

**Comments offered by Martin J. Benison,
Comptroller of the Commonwealth of
Massachusetts on behalf of the National
Association of State Auditors, Comptrollers
and Treasurers.**

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

My name is Marty Benison, and I am the Comptroller of the Commonwealth of Massachusetts. I am also here representing the National Association of State Auditors, Comptrollers and Treasurers. With me is an individual known to many of you, NASACT's Washington Director, Cornelia Chebinou. NASACT is an organization that represents

both elected and appointed state financial officials with the roles of auditor, comptroller and treasurer in the 50 states, the District of Columbia and the U.S. territories. These are the officials who are tasked with the financial management of state government. Like the federal government, we recognize the need to provide to the public data that is both accurate and informative. Most of our members manage or participate in oversight of their state or Commonwealth transparency website. Our perspectives today come both from the state auditors, who use federal data in conducting their audits, and from state comptrollers who run their 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 role for state agencies that receive those federal awards. Much of my perspective is also from work conducted in implementing the Recovery Act.

First and foremost we are extremely pleased that you have decided to hold this town hall meeting to hear from stakeholders as you embark on this journey to take the vision embedded in the DATA Act from concept to reality.

Ongoing input and consultation are so important for making choices that will work for all participants in the process. To echo our suggestion made to the Government

Accountability and Transparency Board at its outreach meeting earlier this year, we suggest that Treasury and OMB utilize an approach similar to that employed during the Recovery Act implementation.

Specifically, we recommend soliciting feedback from the state and local partners that receive the largest percentage of federal grant funds in formulating and revising the rules and policies governing the transparency of federal funds and responding in an ongoing manner to questions from those who will ultimately have to implement or follow new or amended rules, requirements and policies.

We have followed the DATA Act since its inception, commenting and suggesting

amendments as it made its way through the legislative process. That ongoing dialog, we believe, resulted in a better product. The final version of the DATA Act takes a phased approach by looking first at the federal government and then seeing how the concepts can be applied to pass-through entities and federal fund recipients.

Similar to other consolidation and transparency efforts undertaken over the years, bridging systems and re-evaluating federal funding requirements requires engagement, careful consideration and buy-in from many players. The task is not one that will be easy, but one that will result in better and more useful and complete

information for decision makers and the public alike.

We recognize that the majority of the requirements of the DATA Act fall on federal agencies; however, many of the requirements, including the use of common data elements, will ultimately affect those responsible for managing the funds, including recipients and pass-through entities. Therefore, we would stress that in addition to the overall goals of modernization, efficiency, accountability, and data standardization efforts, you keep in mind the costs and burden on federal grant recipients.

In addition to the overall strategy the federal government will undertake to

implement the requirements of this new law, we are specifically interested in the forthcoming data standards and the design and implementation of the pilot program for recipients.

The act requires the establishment of common data elements for financial and payment information to be reported by federal agencies and by entities receiving federal funds. While there are no new reporting requirements for recipients at this time, we anticipate that ultimately what is designed for federal agencies will also be required to be reported by recipients.

Therefore, we cannot stress enough the early inclusion of all stakeholders in the process.

I will reflect briefly on my experience in working with OMB to establish guidance for the implementation of the Recovery Act. I have worked in various roles in state government that included statewide responsibilities for federal funds for over twenty years. I have observed or participated in times of close collaboration between state and federal government and times when the collaboration was minimal. I would describe the period prior to the Recovery Act as a period of very limited collaboration. OMB made it a priority to develop Recovery Act policies in collaboration with federal program agencies and major recipient stakeholders, including NASACT. All those involved agree that the

consultative process that was employed was successful through early consultation and ongoing communication (weekly calls) bringing together grantor and grantee perspectives, ideas and concepts that were discussed long before draft guidance was written; in fact many of the conversations occurred during the concept phase. This approach benefited the Federal government with a better and more informed set of guidelines and because the constituencies knew they were heard, they had strong buy-in when the final regulations and guidelines were released. It benefited state and other stakeholders because we could shape the product to address our concerns while strengthening the ultimate

goal transparency and accountability in the expenditure of federal funds. We truly believe that this early and ongoing consultation assured that the final product was one that was workable for all involved. It is a model we strongly encourage you to follow.

While the circumstance and urgency surrounding the Recovery Act is much different than what is being contemplated in implementing the DATA Act, a long-term view must be considered. Careful consideration by all relevant parties must be given to how all the various systems can be integrated and aligned to easily and efficiently gather the desired information and to ensure that it is useful to

management and others in assessing program performance. This is where the pilot envisioned by the law plays such an important part in the overall structure. We strongly believe that it is imperative that the pilot include many different types and sizes of recipients, as each will have very different capacities. A carefully considered sample of participants will assure that the results are informative and that the recommendations are plausible in the real world.

The notice also asks why federal transparency is important. We believe that not only federal transparency but government transparency in general is important for many reasons, perhaps the

most important being safeguarding taxpayer dollars and maintaining the public trust.

Our ability to serve the public can only be successful if people believe their tax dollars are being used for the intended purpose. The DATA Act attempts to bring more sunshine to federal spending by bridging disparate systems and utilizing data standards to gather and display information in a manner that is useful for assessing program goals and performance. Early versions of the Data Act required very robust recipient reporting, including the reporting of expenditure data by recipients. Like federal agencies there will be a variety of systems and data standards across state

governments. In Massachusetts we have a relatively high centralization of data standards and systems facilitating a state transparency site fed directly from the Commonwealth's accounting system. Some other states will have standards like the Commonwealth. For others, this information is not centralized, and therefore, detailed reporting of expenditures like those required for the Recovery Act would require manual intervention and a significant increase in the amount of manpower hours. This is why standard data elements are important and should be vetted by those who will have to utilize them. Since the Recovery Act's implementation, almost every state has

implemented a transparency site publishing information about their spending, including the expenditure of federal funds on-line in a searchable data base. These websites can serve as possible templates and in some cases cautionary tales as you consider a federal model.

Your notice also asks how federal spending information is utilized. Many of our auditor members currently utilize the recovery.gov website for compliance testing in their single audits. As more and more state audit shops conduct performance audits, this information will be similarly as important. Unfortunately, very soon the Recovery.gov website will no longer be functional, and much of the data on USASpending.gov is

inaccurate, incomplete or unreliable. As state auditors (or CPA firms) conduct single audits of sub-recipients, 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 and reconciling the discrepancies. 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 accurate and robust grant information online will assist auditors in monitoring sub-recipients.

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. This is important for the executive branch and budget officials in having a clear picture of federal funds coming to the state. This is why a clear and consistent meaning for every data element is key. More consistency would allow the data to be used for multiple comparative purposes. Lack of standards will compromise the use of the data by the federal government and public interest groups. In addition, 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 recipients having to report the same information multiple times via disparate reporting platforms. We hope that the pilot will identify instances and opportunities to minimize this kind of duplication.

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.

We also 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. Whenever data is reported in different forms at different points in time, reconciliation becomes a challenge. Users who cannot reconcile the data will question its integrity. 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.

In closing, we note that the law requires assets of the Recovery Accountability and Transparency Board that support the operations and activities of the Recovery Operations Center relating to the detection of waste, fraud, and abuse in the use of federal funds be transferred to the Department of Treasury. We respectfully request that the ROC tools or other developed analytic tools or data management techniques be shared 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 proceedings. State program agencies, control agencies, and auditors are all experimenting with these tools and technologies. Collaboration on tools and data can only improve outcomes for all of us. Our Comptrollers are looking at these tools to reduce improper payments. Our auditor members would welcome opportunities to increase the efficiency and effectiveness of their audits.

Thank you for this opportunity to share our views. NASACT stands ready to assist you in your efforts to bring the Data Act to life. We look forward to providing useful input, identifying pilots and assisting in any way we can as you implement a law that will provide more useful information about federal spending.

Thank You!