



Analysts. Executives. Innovators. For the **Public Sector**

The Digital Accountability and
Transparency Act of 2011

“DATA Act”

Implications for the Public Sector

BRONNER

The Business of Government

Chicago • Atlanta • Boston • Philadelphia • New York • Los Angeles • Washington, D.C.

OVERVIEW

- Introduced June 13 in House (H.2146) by Representative Darrell Issa (R-CA), Chairman of the House Oversight and Government Reform Committee
- Introduced in Senate (S.1222) by Sen. Mark Warner (D-VA) on June 16
- **Purpose:** To require accountability and transparency in federal spending

OVERVIEW | *Functions*

- Establishes the **Federal Accountability and Spending Transparency Board (FAST Board)**
 - Independent agency in executive branch that would collect, store and publically disclose all information related to federal spending
 - Required to set government-wide data reporting standards
 - Replaces Recovery Act (ARRA)'s Recovery Accountability and Transparency Board
- Requires **all recipients of federal funds (primes and subs) to report use of funds** at least once per quarter to FAST Board
 - Exemption for recipients receiving < \$100,000 in one fiscal year with no single transaction > \$24,999.
- Requires Board to create a **single electronic platform/database to track federal spending**
 - Modeled after and intended to replace USASpending.gov
- Repeals Federal Funding Accountability and Transparency Act of 2006 (FFATA)

TRIPLE-REPORTING REQUIREMENT

Disbursement Reporting from U.S. Treasury

The DATA Act will require the U.S. Department of the Treasury to begin reporting all disbursements of Federal funds to the FAST Board. Three sets of data will increase accountability across the board.

Reporting Organization	Total Spending for Program X
U.S. Treasury	\$12,192,102
Agency	\$12,192,102
Recipient	\$11,301,102

Easy to red flag inaccuracies and investigate possible waste, fraud, and abuse.



Comparison between reporting organizations is an innovation of the DATA Act. USASpending.gov does not allow this level of comparison currently.

CHANGES TO THE ACT

National Association of State Auditors, Comptrollers, and Treasurers (NASACT) recommended changes included in amended House version of the Act:

Standardized
Definitions of
Data Elements

Initial draft included reporting standards (i.e., frequency/contents of reports) but not definitions of elements

Implementation
Timeline

Guidance regarding common elements and reporting standards following within 180 days of enactment

- Agency compliance required within 6 months of reporting and data guidance
- Similar implementation timeline is expected in the final version of the Act

Funding for compliance and state representation on FAST Board not included in language of the Act.

ADDITIONAL DEVELOPMENTS

Federal Financial Management Systems Analysis

House Oversight and Government Reform Committee conducted an analysis of federal financial management IT systems across 26 federal agencies.

The Committee's analysis released on September 6 revealed that:

- 21 of 26 agencies relied heavily on manual processes in data collection and reporting;
- Little or no effort was being made at most agencies to eliminate manual data entry; and
- Few agency-level efforts to publically disclose spending information exist.

ADDITIONAL DEVELOPMENTS

Comprehensive Study of Federal Grant and Loan Data

The Sunlight Foundation, a nonprofit organization founded in 2006 to increase accountability and spending in government spending through the use of technological solutions, released on September 8 its *Clearspending Report*, the most thorough analysis of federal spending ever conducted.

The analysis found that [\\$1.3 trillion in federal spending reporting data on USASpending.gov from 2009 is inaccurate.](#)

- This accounts for 70% of the total \$1.9 trillion in federal spending data reported last year.

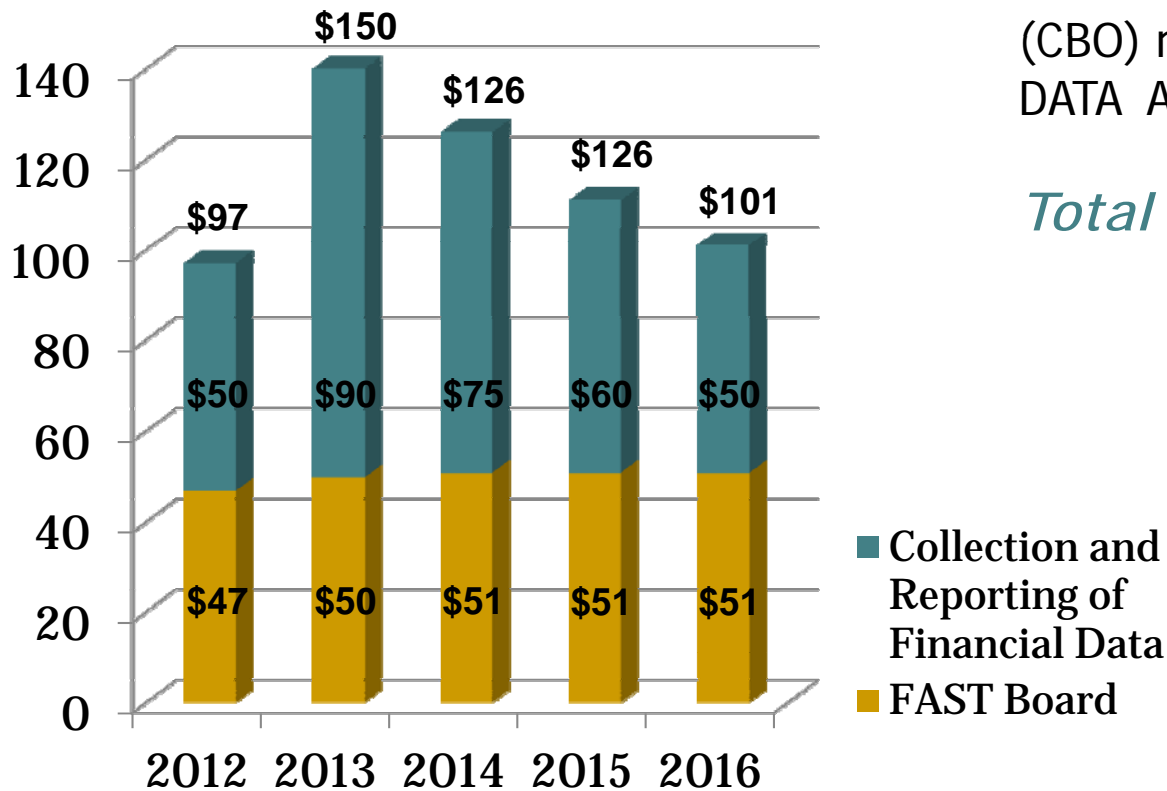
IMPLEMENTATION COST

The Congressional Budget Office (CBO) released cost estimate of DATA Act on September 6, 2011.

Total Cost

\$575 million over 5-year period

(\$375 million net of savings as a result of eliminating duplicative systems)



Estimated Outlays (in millions)

FUNDING FOR COMPLIANCE

CBO's report that there will be no cost to state, local, and tribal governments implies that a set-aside will be included to fund compliance.

- State, local, and tribal governments and government corporations will be allowed to use up to 0.5% of grant funds for data collection and reporting.

Federal agencies will not receive funding for compliance, as the DATA Act reduces federal agencies' reporting burden.

- The DATA Act allows federal agencies to submit the same data to the FAST Board as they submit to OMB, Treasury, and other federal reporting systems.
- Unlike ARRA reporting, the DATA Act eliminates the middleman role played by federal agencies. Federal agencies will not have to receive, screen, correct, and submit grantees' reports to the FAST Board. Rather, grantees and contractors will submit reports directly.

CURRENT STATUS

As of 10/4/2011

House

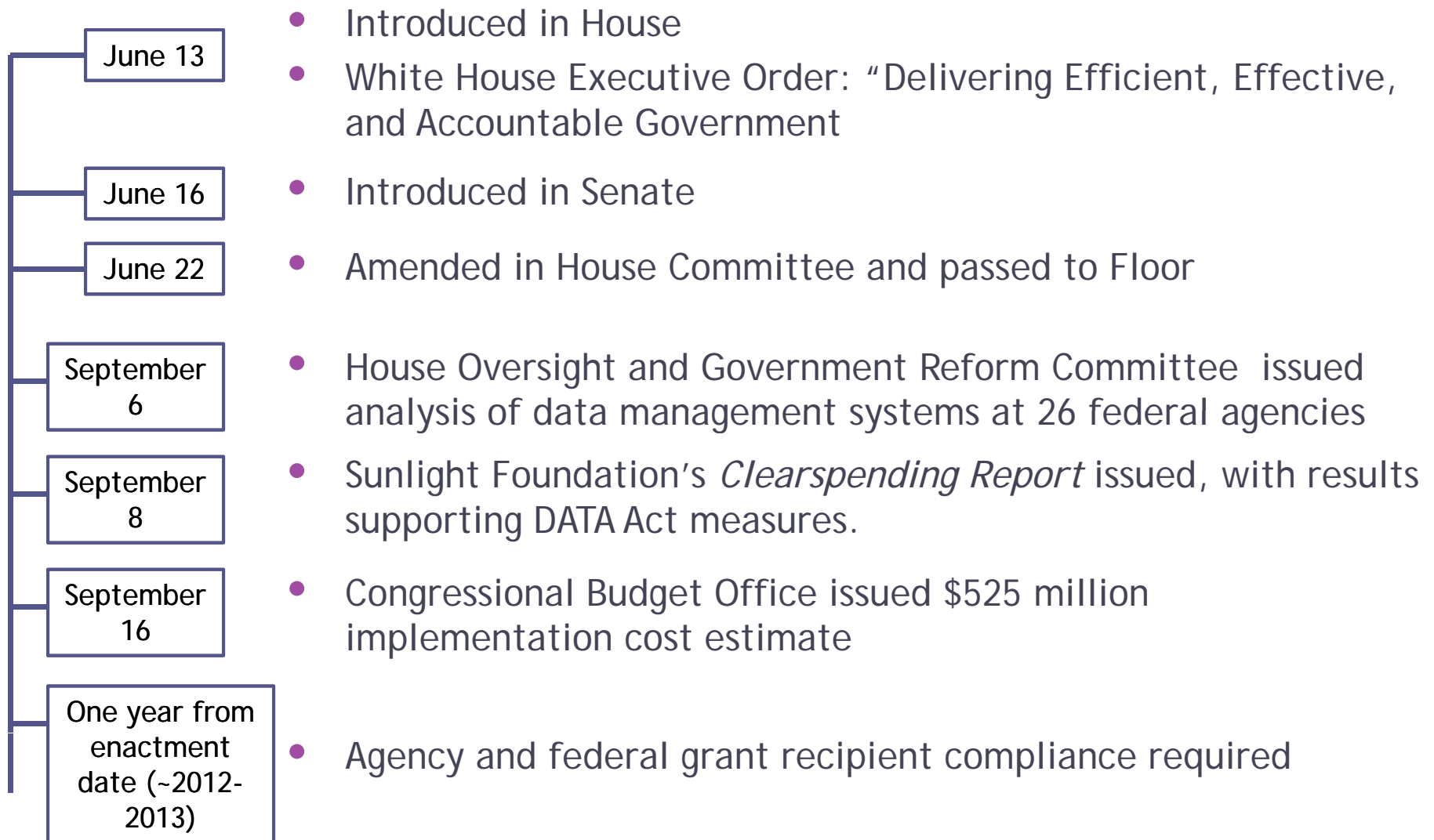
- Passed out of House Oversight and Government Reform Committee (of which Sponsor Rep. Issa is Chair)
- On House Floor, with expectation of significant mark-up and inclusion of some funding for compliance

Senate

- In Committee on Homeland Security and Governmental Affairs
- Expecting significant modification

- Concerns:
 - Repealing FFATA
 - Subject to House 7-year sunset provision
- Bipartisan support

TIMELINE



CHALLENGES FOR PUBLIC AGENCIES

CHALLENGE

New Data Collection Standards & Definitions

Agencies and their grantees will have to adhere to a new set of data definitions and data collection methodology

POTENTIAL SOLUTION

Integrate Agency Standards to Federal

Revise agency-wide standards such that all collection is based on federal definitions and collection methodology

HOW CAN BRONNER'S EXPERTISE ASSIST PUBLIC AGENCIES COMPLY WITH THE DATA ACT?

- ✓ Analysis of Reporting Needs
- ✓ Development of Reporting Protocols & Policies
- ✓ Development & Integration of Reporting System
- ✓ Ongoing Compliance and Audit
- ✓ Staff Training/Augmentation
- ✓ Change Management

CHALLENGES FOR PUBLIC AGENCIES

CHALLENGE

New Data Reporting Standards & Definitions

Agencies and their grantees will have to adhere to a new set of reporting requirements and more frequent reporting

POTENTIAL SOLUTION

Revision of Existing Reporting Systems to Meet New Standards

Revise existing systems and newly developed systems to report data using standardized definitions

HOW CAN BRONNER'S EXPERTISE ASSIST PUBLIC AGENCIES COMPLY WITH THE DATA ACT?

- ✓ Analysis of Reporting Needs
- ✓ Development of Reporting Protocols & Policies
- ✓ Development & Integration of Reporting System
- ✓ Ongoing Compliance and Audit
- ✓ Staff Training/Augmentation
- ✓ Change Management

CHALLENGES FOR PUBLIC AGENCIES

CHALLENGE

Potentially Required
Use of XBRL Reporting
Language

Agencies and their grantees may have to furnish all reports in XBRL format to allow new database accessibility

POTENTIAL SOLUTION

Revision of Existing
Reporting Systems to
Meet New Standards

Develop new reporting system entirely or an intermediary system capable of translating existing data into XBRL

HOW CAN BRONNER'S EXPERTISE ASSIST PUBLIC AGENCIES COMPLY WITH THE DATA ACT?

- ✓ Analysis of Reporting Needs
- ✓ Development of Reporting Protocols & Policies
- ✓ Development & Integration of Reporting System
- ✓ XBRL Expertise
- ✓ Change Management

CHALLENGES FOR PUBLIC AGENCIES

CHALLENGE

No Funding for Compliance for Grantees Outside Govt.

Grantees that are not government agencies, such as universities and non-profits, may have to independently bear the financial burden of compliance

POTENTIAL SOLUTION

Innovative Alternative Revenue Sourcing Strategies

Forge new public-private partnerships to marry philanthropic goals with public sector needs

HOW CAN BRONNER'S EXPERTISE ASSIST PUBLIC AGENCIES COMPLY WITH THE DATA ACT?

- ✓ Analysis of Reporting Needs
- ✓ Compliance Cost Estimation
- ✓ Alternative Revenue Sourcing Strategies

- ✓ Strategic Relationship Brokering

BRONNER'S EXPERTISE

Full Life-Cycle Project
Management
to
Increase Accountability and
Transparency

Analysis of
Reporting
Needs

Development
of Reporting
Protocols &
Policies

Development &
Integration of
Reporting
System

Staff Training
&
Augmentation

Ongoing
Support &
Change
Management

**Innovative,
Agency-Specific Approach**

BRONNER
The Business of Government

Contact:
Raabia Budhwani
rbudhwani@bronnertgroup.com
(312) 759-5101
www.bronnertgroup.com