

## **Government Accountability and Transparency Board**

A meeting of the Government Accountability and Transparency Board (GAT Board) was held at the Recovery Accountability and Transparency Board (Recovery Board) Office in Washington, D.C. on Wednesday, July 31, 2013, at 10:00 a.m. and continued until 11:38 a.m.

### **ATTENDEES:**

#### **Board Members:**

Richard Ginman, Chairman and Director, Defense Procurement and Acquisition Policy, U.S. Department of Defense

David C. Williams, Vice Chair and Inspector General, U.S. Postal Service

Nani Coloretti, Deputy Assistant Secretary, U.S. Department of the Treasury

Norman Dong, Deputy Controller, Office of Management and Budget

Gregory Friedman, Inspector General, U.S. Department of Energy

Allison Lerner, Inspector General, National Science Foundation

Daniel Levinson, Inspector General, U.S. Department of Health and Human Services

Calvin Scovel III, Inspector General, U.S. Department of Transportation

#### **Agency Staff:**

Brett Baker, Assistant Inspector General for Audit, National Science Foundation

Angela Billups, Senior Procurement Executive, U.S. Department of Health and Human Services

Ross Bezark, Executive Director, GAT Board, and Chief of Staff, Recovery Board

Kay Daly, Assistant Inspector General for Audit, U.S. Department of Health and Human Services

Nancy Gunderson, Deputy Assistant Secretary for Grants and Acquisition Policy, U.S. Department of Health and Human Services

Karen Lee, Chief of Management Controls and Assistance Branch, Office of Management and Budget

Karen Pica, Management Analyst, Office of Management and Budget

Atticus Reaser, General Counsel, Recovery Board

LeAntha Sumpter, Deputy Director, Defense Procurement and Acquisition Policy, U.S. Department of Defense

Cynthia Williams, Board Secretary, Recovery Board

Michael Wood, Executive Director, Recovery Board

### **DISCUSSION:**

Mr. Ginman called the meeting to order at 10:00 a.m. By unanimous vote of the members present, the minutes of the June 26, 2013, meeting were approved. Mr. Ginman informed the members that representatives from the Sunlight Foundation have requested an audience with the GAT Board.

Mr. Williams added that the representatives have asked to meet with the GAT Board to present concerns regarding the USAspending.gov website, and various other concerns from the transparency community.

Mr. Wood discussed the Recovery Board's approach to meeting with various sunlight organizations on Recovery Act-related issues and noted the meetings were beneficial, helping establish a collaborative relationship between the Recovery Board and members of the transparency community. After a brief discussion of how to best engage external stakeholders, the members agreed to schedule a separate meeting with the Sunlight Foundation.

Mr. Ginman discussed a working group briefing schedule change. He commented that the Financial Management Integration and Data Display (FM Integration and Data Display) working group will update the members on their activities at the October meeting, following the group's feasibility study.

Ms. Coloretti explained that the feasibility study is a pilot program designed to evaluate and determine if and how agency procurement data could be linked to agency financial systems. She added that the FM

Integration and Data Display working group members had envisioned using data from some agencies represented on the GAT Board but are now soliciting other agencies to participate as well. Mr. Ginman cited concerns about using a closed-system operational environment as the baseline. Ms. Gunderson asked if grant data would be included in the study. Ms. Coloretti commented that the study does not, at this time, include data from the grant community.

There was a brief discussion of the vision for USAspending.gov. Ms. Lee commented that the Office of Management and Budget (OMB) recommended in the President's 2014 Budget that ownership of USAspending.gov be transferred from the General Services Administration to the Treasury Department. She provided the members with background information on the recommendation. A brief discussion of the data in USAspending.gov and its use in the feasibility study ensued.

The featured working group presentation then began with Ms. Sumpter discussing the initiatives and actions underway by the Procurement Data Integrity working group (working group).<sup>1</sup> She recapped the working group's strategy and summarized the principal components of the plan. Ms. Sumpter stated that the overarching purpose of the working group is to drive operational efficiencies, which, in turn, should drive transparency.

Ms. Sumpter discussed in detail the six goals, objectives, actions, operational targets (dates), and benefits being undertaken by the working group. She explained that five of the six goals impact agencies government-wide, but that the sixth goal specifically impacts the Department of Defense (DoD). The DoD-specific goal is to achieve business process efficiencies across the procure-to-pay process. To do this, DoD is developing business rules and standardizing operational procedures, which will benefit DoD by reducing the cost to process contract payments. Mr. Ginman commented that non-standardization results in higher payment-related costs; working with the Defense Finance and Accounting Service, DoD has determined that deviating from the standard payment process entails manual intervention and increases the average price per transaction.

Ms. Sumpter provided the members a comprehensive description of the tangible and high-level benefits of each of the government-wide actions being driven by the working group. She explained that:

- Establishing and implementing government-wide unique IDs for funding and procurement offices would help to ensure a link between these offices;
- Using the procurement office ID to uniquely serialize award ID across the government would improve the accuracy and traceability of procurement actions;
- Establishing a government-wide standard for line item contracting would enable traceability of performance to funding;
- Developing a government-wide capability or service to generate an industry hierarchy would strengthen operations and fraud detection while reducing the existing costs incurred for this service; and
- Identifying a set of acceptable common services across the federal government would leverage existing common services, result in cost avoidances for new information technology resources, and improve ebusiness interfaces with the industry.

Ms. Sumpter also discussed the list of standard operating procedures that DoD will implement within the agency to improve the procure-to-pay process and drive-down agency costs. She commented on the

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<sup>1</sup> Upon approval, the Procurement Data Integrity and Standardization working group briefing is expected to be made available on [FederalTransparency.gov](http://FederalTransparency.gov).

success that the Department of the Navy is experiencing as a result of their standardization efforts. Some members noted the enormous opportunity for cost savings in this area.

The members reviewed the timeline and activities involved with the major working group actions. Ms. Sumpter discussed the status of the Federal Acquisition Regulatory cases that support the working group's efforts and commented that completion of the procurement data integrity initiatives will take several years. She informed the members that developing and implementing the policy updates initiated in Fiscal Year (FY) 2012 will extend into FY14, that systems development and implementation will extend into FY16, and that the integration with financial systems will follow a staggered schedule from FY14 through FY17.

The members engaged in a brief discussion of the global benefits of data standardization. Mr. Wood inquired on plans to synthesize the data standardization efforts of the grant and procurement communities. Ms. Pica informed the members that identifying and harmonizing the procurement and grant standardization efforts across the federal government, is an action item for the award committee for E-Government. She added that this will be the principal subject at the upcoming E-Government meeting. Ms. Lerner commented that the grants community might benefit from information on the success of the Department of the Navy's standardization effort. Mr. Dong agreed having a case study to illustrate the benefits of standardization would be useful. Mr. Ginman agreed to look into the viability of a case study, but stated he would have to first determine what information is releasable outside of DoD.<sup>2</sup>

Mr. Ginman reiterated his interest in having each of the GAT Board working groups provide a plan of action and milestones when they brief. He requested feedback on whether the Procurement Working group's briefing met those objectives. Mr. Dong stated the information on what and when the group is undertaking is beneficial. Several other members commented on the detailed nature of the briefing. Some recommended a condensed and simplified version would be easier to digest. A brief discussion on the format of this and future briefings ensued.

The members discussed the next steps for the GAT Board. Mr. Williams suggested that time be allotted at a future meeting to discuss the 2014 vision. Mr. Ginman stated the Way Forward document was designed to lay out how the GAT Board can leverage working groups to move initiatives forward. The members agreed to review the Way Forward document to determine if changes are needed to the strategic direction. Members will be forwarded an electronic copy of the document in advance of the October meeting. A discussion of the proposed changes will be added to the October meeting agenda.

As a follow-up to the June 26 discussion on program performance measures, the members were provided a copy of the June 2013 U.S. Government Accountability Office report on the continued development of Performance.gov. Mr. Ginman encouraged the members to review the report and agreed to allot time for discussion, if needed, at the August meeting.

The next GAT Board meeting is scheduled for August 28, 2013.

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**Cynthia Williams**  
**Secretary**

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<sup>2</sup> Subsequently, DoD began looking into the viability of a case study, but will not have a definitive answer for the Board for the August meeting.

# GATB Update

Procurement Working Group

July 31, 2013

# Procurement Plan of Action

To ensure that:

- Key data standards
- Standard electronic transactions
- Processes are identified and established in regulation to
  - Achieve efficiencies
  - Improve mission operations
  - Enable the financial community to uniquely trace electronic transactions from purchase request to payment for procurement contract actions
  - Enable transparency

# Bottom Line Up Front – Procurement Team

Goal	Objective	Action	Operational Target	Benefit
Improve ability to track obligated funds	Ensure ID of offices implementing procurement actions	Establish & implement <u>federal-wide</u> Unique IDs for Funding & Procurement Offices	FY15	Ensure a link from funding office to procurement office; use as a UID to serialize award IDs
Ensure Unique Award IDs	Strengthen existing award IDs	Use Procurement Office ID to uniquely serialize award #s <u>federal-wide</u>	FY15	Improve accuracy & traceability of procurement actions
Ensure ability to track funds to discrete deliverables	Ensure use of line item contracting	Establish a <u>federal-wide</u> standard for line item contracting	Initial capability in FY13	Enable traceability of performance (services and goods) to funding
Achieve efficiencies in generation of industry hierarchy	Develop a regulatory approach to achieve this goal	Develop a <u>federal-wide</u> capability/service to generate an industry hierarchy	Initial capability in FY14	Strengthen operations and fraud detection while reducing cost of this service

# Bottom Line Up Front – Procurement Team

Goal	Objective	Action	Operational Target	Benefit
Maximize use of existing services to improve ebusiness for receiving, acceptance and invoicing	Develop a regulatory approach to achieve this goal	Identify acceptable common services across the <u>federal</u> sector thru rulemaking	Expand existing services	Leverage existing common services; avoid costs to build new IT; improve ebusiness interface with industry
Achieve business process efficiencies across the Procure to Pay process	Identify joint processes that drive inefficiencies	Develop standard operating procedure common services for DoD	FY14	Reduce the cost to process contract payments

Business practices must be strengthened to ensure procure to pay end to end data integrity and efficiencies

# Policy Plan of Action

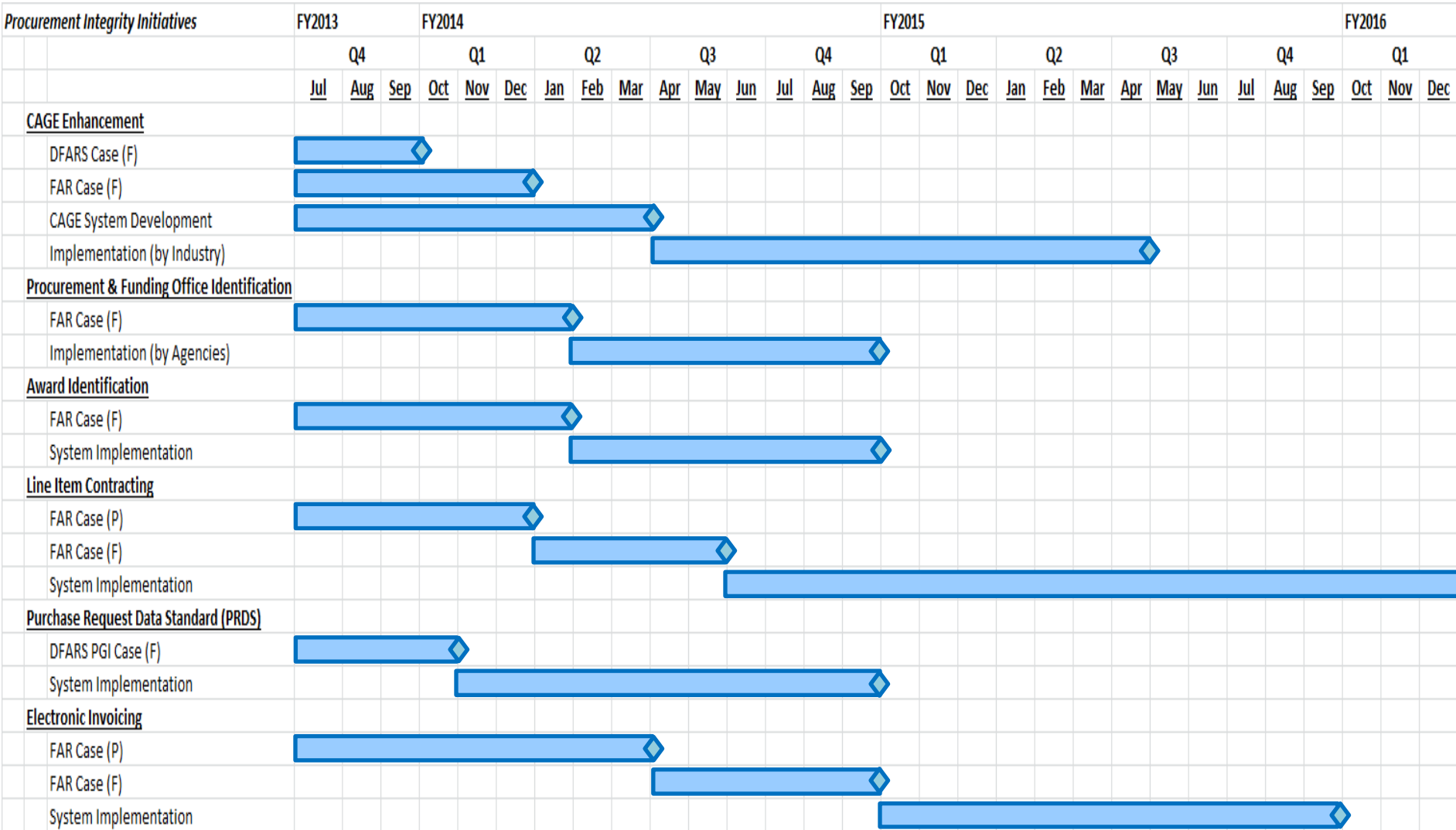
Action	Status
Clarify Industry Hierarchy for Reporting using CAGE codes	DFARS Case 2011-D044 and FAR Case 2012-024 comment period closed July 8, 2013; case under adjudication. (DFARS <u>final</u> rule pending publication)
Ensure Uniqueness of Contract Award Numbers	FAR Case 2012-023 published as a proposed rule; public comments due 8/5/13
Ensure Procurement and Funding Offices are Uniquely Identified	(Note: included in same FAR case as contract award)
Establish standards for Contract Line Item(s) (CLINs)	Proposed FAR case 2013-014 approved by DARC; CAC processing.
Establish standards for purchase requests	DFARS PGI drafted. DARS staff processing.
Establish standards for electronic acceptance, receipt and invoicing	FAR case drafted. Coordinating with FAR principals.
Establish standard for procurement data transactions (Reference FY13 NDAA section 862)	On hold pending CLIN case above



# Procurement Integrity Initiatives

## Timeline

◆ Completed ◆ Scheduled to Complete



(P) – Proposed Rule  
(F) – Final Rule

# DoD P2P Keys to Process Handshakes

KEY: All fields shown are the minimum common / referential data keys	<i>(Italics) Data always tied to specific line item or items (italic)</i>	*Transparency data elements required for sub-award reporting only	** Maintained in SAM	(#) Contractor Created Data	Confirmed (Absolutely necessary - no issues)	Needs Clarification on necessity.	Needs clarification on necessity and/or issues exist.	Assumptions / Important Notes: 1) By using PR LIN UID, the Treasury Account Symbols (Department Code, Main Account, Sub-Account, Beginning & Ending Period Availability) and Object Class data elements are not necessary as common connecting/referential data keys. 2) Since the 3 FMS data elements (Country Code, Case Number, & FMS Line Item No. are carried in the PR and Contract Line Item structure, the assumption is that all three are derivable from the line item structure. 3) Acceptance at Source - accrual at Acceptance; Acceptance at Destination - accrual at Receipt. 4) Certain elements are listed in both HS-3 and HS-6 (i.e. Payment Instructions), due to the assumption of when accounting and entitlement are performed in separate systems; otherwise the data element may only need to be captured at HS-3.
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Contract Line Item Traceability Life Cycle														
Budget	Appropriation	Allocation	Purchase Request / MIPR (Unfunded)	Certify Funds / MIPR (Commitment)	HS-1	HS-2	HS-3	HS-4	HS-5	HS-6	HS-7	HS-8		
						Validation of Funds / Funds Check (prior to award)	Record Obligation in Accounting Systems	Evaluate Procurement Instrument for Entitlement	Receipt / Acceptance	Invoicing	Perform Entitlement	Disbursing	Daily Disbursing to Treasury	
						Contract Award								
						PIIN *	PIIN	PIIN	PIIN	PIIN	PIIN	PIIN	PIIN	PIIN
						SPIIN *	SPIIN	SPIIN	SPIIN	SPIIN	SPIIN	SPIIN	SPIIN	SPIIN
						Mods * to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs	Mods to PIINs and/or SPIINs
			Requirement identifier	Requirement Identifier	Requirement identifier	Requirement identifier	Requirement identifier	Requirement identifier						
			PR LIN / SLIN / ELIN	PR Line Item UID	PR Line Item UID	PR Line Item UID	PR Line Item UID	PR Line Item UID	PR Line Item UID					
					CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN	CLIN / SLIN / ELIN
									Shipment Number	Shipment Number	Shipment Number			
										Invoice Number (#)	Invoice Number (#)	Invoice Number (#)		
			MILSTRIP	MILSTRIP	MILSTRIP	MILSTRIP			MILSTRIP					
Department Code	Department Code	Department Code		Department Code	Department Code	Department Code*	Department Code	Department Code			Department Code	Department Code	Department Code	
Main Account/ Sub Account	Main Account/ Sub Account	Main Account/ Sub Account		Main Account/ Sub Account	Main Account/ Sub Account	Main Account/ Sub Account*	Main Account/ Sub Account	Main Account/ Sub Account			Main Account/ Sub Account	Main Account/ Sub Account	Main Account/ Sub Account	
Beginning Period of Availability	Beginning Period of Availability	Beginning Period of Availability		Beginning Period of Availability	Beginning Period of Availability	Beginning Period of Availability	Beginning Period of Availability	Beginning Period of Availability			Beginning Period of Availability	Beginning Period of Availability	Beginning Period of Availability	
Ending Period of Availability	Ending Period of Availability	Ending Period of Availability		Ending Period of Availability	Ending Period of Availability	Ending Period of Availability	Ending Period of Availability	Ending Period of Availability			Ending Period of Availability	Ending Period of Availability	Ending Period of Availability	
				Agency Accounting Identifier	Agency Accounting Identifier	Agency Accounting Identifier	Agency Accounting Identifier	Agency Accounting Identifier			Agency Accounting Identifier	Agency Accounting Identifier		
				ACRN	ACRN	ACRN	ACRN	ACRN			ACRN	ACRN		

Applicable Data Standards

SFIS	SFIS	SFIS	PRDS, 511, SLOA	PRDS, 511, SLOA	PRDS, 511, SLOA, PDS, 850/860	PDS, 850/860, SLOA	PDS, 850/860, SLOA	861, SFIS	856, 857	810, 857	861, SFIS	SFIS, 820, PDS	SFIS, PDS
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# Joint Processes Under Construction

- Establish minimum procedures for electronic handshake between Purchase Request and Contract
- Collaborate with Financial Community to
  - Ensure traceability of contract award and line items to the TAS; requires ensuring award number and CLIN carried in accounting and disbursing files
  - Determine the procedures to trace intergovernmental transactions that result in a contract award
  - Clarify system identifiers for accounting and disbursing systems for routing of transactions
  - Determine identity of financial management organization uniquely

Objective: To be able to trace and track the budget (by TAS) from contract action through disbursing at Treasury by contract unique ID. This will enable a match from the FPDS record to Treasury reporting through financial systems.

# DoD Standard Operating Procedures

1. Purchase Request, Commitment, Funds Check and Posting of Obligation to Accounting
  - Standard operating procedure drafted; pending formal coordination (Initial Operational Capability - 1 Oct 2013)
2. Standard Line of Accounting – Implementation plans underway (Operational Target - 1 Oct 2014)
3. Inter/Intra governmental Transactions (integrated with #1)
  - Concept of Operations and SOP under development
  - Enterprise service under development (Proof of Concept 2<sup>nd</sup> Qtr FY 2014)
4. Posting of obligation to entitlement, receipt/acceptance and entitlement (integrated with #2)
  - Operating procedure pending update for standard line of accounting (Operational Target - July 2014)
5. Output from entitlement to disbursing and reporting to Treasury
  - Standards based service to enable DoD migration under development (Operational Target - July 2014)

# Summary

- Developing and implementing policy updates initiated in FY12 will extend into FY14
- Systems development and implementation will extend into FY16
- Integration with financial systems will be staggered on a schedule to coincide with the procurement standardization and maturity from FY14 through FY17