to post those recipient names on Recovery.gov.

Regarding the website, the last time I appeared before you, Recovery.gov was still in its infancy.   I am happy to report that on September 28th, the Board published the redesigned and enhanced Recovery.gov, which we have referred to as Recovery.gov 2.0. We have received many compliments about the new site, especially about its dynamic mapping capabilities. While it could have been expected that reviews from the non-profit watchdog groups would be mixed, we were pleasantly surprised to hear those groups say that the site's new features were very well done.

 Even following Recovery.gov 2.0's September release, the Board has continued to make additional enhancements to the site. Starting last month, Recovery.gov had the capability to display a "heat map" showing the overlay of Recovery funds distributed in areas of unemployment and by the end of November, we will be able to display how funds are distributed onto a map showing population diversity, as provided by the U.S. Census Bureau. Also we have begun providing the downloadable XML, Excel, and CSV files for the final recipient reports, as well as downloadable files of recipient reports showing changes made, and the files of late reporters. As required by the Recovery Act, we had initially displayed a simple list of non-fixed price and non-competed contracts awarded, but, having heard criticisms of that .pdf list, we are now providing a hyperlinked page with more detailed data so that individuals can obtain more information on how those contracts were awarded. We have also created state summary pages, which show for each state the total number of jobs created, as well as the number of jobs by zip code; the top funding agencies; the top recipients in the state; the top infrastructure recipients; and the top congressional districts. Recovery.gov visitors are also now able to use the site's new search capability to search by recipient name.

This is not to say that Recovery.gov is now perfect and in need of no further updates. We continue to be receptive to new ideas and functions that may improve the experience of Recovery.gov users. In furtherance of that goal, the Board – with assistance from our contractor Smartronix – conducted usability tests on Recovery.gov. Early reports from these usability tests were good, and we will post the results of these tests, along with earlier focus group reports, on the website when they are in their final form.

Visitors to Recovery.gov will also notice the familiar logos of Facebook, Twitter, MySpace, and YouTube. The Board has established a visible presence on each of those social networking sites. Currently, we are using these well-known sites to promote awareness of the capabilities of Recovery.gov and direct users to various parts of the website they may not otherwise be aware of.

Although the website represents the most visible aspect of the Board's work, the transparency it provides is only half of the Board's dual missions of transparency and accountability. Over the past several months, we have also made great strides in furthering our goal of accountability and oversight. With procurement support from the General Services Administration (GSA), the Board put out a solicitation for analytical tools and personnel to assist our own investigative staff with risk-based predictions about potential fraud. Last month, GSA awarded that contract to HMS Technologies, Inc., of Martinsburg, West Virginia, a certified Service Disabled Veteran-Owned Business. HMS is part of an accountability solution that, first, provides an in-depth fraud analysis capability that utilizes the vast amount of public information (more than 8.5 million public records and growing) about companies receiving Recovery Act funds in order to identify non-obvious relationships between entities. We believe these relationships will unveil facts that may not have been transparent to government officials at the time of contract or grant award. Using this tool has resulted in leads for investigations and for audits, identified added risk factors, and pointed to excluded parties receiving Recovery Act funds.

Second, this accountability solution also provides a predictive-analysis model in order to focus limited government oversight resources (for example, auditors, investigators, and inspectors) where they are most needed. Simply stated, the Board is looking at multiple risk factors to determine the most susceptible areas of fraud or waste. These risk-prone areas may be segregated by program, federal agency, or geographic region. With limited oversight personnel, it is important for the Inspectors General (IGs) and our oversight partners to know where they might best concentrate their efforts, and the Board is now in a good position to provide that type of information to the whole oversight community.

In summary, the analytical tools we are utilizing have been used successfully in other government and private companies to identify criminal trends and reduce fraudulent activity. However, the IG community has never before had the opportunity to apply this technology to a singular appropriation across multiple federal programs. Now we can ensure that every recipient of a contract, grant, or loan under the Recovery Act is processed through these sophisticated oversight tools.

To further assist with our accountability mission, the Board has implemented a robust hotline solution, whereby citizens can call, report electronically, fax, or mail letters to trained operators. You will be pleased to know that citizens are responding. To date, we have received more than 340 complaints. As you might expect, not all of those complaints have concerned actual fraud, waste, or mismanagement of Recovery funds, but those that did have been referred by the hotline staff to the appropriate IG for further exploration. Meanwhile, the rest of the IG community has been working diligently to manage its new Recovery-related oversight

responsibilities, with approximately 77 investigations open and more than 390 audits, evaluations, and reviews currently being conducted.

I would like to conclude my testimony with some thoughts I have about the real meaning of transparency. I have said before that just throwing data up on a website does not meet my definition of "transparency." Rather, transparency means readable, usable data that actually informs people. When it comes to transparency, I believe the Board has met the requirements of the Recovery Act by providing a user-friendly website that serves as a portal to key information on the Recovery. More than that, we have accommodated the needs of the conventional user by providing simple, intuitive tools that help to navigate the data, such as interactive maps. Finally, we have also accommodated the needs of the technologically sophisticated users, providing downloadable data in formats that will let them do what they want with the data, placing it in whichever context they deem useful and creating "mash-ups" that have the power to resonate with the non-technologically sophisticated users. Unlike previous government ventures into transparency, we are not attempting to direct or control the data's context. Rather, the users themselves are being provided with the tools to contextualize the data in whatever manner is most useful to them. Through this process, the information is not the end result in itself, but rather information becomes the means to an end – the end, hopefully, being a more efficient, more accountable government.

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