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Government Accountability and Transparency Board
1717 Pennsylvania Avenue NW Suite 700
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Re: GAT Board public meeting comments,
"Where does federal spending information need clearer instructions or explanations?"

Dear GAT Board,

I've been involved with the Federal Funding Accountability and Transparency Act of 2006 since just after the FAR interim rule, "Reporting Executive Compensation and First-Tier Subcontract Awards" was published July 8, 2010. I currently report for 10 different companies receiving government contracts under Chugach Government Solutions, LLC. As an Alaska Native Corporation benefiting from the highly scrutinized 8(a) program it is critical that the sub-award information appearing in USASpending.gov is accurate and presented to the public in a clear manner. While the poor data integrity of USASpending.gov is widely acknowledged, the following comments are submitted in hopes that the guidance for sub-award reporting can show significant improvement under the FFATA as is, and contribute to lessons learned in the event of the passage of The Digital Accountability and Transparency Act. This opportunity to provide comments is greatly appreciated.

Initial Comments

One does not need to look much further than the home page of the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) to see that transparency has been dead on arrival for industry. Three plus years later, a blurb on the side reads, "New! As of October 29, 2010, FSRS.gov now supports both contracts and grants sub-award reporting." The "FSRS Awardee Guide" has only been revised once, as recently as December 2013. When attempting to get answers from the Federal Service Desk (FSD), a very common response is to "ask your contracting officer." While there are times that answer is appropriate to award specific questions, most of the time it is not.

When seeking specific guidance on how the System for Award Management (SAM), Federal Procurement Data System (FPDS) and FSRS work together or how to report accurately, these are questions that should be answered by those who understand the systems and their integration and can provide the same guidance to everyone to ensure data integrity. It is very disappointing that despite the effort put into sub-award reporting these past three years, the results found on



USASpending.gov are not reliable due to the poor guidance and lack of resources provided to industry.

Connecting USASpending.gov and FSRS

Export fiscal year 2014's contract sub-awards from USASpending.gov and it is evident that there is a great deal of confusion on how to report with few contractors looking at how the sub-awards they enter in FSRS show up in USASpending.gov.

There are reports that show some contractors believe a new report should be created every time there is a change to previously reported data such as changes in funding. For contractors that create a new report and enter the "Total Subaward Amount" in FSRS each time a change in funding is reported, there is the potential for the value of the subcontracted work to exceed the value of the prime award.

For example, if a contractor reports a \$5M sub-award one month and does not understand that the initial report must be modified, reporting the total sub-award amount with a \$1M modification to increase funding could result in an inaccurate \$11M sub-award (actual sub-award value being \$6M) where the total value of the prime award may only be \$10M.

In addition to the confusion above, there is a clear discrepancy even in USASpending.gov's interpretation of how FSRS functions. The definition for the term "Subaward Amount" per USASpending.gov's Sub-contracts Data Feeds Data Dictionary is:

"The net dollar amount that is obligated or de-obligated by the sub-contract, including modifications, for the Sub Awardee. If the net is a de-obligation, the amount will be negative."

Contrary to this definition the following question and answer comes from the FSRS Frequently Asked Questions:

Q. Why can't I enter negative values in a report?

A. You cannot enter negative number in FSRS. You are required to enter their actual sub-award amount. If a negative transaction is filed in FSRS it will be rejected. You can only enter the actual sub-award amount in positive numbers.

In conflict with the FSRS answer, is the fact that negative numbers *can* be entered in FSRS as is evident by the negative values that can be seen in and exported from USASpending.gov. A statement such as the one below incorporated into the FSRS instructions would be extremely helpful to understand that FSRS does not function like FPDS by obligating and de-obligating funds:

When making changes to previously reported data, this must be accomplished by modifying the original sub-award report. Sub-awards should not be reported more than once under a specific prime award.

Report Month

If it is understood that there should only be one report for a sub-award under a specific prime award, it is also imperative that FSRS users understand sub-awards are tied to a prime award by



a month and a year. The fields for reporting the month are named and defined below from the FSRS Awardee User Guide, the FSRS Data Definitions for Contracts and the FSRS Guide to Complete a Batch Upload for Contracts Sub-award Reporting, respectively.

Report Month: FFATA reports are submitted by month of sub-award/sub-contract activity. The Report Month indicates what month the report is reflecting.

Report Month: This is the date of the FFATA report (being completed).

Subcontract Award Month: This field should reflect the Reporting Month of the report being submitted.

There should be one name for the field and one definition to describe what should be entered. While these discrepancies may seem insignificant, accurate reporting cannot occur without explicit detail. Looking at exports from USASpending.gov, it is easy to see a number of sub-awards reported twice, typically once in the month the subcontract was awarded, and again the following month. The large number of duplicate reports points to the confusion caused by the unclear definitions. Ideally, the report month would be described as the month the sub-award was awarded. This would eliminate the likelihood of the sub-award being reported multiple times and also make it easier for the contractor to find the report for modification.

Places of Performance

In the FSRS Contract Batch Upload User Guide, the current definition for the “Sub POP City” field states it “should reflect the city in which the sub-contract place of performance occurs.” If the intention is to track where federal funds are expended, it would seem broadening this definition to include where a commodity may be produced or manufactured would provide more accurate data. For example, a generator may be produced in Ohio, but is procured for use on the Aleutian Islands in Alaska. Should USASpending.gov show the funding going to Alaska or Hawaii?

Sub-award Amounts and Obligations

Returning to the variations between FSRS and USASpending.gov, it is not clear what information is being requested regarding the amount, value or obligation of the sub-award. FSRS simply asks for the “amount of the sub-contract your organization made to this sub-contractor.” This makes it sound as though the information being sought is the maximum value of the sub-award including all options. Contrary to FSRS is the USASpending.gov definition that once again describes the “Sub-award Amount” as “The net dollar amount that is obligated or de-obligated by the sub-contract, including modifications, for the Sub Awardee. If the net is a de-obligation, the amount will be negative.” USASpending.gov’s definition implies it is the funding that should reported with each increase and decrease. The difference between the two definitions makes an enormous impact on the burden to the contractor and the accuracy of the data.

FPDS Dollar Value Field Triggering Reporting

The following question and answer is from the FSRS FAQs:



Q. You said data was coming over from FPDS for contracts and from USAspending for grants. Which FPDS dollar value field is being used to determine the proper reporting threshold for contracts?

A. FSRS uses the "Award Amount" (formerly "Total Dollars Obligated") field value from FPDS to determine if prime contract data meets the FFATA reporting threshold.

Version 1.4 (June 2013) of the FPDS Government User's Manual does not have any references to the "Award Amount" or "Total Dollars Obligated" fields described above. In my experience, FSRS has allowed me to report sub-awards under prime awards that were awarded without any funding, but will not allow me to report sub-awards under prime awards with less than \$25,000 in funding at the time of award and later modified over the \$25,000 reporting threshold. The Federal Service Desk has been unable to explain these inconsistencies despite multiple attempts to receive clarification. Providing an accurate answer to this question that parallels the guidance given would be extremely helpful in eliminating inconsistencies and determining what is and is not reportable in FSRS.

Applying the \$300,000 Reporting Exemption

There is a reporting exemption in FAR 52.204-10(g) for contractors and subcontractors who had gross income in the previous tax year under \$300,000. However, there is no guidance on how to accurately apply the exemption.

If a non-indefinite delivery indefinite quantity contract is awarded and the prime contractor is exempt from reporting sub-awards the first year, but not the following years of the multi-year award, should the contractor report sub-awards in the following years or does the exemption apply for the duration of the entire contract?

If a sub-award has multiple option years under a non-indefinite delivery indefinite quantity contract and the subcontract did not meet the threshold the first year, should the \$300K revenue question be asked each of the following option years or should the entire subcontract be exempt?

There is no guidance on how often a contractor or subcontractor should answer the \$300,000 question. Including the \$300,000 question in the System for Award Management along with the executive compensation questions would eliminate an enormous burden on the contractor as sub-awardees are often resistant to answer any of these questions for the contractor. Additionally, having the question answered in SAM eliminates the contractor's responsibility of potentially obtaining this information on an annual basis.

Annual Reporting

The annual reporting requirement could be better clarified by specifically stating it is the executive compensation information that must be updated annually, not the sub-award information. Further, it would be helpful to explain that prime awardees with sub-awardees that



have registered in SAM and answered the executive compensation questions are not required to make these annual reports as the information is updated by the sub-awardee annually in SAM.

Batch Uploads

While the batch upload process was created to reduce the burden on the contractor, it often creates a greater burden as the template for batch uploads includes fields for all of the prime award information that is already populated from FPDS when manually entering reports. The fields for the Place of Performance City, Place of Performance State, Place of Performance Zip + 4, Place of Performance Country and Treasury Account Symbol (TAS) have already been entered in FPDS and are consequently an unnecessary burden for the contractor to enter this information.

The most troublesome part of the batch upload process is the poor guidance on the use of the FFATA (Contracts) Excel Template from the FSRS site. If a batch upload was attempted with the configuration of data in the three rows on the template, it would be rejected by FSRS for a variety of reasons. The most notable issue being there isn't even a sub-award for every prime award listed.

When requesting clarification from the FSD on why the template would show a "Subcontract Award Month" of "07" and a "Subcontract Date" for "2009-01-01" the reply was that "the data contained in the excel file for download is simply example data for field formats and data formats." While it is helpful to know the field and data formats, it would be far more helpful to provide a template that has data that allows contractors to see what can be reported, how it can be reported and provides examples that can allow them to work through various issues without having to result to trial and error each month.

The batch upload option is most beneficial for initial reporting. Unfortunately the process for modifying each sub-award report consists of navigating through FSRS to find the report, obtaining the 32 digit URL ID number, entering the URL ID number on the correct line of the template and re-opening the report in FSRS before attempting the batch upload. This is an extremely tedious task when reporting a large number of changes each month. It is easier to simply enter the change manually when the report is re-opened.

DoD Awards

DoD awards are subject to a 90 day delay in FPDS in order to address potential DoD operational tempo issues. This delay isn't addressed by FSRS or FSD and can make it difficult to use the batch upload process and comply with reporting deadlines. When the contractor is unable to see prime information in FPDS due to the delay, it can be difficult to populate the prime information in the batch upload template. If the data entered on the batch upload cannot be verified against FPDS, the reports can be rejected.

The FSRS Contract Batch Upload User Guide, states that the "Treasury Account Symbol associated with the prime contract award can be found on FPDS under the Contract Record." How can the contractor obtain information from FPDS when it isn't available due to the 90 day delay? Requesting this information from a contracting officer is a burden to the contractor as well as the contracting officer when reporting a high volume of awards each month.



Since the deadline for reporting is statutory under the FFATA, it would be helpful to allow contractors with FPDS accounts access to the DoD awards that are still within the 90 day window. Even when reporting information within the 90 day window, the award and sub-award information is not visible on USASpending.gov. Granting contractors access to all of their DoD information in FPDS would allow contractors to comply with reporting requirements more easily and efficiently.

Data Validation

For users manually reporting grants there is an option to flag inaccurate pre-populated information and explain why the information is incorrect. Users reporting on the contracts side do not have this option and must go to their contracting officer to attempt to have the information corrected in FPDS. It is very difficult for the contractor to get this accomplished as with many contracting offices using contract writing systems that interact with FPDS, not all contracting officers know how to make this correction. Providing a means of communicating with the contracting officer through FSRS would result in more accurate data and reduce the burden on the contractor and contracting office.

Conclusion

While there are a number of agency level issues that need to be tackled in regard to FFATA, the current framework could be vastly improved by simply providing the explicit guidance that industry needs to start reporting correctly and efficiently. Provide examples that are valid and can be used to resolve questions and work through scenarios instead of just providing formatting. USASpending.gov's accuracy will not be improved by sending industry to their contracting officers for answers on how to report in a complex web of systems. Answers need to be provided consistently at the highest level by both IT and contracting professionals.

Thank you for the opportunity to provide these comments. I welcome any additional opportunities to be engaged in stakeholder outreach and assist in creating more transparent guidance for improved data integrity. If you have any questions or would like to be provided with award specific examples, please contact me.

Sincerely,


Sarah M. Fillman