

Accountability and Transparency

Template for the Future

In response to the economic crisis that began in 2008, Congress passed the American Recovery and Reinvestment Act of 2009 (Public Law No. 111-5). The Recovery Act was intended to be a stimulus of epic proportion; initial estimates placed the aggregate of awards, entitlements, and tax benefits at \$787 billion, and the estimate has since increased.¹

Amid the appropriations of the Recovery Act, Congress inserted a number of provisions that would change not just how the government spends its money but ultimately how it oversees that money once it goes out the door. Title XV of the Recovery Act established the Recovery Accountability and Transparency Board, a team of federal Inspectors General (IGs) tasked with conducting and coordinating oversight of Recovery funds. The Recovery Board's mission is twofold: to ensure the transparency and accountability of covered funds.

While change merely for its own sake is seldom beneficial, change *is* good when it brings about improved results. In the case of the Recovery Board and its mandate, the government would revolutionize transparency and accountability of federal funds, creating a new standard by which all future spending oversight can be measured.

THE OLD WAY OF DOING BUSINESS

In the past, transparency was not a concept that was usually discussed in the context of government spending. When transparency was acknowledged by the government, it was often viewed as a necessary evil, something agencies grudgingly tolerated because of the Freedom of Information Act (FOIA). Agencies gathered data on obligations – when they did it at all – in a scattered, decentralized manner, often with each agency program responsible for only its own data. Occasionally there might be a call to publicize the data collected, but such publication would occur only after the data had been thoroughly analyzed and scrubbed. This meant that the data, by the time of display, would be outdated due to the amount of time devoted to an extensive data quality review. At that late date, the data would not be well received by the public because its

¹ The Congressional Budget Office (CBO) currently estimates the number to be \$821 billion. *See* CBO, “Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output From October 2010 Through December 2010,” p. 1 (Feb. 2011), available at <http://www.cbo.gov/ftpdocs/120xx/doc12074/02-23-ARRA.pdf>.

usefulness had long expired. The public would either scorn the outdated information, or ignore it completely.

Likewise, accountability of public dollars in the pre-Recovery Board era did not run at optimum efficiency. If one visualizes fraud occurring on a continuum, as opposed to at a distinct moment in time, it becomes clear that there are an indeterminate number of points between the front end of the continuum – when a would-be lawbreaker first decides to commit fraud – and the other end – when the fraud has been fully completed and the lawbreaker has absconded with the money. In the past, there was a tendency in the oversight community to focus on identifying fraud *after* it occurred and then trying to recoup the losses – quite a challenge once the money had gone out the door.

To be fair, those who oversee government funds are often – and rightfully – concerned with post-fraud enforcement statistics that are easily measured, such as the number of investigations, prosecutions, or convictions. Because crime *prevention* is usually hard to articulate, though, preventative measures are too frequently given short shrift in the oversight community.

THE NEW WAY OF DOING BUSINESS

In a historic turn, the Recovery Act required recipients of covered funds to report in great detail on their use of federal funds. The law requires that they report dozens of data elements no more than 10 days after the close of each quarter. Rather than report piecemeal to multiple government entities, each with its own disparate reporting requirements, all recipients of Recovery funds – regardless of agency, bureau, or program – must report centrally into the Board’s inbound reporting website, FederalReporting.gov.

The Board, working with the Office of Management and Budget (OMB), established a quarterly quality-assurance (QA) period with the agencies and recipients. Before the recipient data is even provided to agency officials, however, the reporting mechanism itself performs hard-logic checks to ensure that clearly erroneous data is not submitted to agencies for further review.² Once the quarterly agency QA period begins, if an awarding agency sees an error in a recipient’s data, it has a brief period of time in which to raise the issue with the recipient, who then makes the necessary corrections. For corrections to prior-quarter data, the Board has recently implemented an automated data-correction process that allows agencies, recipients, Board staff, and OMB to request changes directly in FederalReporting.gov. The awarding agency and Board staff then

² For example, one logic check notifies recipients who have entered a Congressional district that does not match up with the zip code they entered.

evaluate change requests, approving or denying them. Importantly, each change to the data is catalogued and an audit trail is available, ensuring that any changes are made publicly rather than secretly. No data is overwritten but is instead preserved, making for a fuller and more comprehensive picture for accountability purposes.

That data, once collected and reviewed in FederalReporting.gov, does not sit in a repository until some enterprising FOIA requester asks to see it. Instead, no later than 30 days after the close of the quarter, that data is posted on the Board's public-facing website, Recovery.gov. Further, because of the Board's independence – currently it is composed of a Chairman and twelve IGs – the integrity of the data displayed on Recovery.gov is assured.

Even the best data is useless, though, if it cannot be easily interpreted and understood. This is why Recovery.gov is just as exceptional as FederalReporting.gov. The highly touted, award-winning Recovery.gov is more than just a pretty website.³ The beauty and simplicity of the site belie the complexity of its technological infrastructure. By incorporating heralded geospatial mapping technologies, Recovery.gov can display data in a multitude of ways that enhance the understanding of the user. For example, users can drill down into their own zip codes to find nearby Recovery awards. Or, by comparing a variety of maps offered on the website, users can see where federal funds are disbursed and decide for themselves whether the funds are going where the need is greatest. For aesthetics, usability, and – most importantly – unadulterated data, Recovery.gov has raised the standard for transparency and accountability across the federal government.

In April 2010, the Board made the move to a cloud-computing infrastructure for Recovery.gov, a groundbreaking event that allowed for more efficient computer operations and reduced costs. Cloud computing is a pay-as-you-go approach to information technology, permitting lower initial investments to start operations. It is also flexible enough to allow IT staff to add or subtract computing capacity as needs dictate.

All told, the transparency of Recovery funds data is occurring on an unprecedented timeline – light speed compared to how long it would have taken ordinarily. The velocity at which the Board is receiving data and then publicizing it has even changed agency reporting as we know it. For the first time ever, agencies are reporting on obligations and expenditures on a weekly basis, which has necessitated a significant change in agency management processes.

While transparency is harder to practice than it is to talk about, it has become abundantly clear that transparency is the friend of the enforcer and the enemy of the

³ Recovery.gov has been honored for innovation by several local and national organizations, including the Ad Club of Metropolitan D.C. and the 14th annual Webby Awards.

fraudster. Less than half a percent of all reported awards currently have open investigations – far below government averages. While that statistic helps to paint a picture of the Board’s oversight activity, it does not paint the whole picture. Unlike our forbears in oversight, the Board does not merely look to the number of open investigations, prosecutions, or convictions. Instead, we attempt to prevent the fraud in the first instance, or at least interrupt the crime closer to the front end of the fraud continuum, before all the funds have been paid out.

The analytical tools used in the Board’s Recovery Operations Center (ROC) have been designed with fraud prevention as the goal. Simply put, the Board’s skilled analysts look for early warning signs of trouble. They use software to search colossal amounts of data, looking for potential problems such as criminal convictions, lawsuits, tax liens, bankruptcies, risky financial deals, and suspension and debarment proceedings. Once a concern has been identified, the Board’s analysts then perform an in-depth analysis of the award, forwarding their report to the appropriate agency Inspector General for additional inquiry. This type of analysis has been used in the private sector (the banking and credit card industries, especially) for years. Heretofore, the federal government has used these analytical tools only in the counter-terrorism and law enforcement communities. The novelty of the ROC is that we have started utilizing these tools on government spending.

In addition to assisting with Office of Inspector General (OIG) investigations, the ROC has also served as a clearinghouse for agencies. Utilizing data housed within the ROC, the Board’s investigative staff has been able to provide agencies with information relating to award recipients. For example, the Board has notified a number of agencies that they were awarding Recovery funds to companies that were debarred and therefore prohibited from receiving federal funds. The agencies acted quickly to cancel those contracts, preventing millions of dollars from winding up in the hands of ineligible companies.

Another sea change that has occurred with the Board is a new environment of data sharing within the enforcement community. The ROC examines not only its own hotline complaints but also encompasses other Recovery fund complaints that OIGs are examining. Every month, OIGs whose agencies received Recovery funds provide information on Recovery complaints they received to the ROC. This data sharing allows the oversight community to de-conflict its investigations (so that entities are not working at cross-purposes and are aware of other enforcement activities occurring) and to populate the ROC’s investigatory database to facilitate the analysis of fraud trends. While we have for decades been a community of IGs,⁴ only in recent times has there been

⁴ The President’s Council on Integrity and Efficiency (PCIE), an organization of presidentially appointed IGs, was established in 1981 to coordinate IG efforts. The Executive Council on Integrity and Efficiency (ECIE) was created in 1992 to perform the same function for agency-appointed IGs. In 2008, the PCIE and ECIE combined to become the Council of Inspectors General for Integrity and Efficiency (CIGIE).

a pronounced effort to work collaboratively, this current accountability initiative being the greatest example of all.

RESULTS AND EXPECTATIONS - HOW CAN THE BOARD'S ACHIEVEMENTS SURVIVE?

The Board has been up and running for a little more than two years, but by the Recovery Act, the Board's term is nearly half over. Given all that the Board has accomplished in such a short time, it would be unwise to dismantle the Board's work when the Act expires.

FederalReporting.gov, the inbound data-collection website which already collects spending data from several agencies' recipients, stands ready to collect data for *all* federal spending. The usefulness of the website – and centralized reporting in general – has already been recognized in new appropriations laws coming out of Congress. For example, the Education Jobs Fund, part of Public Law 111-226 (Aug. 10, 2010), called for \$10 billion in education spending to be tracked as Recovery funds are. Recipients of the Education Jobs Fund have been able to enter their data into FederalReporting.gov since October 1, 2010, less than two months after the law's enactment. Not a single modification to FederalReporting.gov was required to collect this non-Recovery data. Instead, the Board built behind-the-scenes logic into the underlying infrastructure so that this new data could be correctly tagged and identified for display on the public-facing EducationJobsFund.gov. Given the ease with which the reporting platform can incorporate new data collections, the website could easily expand to encompass the data currently being displayed by USAspending.gov,⁵ for instance.

In fact, FederalReporting.gov is scalable to other forms of data – not just spending data. Any data that agencies wish to collect could be reported via this website, which could then become the focal point of all federal reporting in the future. Obviously, the use of a single repository for federal data would be more efficient than multiple disparate sites, and use of the Board's existing site would be more economical than myriad agencies utilizing multiple procurements. As it currently stands, the federal government has a multitude of separate data collection and display websites. *See* Figure 1 below.

⁵ USAspending.gov, the public-facing website established under the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), contains agency-reported data on federal awards.

Likewise, the Board's outbound, public-facing website infrastructure could be altered to display various forms of data collected by FederalReporting.gov. Already, the Board has created a public-facing website that can track and portray non-Recovery data, FederalTransparency.gov.⁶ Importantly, both of the Board's websites can evolve as necessary because they can be modified to add or delete data elements.

Like the Board's websites, the usefulness and potential applicability of our accountability technology is expanding rapidly. The Recovery Operations Center is currently engaging in a number of pilot programs designed, in part, to help the ROC improve and strengthen its accountability tools, including risk modeling and risk analysis platforms. These risk-based approaches to preventative oversight can extend beyond Recovery and apply to all federal spending.

LESSONS LEARNED

Over the history of the Recovery Act and the Board, we have learned the following lessons:

- Spending data can be collected directly from recipients with a high degree of accuracy;
- This data can then be quickly displayed, reviewed for quality control, and then uniquely arrayed to achieve unprecedented levels of transparency;
- Transparency is a force-multiplier that drives accountability;
- The most valuable accountability module is one which provides equal access to both agencies and the oversight community;
- New technology, particularly cloud computing and geospatial web services, plays a critical role in the delivery and effectiveness of transparency and accountability;
- The federal government desperately needs a single alphanumeric award identification system; and
- Nothing motivates bureaucrats to act faster than a new law with concrete deadlines.

⁶ FederalTransparency.gov was initially created to show data relating to the Education Jobs Fund. This data has since been moved to the website EducationJobsFund.gov.

Three of these lessons, in particular, are critical to a successful continuation of the Board's work in providing transparency and accountability of federal dollars.

One of the key lessons learned over the past two years has been that transparency drives accountability. While some may propose splitting the Board's two divisions – for example, sending the ROC to an enforcement entity and the data collection and display sites to a programmatic or fiscal entity – it is essential that these pieces continue to work interdependently. The Board's accountability and transparency tools comprise two halves of the same fraud-detection operation, reinforcing and enhancing each other.

A related lesson is that the interrelated transparency and accountability tools are so useful both from a program and an oversight perspective that agencies and the IG community should have equal access to both pieces. While both pieces can clearly assist the investigatory and auditing functions of the IGs, the accountability *and* transparency data can also help agencies improve agency functions and administration. Typically, when the goal of an initiative is fraud detection, IGs come to the table with a great deal of enthusiasm while agencies seem less motivated. One valuable lesson we have learned is that when the common goal is fraud *prevention*, agencies and IGs are equally enthusiastic, and a remarkable collaborative effort takes place between the two.

Finally, one eye-opening lesson has been the tremendous inefficiencies caused by the government's lack of a uniform award ID number for contracts, grants, loans, and other forms of financial assistance. Currently, there is no requirement that award IDs be standardized across the government. As a result, agencies and even subunits of agencies use inconsistent award-numbering systems. These countless award-numbering schemes make the task of reviewing and auditing spending data unnecessarily arduous. As the Board has argued in a prior white paper,⁷ the federal government's lack of a standard award ID numbering scheme is the most identifiable obstacle to transparency and accountability of federal funds. The government simply must move toward implementing a single alphanumeric award ID number for all contracts, grants, and loans. If a single agency were selected to serve as a central distributor of award ID numbers across the entire government, the resulting data uniformity and consistency would assist the dual goals of accountability and transparency of federal spending.

⁷ See "Solutions for Accountability and Transparency: Uniform Governmentwide Award ID Number," available at <http://www.recovery.gov/About/Documents/WhitePaperonStandardizedGovernmentwideAwardID.pdf>.

TEMPLATE FOR THE FUTURE

With all those lessons learned serving as a backdrop, imagine for the moment that the word “Recovery” were removed from the Board’s title; the government would be left with an effective and operational Accountability and Transparency Board. The post-Recovery composition of the Board need not retain its current makeup of only IGs. Throughout this innovative experiment in transparency and accountability, IGs, agencies, and OMB have formed new partnerships in their combined efforts to prevent fraud, waste, and abuse of Recovery funds, and a restructured board should reflect that collaboration. Therefore, integrating some agency officials and an OMB presence onto the Board could foster an increased level of agency cooperation that does not fully exist outside of the Recovery context. There would still be a Board Chairman, although the Chairman need not be an IG, so long as there are other IGs on the Board. Further, a Chairman need not take a leave of absence from his or her federal “day job” to manage the Board full-time. Rather, a non-political, career civil servant could serve as the Board’s Executive Director, running the Board’s day-to-day operations.

Rather than dismantle the Board’s dual websites or the systems established in the ROC, these three critical components can be combined into a “universal one-stop shop” and applied broadly over the whole spectrum of federal financial data collection, display, and analysis. As illustrated below in Figure 2, this “one-stop shopping” model connects three websites: FederalReporting.gov, which would continue serving as an inbound data collection site; FederalTransparency.gov, which would serve as a public-facing site for the display of any of the data collected through FederalReporting.gov; and FederalAccountability.gov, a new website that would serve as a portal through which agencies and oversight personnel could access the accountability tools currently housed in the ROC. All of the existing disparate government data collection sites – as well as any future financial data collection activities – could be rolled up into one effective and economical solution. The incorporation of existing sites need not result in their wholesale elimination. A number of government sites – USAspending.gov, for instance, whose creation was mandated by law – could maintain their unique identifiers even while consolidated into this model. Such a consolidation, including the decommissioning of sites that are entirely redundant or duplicative, could take as little as two years.

With the assistance of proven cloud-computing technology already in use by the Recovery Board, this technical solution could reduce duplicative infrastructure investments governmentwide, shrink the federal information-system footprint, and promote data centralization. In an era of rooting out redundancies and inefficiencies, this condensing of systems could create an enormous savings to the U.S. Government and American taxpayers.

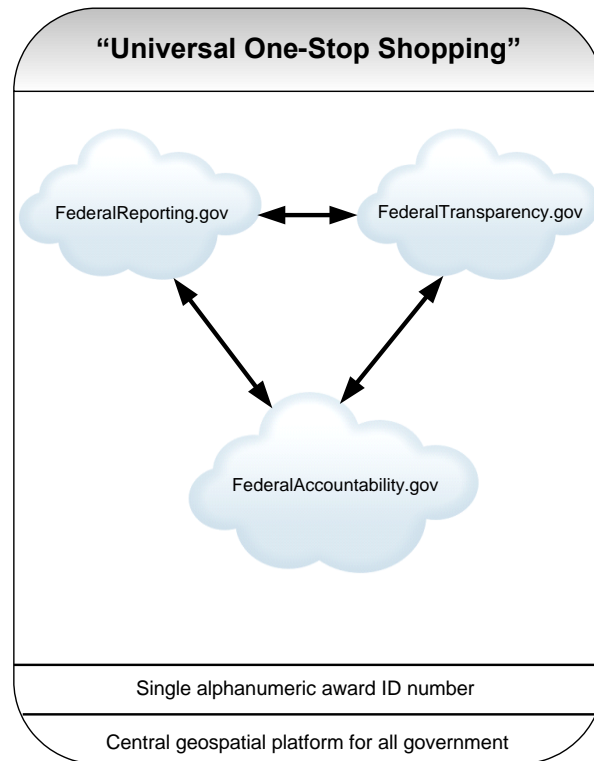


Figure 2

Customer agencies could access portals at any or all of the three electronically linked components. As explained above, FederalReporting.gov can be scaled to collect financial data from agencies, corporations, entities, or individuals. The Board could serve as more than a passive receiver of data, however. The Board could also have a pronounced role in alleviating much of the confusion and disarray inherent in government data collection. To ensure consistency of data and enable more efficient audits and reviews, the Board could create and disburse governmentwide uniform alphanumeric control ID numbers for all spending data collections going forward.

Data could then migrate from FederalReporting.gov to the public-facing FederalTransparency.gov. Each agency could have its own portal on the site, and agencies would decide how much of the data collected should be displayed publicly. As with Recovery.gov, geospatial mapping technologies would enhance the usefulness of the information displayed. Indeed, a restructured Board would serve as an excellent home for a new cloud-hosted, governmentwide geospatial platform that has recently been garnering the support of stakeholders in both the government and the private sector. A geospatial platform would consist of a common infrastructure that facilitates the sharing of geospatial data, services, and applications. A common platform, especially if housed within a governmentwide oversight entity, could promote interagency sharing of geospatial data. Such a tool would not only help eliminate redundancies by creating a single place to find geospatial information, it would provide the opportunity for smaller agencies that have not yet procured these tools to have the same

access to critical data. As the Recovery Board has seen firsthand with its own mapping technologies, geospatial tools allow for a deeper understanding of data, exponentially increasing transparency.

The data collected – including geospatial data – would also be incorporated into the system underlying FederalAccountability.gov. Although the Recovery Operations Center was designed to serve the Recovery Board internally, the ROC’s tools could be transitioned to FederalAccountability.gov, which would serve as a portal for government personnel. Using this portal, agencies and oversight personnel would have access to graduated levels of information, based upon the particular employee’s job responsibilities. For example, an agency contracting officer may have access to a particular set of data, while law enforcement officials would have more in-depth, expansive access to data sets, including law-enforcement sensitive information. The Board would offer more in the way of accountability than just access to the FederalAccountability.gov portal, however. With its own staff of experienced fraud and program analysts, and with the analytical tools employed by the ROC, the Board could provide oversight for vast amounts of federal spending data. If, like the Government Accountability Office (GAO), the Board were exempt from the Privacy Act’s rather burdensome computer matching provisions,⁸ its utility in identifying fraud, waste, and abuse of federal spending would be amplified.

THE ECONOMIC CASE FOR CENTRALIZATION OF DATA SYSTEMS

As suggested above in Figure 1 depicting the current convoluted state of federal data collection and display, consolidating such services into a single system would clearly make practical as well as economic sense. Deriving an accurate dollar figure for all the costs of such activities governmentwide, however, has proved quite difficult. GAO recently attempted to assess the costs of federal data centers – a broader category than just data collection systems – but apparently could not determine total annual federal spending.⁹ In its report, GAO recognized that a proper cost determination would necessarily include not just hardware and software, but also real estate and electrical costs.¹⁰

⁸ GAO is exempt from the requirements of the Computer Matching and Privacy Protection Act of 1988 (CMPPA) through operation of statutes. During the 111th Congress, Congressmen Edolphus Towns and Darrell Issa of the House Committee on Oversight and Government Reform introduced the Inspector General Authority Improvement Act of 2010, H.R. 5815. Among its other provisions, the proposed legislation would have exempted IGs – and, by extension, the Recovery Board – from certain provisions of the CMPPA in furtherance of investigations and audits. Unfortunately, the bill was never brought to a vote.

⁹ See GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP, p. 66 (Mar. 1, 2011).

¹⁰ See *id.* at 66 (“[A]ccording to the Environmental Protection Agency, the electricity cost to operate federal servers and data centers across the government is about \$450 million annually.”)

Like GAO, the Board appreciates that a true picture of the savings possible through consolidation must include more than just hardware and software costs. Our staff has attempted to get at least a partial picture of the funding required for existing financial data collection and display systems, basing calculations in part upon budget documents located on OMB's IT Dashboard. Those documents do not include all expenses associated with such data systems, but the Board's analysts have estimated total expenditures on these systems at close to \$100 million, for just FY 2011. Again, this preliminary estimate is likely to be remarkably conservative, but we are continuing our efforts to derive a more definitive figure that would account for all costs.

In its report on data-center consolidation, GAO did not arrive at a comprehensive dollar figure but did share other entities' estimates of how much data-center consolidation would save taxpayers. For example, seven federal agencies estimated a five-year aggregate savings of more than \$369 million – but GAO pointed out that actual savings would be higher because that figure did not include savings from reductions in facilities or equipment. The private sector's best guess was also included in the GAO report: a savings of \$150 billion to \$200 billion over the next decade.

Economically, centralizing the government's financial data collection and display systems – a sizeable piece of the government's broader data centers – is a winning idea sure to save taxpayer dollars. Given the “one-stop shopping” service model, any legislation establishing an Accountability and Transparency Board could provide that Board with intergovernmental revolving fund authority allowing the Board to enter into agreements with other agencies on a fee-for-service basis. Although that Board would still need an appropriation, it would be far lower than that of the assortment of other agencies charged with accountability or transparency. Assuming the existing work of the Recovery Board could be utilized as a starting point, then a FY 2012 appropriation of approximately \$19.5 million should permit the consolidation of USAspending.gov, as well as the rollout of FederalTransparency.gov and FederalAccountability.gov. The Recovery Board asked for \$31.5 million in its FY 2012 budget request, which would result in a total agency appropriation of \$51 million. Once the initial implementation and consolidation periods are over, the likelihood of fee-for-service agreements with customer agencies would increase, and the appropriations necessary to operate would decrease.

CONCLUSION

Even if the Recovery Board sunsets in 2013, the legacy of the Board will long continue. William LeoGrande, Dean of the School of Public Affairs at American University, was quoted in the *Federal Times* as saying of Recovery.gov: “I think this will be a model for the future on how the federal government can – if it's willing – provide incredible public access to the inner workings of legislation as it's implemented.” And Vice President Biden, speaking about the Board's work, said: “I expect it to be a template from this point on for how the federal government deals with taxpayers' money.”

The Vice President's and Dean LeoGrande's expectations here should come to fruition – this historic experiment in transparency and accountability should continue. The American public's thirst for information has been whetted. Now that we have come so far in achieving transparency and accountability, it would seem only logical to perpetuate the Board's accomplishments. The public will likely stand for nothing less.

So that this new ideal of transparency fused with accountability can endure, a standalone, independent agency should be established to operate as the governmentwide “one-stop shop” for spending data. By centralizing the collection, display, and accountability of all federal spending data, an Accountability and Transparency Board could serve as an agent of positive change from the status quo's opaqueness and inefficiency. These steps would ensure that the solid template created by the Recovery Board will be the platform on which the government can continue to innovate and build improvements long into the future.