

Good Morning and thank you for this opportunity to share with you our views on federal data transparency.

My name is Cornelia Chebinou and I serve as the Washington Director for the National Association of State Auditors, Comptrollers and Treasurers. Our organization represents both elected and appointed state financial officials with the role of auditor, comptroller and treasurer in the 50 states, the District of Columbia and the US territories. Our members are the officials who deal with the financial management of state government. Like the federal government we recognize the need to provide data to the public that is both accurate and informative. Our perspectives

today come both from the state auditors who use federal data in conducting their audits and from state comptrollers who run the state's financial system and are - in many cases responsible for providing financial information on federal awards and for setting policies and serving in an oversight function for state agencies who receive those federal awards. Much of our perspective is also from our member's work in implementing the Recovery Act. I should caution however that each state is unique and the roles of our members and their involvement in the grants process vary greatly.

First and foremost we are extremely pleased that you have decided to hear from

stakeholders and we hope that you will continue this dialog as you move forward in achieving your goals. Ongoing input and consultation are so important for developing policies and tools that are effective which in turn assists in keeping the public trust. As many of you may be aware the collaboration that occurred during the Recovery Act was paramount to successful implementation. We strongly believe that an informed effort can only contribute to the likelihood of a successful endeavor.

We suggest that the GATB follow similar approach to collaboration than that employed during Recovery Act implementation by: (1) soliciting feedback from state and local partners when

formulating and revising rules and policies governing transparency of federal funds and (2) responding to questions in an ongoing manner from the those that will ultimately have to implement and /or follow new or amended rules and policies.

We recognize the hard task of trying to meet the desires of all stakeholders while still weighing the costs and benefits of providing information in a manner that is understandable and accurate. Data reporting standardization should keep in mind the costs and burden on federal grant recipients in addition to the overall goal of modernization, efficiency and accountability not just for federal agencies but for the recipient as well.

Transparency, accountability and minimizing waste, fraud and abuse are not new concepts for our members. These concepts are the foundation of the work they conduct each day as public servants. With interest we have read through your way forward document. In your document you state that there are three audiences for federal spending information; the federal agencies doing the spending, the federal overseers who protect against waste fraud and abuse and the American public. We believe that state and local oversight professionals and recipients are also part of the audience that uses this important information.

We are very pleased to see that a universal identifier for federal awards is being pursued. This is a frustration of users in that there are many ways to identify an award. Currently there are numerous identifiers all for varying purposes including the FAIN, DUNS, CFDA, and Treasury account symbol to name a few. The DUNS number has been particularly problematic for states and during recovery act implementation the guidance required use of the Treasury Account Symbol even though recipients were often unaware of what that symbol was. The movement to provide a unique identifier is a welcomed effort.

In your notice for this meeting you specifically ask who we represent. As mentioned earlier our perspectives are those of some of our auditor and comptroller members.

Many of our auditor members currently utilize the recovery.gov website for compliance testing in their single audits and as more and more state audit shops conduct performance audits, this information will be similarly as important. As state auditors (or CPA firms) conduct single audits of subrecipients, accurate and timely grant information that is available on a public website will serve as a valuable source of independent corroboration. If this information is readily accessible online,

it will prevent auditors from having to spend costly time confirming the amount of grants received from various grantor agencies. When you audit many different entities like our auditors do, the amount of time spent on this fundamental audit step can really add up. Also, having grant information online will assist auditors in monitoring subrecipients. Our members look forward to increasing their use of federal data as part of their single audit testing; however, we believe that information is only as good as its accuracy and suggest that data integrity be an important consideration when setting transparency policy.

A state as a prime recipient or as an overseer of prime recipients seeks federal spending information such as: how much federal assistance was awarded, how much was actually received and ultimately how much federal assistance was expended. A clear consistent meaning of every data element is key; currently the information available is inconsistent which therefore introduces unreliability. More consistency would allow the data to be used for multiple comparative purposes. Eric Brenner of the Maryland Governors Grants Office who will speak in a moment will likely highlight how some of the data is compared for use in the states.

The lack of consistent data and standards and commonality in how data elements are defined places undue burden on federal fund recipients. This can result in them having to report the same information multiple times via disparate reporting platforms.

Federal spending enhancements should be made by centralizing the source for guidance and oversight for all recipient reporting. Guidance from a central agency should not be left open for interpretation by other agencies. A big frustration that occurred during the recovery act was when agencies would issue their own guidance that was in direct conflict with that issued by OMB. Programmatic specific guidance

should not be issued for reporting data elements by multiple federal agencies. For example the term “expended” has been interpreted in various ways depending on the source. Some federal guidance documents interpret funds expended when the activity related to the award occurs, other federal agencies may not consider funds expended if funds have not been drawn down from the federal agency. Further other agencies may interpret funds expended only at the time when cash is actually disbursed by the recipient. The stability and consistency with the annual reporting of the schedule of expenditures of federal awards required by OMB circular A-133 stems from the fact that only one

agency issues the requirements and guidelines even though many agencies may contribute to the content.

We believe that eliminating redundant reporting requirements already mandated and maintaining only one body of information could curb confusion when trying to form summations of federal spending data which may be reported in multiple places. Collecting data for reporting in multiple reports but under various terms results in unnecessary duplication of effort. Any reporting of performance measures should be linked to payment data by adding those major action elements to the same reporting model containing spending data.

We would also suggest that the focus of reporting by recipients be on funds expended for goods and services. The average citizen likely just wants to know who received the tax dollars and has no idea of the differences between a sub-award, procurement, sub-recipient or vendor. In addition most accounting and financial systems do not track payees by recipient type (i.e., vendor or sub-recipient). This is an unnecessary burden on many smaller prime recipients and it is most likely has no meaning to the average citizen. Keep it simple and look at who received the federal dollars. This will promote accuracy and efficiency by removing the manual efforts that are necessary to extract

disbursement data and specially categorizing the type of payee.

In closing, we would like to ask that the board consider sharing some of the tools developed by the Recovery Operations Center (ROC) with state and local oversight professionals. As you know the ROC served as a centralized location for analyzing Recovery Act funds and their recipients through the use of predictive analytic technologies. ROC analysts would cross-reference lists of grant recipients or sub-recipients against a variety of databases to look for risk indicators such as criminal convictions, lawsuits, tax liens, bankruptcies, risky financial deals, or suspension/debarment proceeding. These

types of tools would be extremely helpful to state auditors that audit federal funds as they share the federal government's concern for reducing and identifying instances of waste, fraud and abuse. Our auditor members would welcome opportunities to increase the efficiency and effectiveness of their audits. Fraud and abuse and risk identification are some of the main purposes of required recipient single audits.

Thank you for this opportunity to be involved in the process, we will be following your work closely and look forward to providing useful input at the appropriate times.