

**EXECUTIVE OFFICE OF THE PRESIDENT  
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**Testimony of Daniel I. Werfel  
Controller, Office of Management and Budget  
before the  
Subcommittee on Technology, Information Policy,  
Intergovernmental Relations and Procurement Reform  
House Committee on Oversight and Government Reform**

**March 11, 2011**

Thank you, Chairman Lankford, Ranking Member Connolly, and members of the Subcommittee, for the invitation to discuss our progress in creating a more open government.

On his first day in office, President Obama signed the Memorandum on Transparency and Open Government that set forth a new paradigm for an open and accountable government.<sup>1</sup> Since then, the Administration has been unwavering in its commitment, through increased transparency, participation, and collaboration, to make our government more open, accountable and efficient. In just over two years:

- **The Administration Launched The Accountable Government Initiative.** To make government work better, faster, and more efficiently, the Accountable Government Initiative outlines a performance management approach that drives agencies' top priorities, cuts waste, reforms contracting, closes the IT gap, promotes accountability and innovation through open government, and continues to attract and motivate top talent.
- **Federal Agencies Have Become More Open.** Federal agencies have published detailed open government plans and roadmaps in compliance with the Open Government Directive.<sup>2</sup> Final agency plans feature key openness initiatives, the identification of data the public would consider highly valuable, and new agency Open Government web pages to facilitate greater transparency. Each agency's plan is tailored to its own structure and mission, however several agencies have crossed the typical stovepipes of providing only agency-specific data and partnered together to provide more comprehensive information to the public on key topical areas that span multiple agencies. An example of this partnership is the creation of *Recalls.gov*, which alerts the public to unsafe, hazardous, or defective products and provides up-to-date consumer safety information.<sup>3</sup> Six agencies partnered together to provide this highly valuable information to the public in one central location: the Consumer Product Safety Commission, the National Highway Traffic Safety Administration, the U.S. Coast Guard, the Food and Drug Administration, the U.S. Department of Agriculture, and the Environmental Protection Agency.

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<sup>1</sup> Memorandum on Transparency and Open Government, *available at* [http://www.whitehouse.gov/the\\_press\\_office/TransparencyandOpenGovernment](http://www.whitehouse.gov/the_press_office/TransparencyandOpenGovernment).

<sup>2</sup> Open Government Directive, *available at* <http://www.whitehouse.gov/open/documents/open-government-directive>.

<sup>3</sup> Additional examples of agency initiatives are available at: <http://www.whitehouse.gov/open/innovations>;  
<http://www.whitehouse.gov/open/highlights>.

- **Federal Government Data Has Become the Public’s Data.** *Data.gov* is a federal one-stop data sharing platform designed to democratize access to data, with hundreds of thousands of datasets in a common format housed in a central location. By the close of 2010, over 300,000 datasets and applications (apps) were posted, providing the public with new information about such diverse matters as automobile safety, air travel, air quality, workplace safety, drug safety, nutrition, crime, obesity, the employment market, and health care. Over the past year, *Data.gov* received over 100 million hits. *Data.gov* has also launched communities that bring the American people together to share ideas and take action around a variety of topics. These communities, such as *health.data.gov*, are partnerships between *Data.gov* and Federal agencies. As crossroads for participants from across academia, business, government and the general public, *Data.gov* communities are positioned to make a difference in the lives of Americans by facilitating ongoing conversations and activities, both virtual and face-to-face, and spurring innovation through the development of applications that advance the public’s ability to utilize data.
- **The Administration Is Committed to Lowering Costs of Government Operations.** The Administration launched *Apps.gov*, to help continue the President’s initiative to lower the cost of government operations while driving innovation within government. This site is an online storefront for Federal agencies to quickly browse and purchase cloud-based IT services, for productivity, collaboration, and efficiency.
- **The Federal Reporting Model Realigns with Public Interest.** OMB, working with the CFO Council, developed a new statement of spending that focuses on how and where Federal dollars are being spent. Federal agencies spend a great deal of time and energy surrounding audited financial statements. Given the wide interest in public websites such as *Recovery.gov* and *USAspending.gov*, OMB and the CFO Council developed a new financial statement that will blend Federal spending information with the same disciplined internal control foundation as the other financial statements. This year, several Federal agencies will pilot this new statement, with the goal of incorporating spending transparency into agencies’ financial management practices.
- **Federal Spending Has Become More Transparent.** The new improper payments dashboard, *PaymentAccuracy.gov*, was launched in 2010 in response to Executive Order 13520—*Reducing Improper Payments and Eliminating Waste in Federal Programs*.<sup>4</sup> The dashboard contains information about: (1) current and historical rates and amounts of improper payments; (2) information on why improper payments occur; and (3) information about what agencies are doing to reduce and recover improper payments.

*Recovery.gov* presents unprecedented levels of transparency and accountability so that citizens can monitor the progress of the American Recovery and Reinvestment Act of 2009 (Recovery Act), to track Federal contracts, grants, and loans to an unprecedented degree, and to provide feedback on the status and results of those investments at the community level.

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<sup>4</sup> Executive Order 13520, available at <http://www.whitehouse.gov/the-press-office/executive-order-reducing-improper-payments>.

*USAspending.gov* is a one-stop site that provides the public with an understanding of how Federal dollars are spent; accounting for billions of dollars spent across Executive agencies. The site builds off of the lessons learned from Recovery Act implementation and the public can now track how Federal dollars are spent at the sub-award level for contracts and grants.

Providing easy access to information is critical to ensure that the Government is held accountable for how it uses taxpayers' dollars. While much progress has been made, going forward, we need to continue our efforts to fulfill the President's State of the Union promise: to rebuild people's faith in the institution of government. We need to continue to refine the collection of data, provide easy access to information, collaborate with our stakeholders, and encourage participation in how we conduct business. The Administration's commitment to an open government is firm. The mechanisms that have been and continue to be implemented constitute a new way of doing business that will persist for decades to come.

### **Accomplishments in Federal Spending Transparency**

Transparency in Federal spending is of the utmost importance in demonstrating how, when, and where taxpayer dollars are being spent. Transparency in this area helps to drive accountability in the government's spending. We have achieved significant accomplishments in this particular area.

#### *PaymentAccuracy.gov Displays the Administration's Efforts to Reduce Improper Payments*

In response to the large increase in improper payments between 2008 and 2009, the President signed Executive Order 13520 in November 2009, directing the Administration to reduce improper payments. To accomplish this goal, we have employed the principles of transparency and increased agency accountability. Further, we have explored incentives for State and local government efforts to reduce improper payments in State-administered programs (*e.g.* Unemployment Insurance, the Supplemental Nutrition Assistance Program, and Medicaid).

Since the President's Executive Order, agencies have made great strides. For those high-priority programs that account for the majority of improper payments, agencies have established supplemental measures to provide more frequent and current measurements of improper payments. Agencies have also selected Accountable Officials responsible for coordinating efforts to reduce improper payments. These efforts have not been pursued in a vacuum; rather they have been part of the public discourse on reducing improper payments. In fact, all of this information is now readily available to the public on a recently launched improper payments dashboard at *PaymentAccuracy.gov*. Specifically, the dashboard includes:

- Government-wide and program-by-program data on improper payment rates, amounts and reduction targets;
- Data on the amount of contract payment errors recovered;
- The top 10 highest improper payments for the most recent reporting quarter;
- The identity of the agency senior accountable official; and
- Agency success stories.

We launched *PaymentAccuracy.gov* in June 2010. Already, the site has received almost 450,000 hits, another indication that we are driving transparency by putting more information online that can be

accessed by the public. Our efforts are achieving important early results. In FY 2010, a reduction in the government-wide error rate helped prevent \$3.8 billion in improper payments.

### *Recovery Act Reporting Provided the Public with Unprecedented Transparency*

Consistent with the Administration and Congress' calls for transparency, the Recovery Act has put forth an unprecedented effort to provide timely, transparent, and accountable information about the Act's progress. In pursuit of this commitment, Section 1512 of the Act requires nearly every grant, contract and loan recipient of Recovery Act funds to file quarterly reports providing spending, employment and project status information.<sup>5</sup> The reports include up to 99 distinct data fields, and provide a level of detail on Recovery Act contracts, grants, and loans that goes beyond any previous Federal reporting model.

Transparency has been critical to accomplishing the goals of the Recovery Act. Currently, over 200,000 prime and sub-recipients file public quarterly reports which are collected and made public quarterly. This is more frequent than other major financial reporting required by the federal government.<sup>6</sup>

After undergoing a rigorous quality assurance process conducted by each agency, recipient reported data is then posted on *Recovery.gov*. Due in large part to the leadership, vision, and tireless efforts of the Recovery Accountability and Transparency Board, Federal agencies and recipients, *Recovery.gov* has set a new standard for web-enabled spending transparency. Taxpayers have been provided the most powerful tool in our nation's history for tracking where their dollars are going – every project, down to the zip code, with relevant financial and employment data, project descriptions, and interactive graphics that guide the user.

We are also committed to ensuring a high rate of compliance with recipient reporting. On April 6, 2010, the President issued a memorandum, "Combating Noncompliance with Recovery Act Reporting Recipients," directing federal agencies to use every means available to identify prime recipients that have failed to file a report on *FederalReporting.gov* and to hold them accountable to the fullest extent permitted by law. The directive requires agencies, when appropriate, to terminate awards, reclaim misused funds, and pursue suspension and debarment proceedings against non-reporters.

Our success in compliance so far has been remarkable. In the most recent quarter ending on December 30, 2010, over 99.6 percent of Recovery Act prime recipients that were required to file reports on their spending did so on a timely basis. Through continued outreach and training for recipients, we have collectively improved compliance and data quality. Taken as a whole, all of these efforts demonstrate that the Administration's implementation of the Recovery Act has been done in a transparent manner.

### *USAspending.gov Tracks Federal Spending, Using Lessons Learned from Recovery*

*USAspending.gov* was established in 2007, pursuant to the Federal Funding Accountability and Transparency Act (Transparency Act). It has been described as "Google for Government," tracking all

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<sup>5</sup> Section 1512 of the Recovery Act details which recipients are required to report every quarter.

<sup>6</sup> These include financial reports such as the Non-profit IRS 990, Private Sector Year-End SEC 10K, the Private Sector Quarterly SEC 10Q, and the Federal agency financial statements.

Federal payments greater than \$25,000 and enabling the public to search who is receiving these payments and for what purpose.

Using lessons learned from *Recovery.gov*, we are now on track to enhance the usability and reliability of *USAspending.gov*, providing transparency of spending at the sub-award level, streamlining reporting burden to recipients, and setting the course for improved data quality.

First, we enhanced what *USAspending.gov* can do for the public. In the most recent release of *USAspending.gov*, the public can now compare spending across agencies, view agency spending dashboards, and explore spending trends with interactive motion charts to see how spending trends have changed from year to year. *USAspending.gov* also allows users to see spending by state and to download bulk data for further analysis. Recognizing how important social media has become in our society, you can also share your feeds, exports, and results with friends via social booking and RSS feeds.

Second, the public now can track Federal spending, down to the sub-award level. As of March 1<sup>st</sup>, the public can find out how almost four billion in taxpayer dollars were spent at the sub-recipient level.<sup>7</sup> On *USAspending.gov*, not only can the public see who the top recipients of prime Federal awards are, but the public also has visibility on who the top sub-contracting and sub-grantees of the Federal Government are and where they are located.

Third, in requiring the reporting of sub-award data into *USAspending.gov*, we have minimized the reporting burden to Federal assistance recipients. In addressing recipients' concern over excessive recipient reporting burden, we had to balance the need for transparency and accountability in Federal spending. The result was a streamlined reporting model that did not sacrifice information but lowered total reporting burden. We did this by following two principles: the highest quality data is data reported directly by the source and we should collect information from the public once, but use many times.

Fourth, we have identified the key data quality problems and have charted a way forward to narrowing the data quality gaps. Our experiences under the Recovery Act taught us that constant vigilance does make a difference. Following the model used in Recovery Act reporting, Federal agencies have designated a senior accountable official to be responsible for the quality, objectivity of, and internal controls over, publicly disseminated Federal spending information. In addition, Federal agencies have each developed unique data quality plans, each of which outlines the agency's plan to provide timely, accurate, and complete data. These plans are the agencies' strategy to provide high quality spending information to the public.

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<sup>7</sup> Statistics current as of March 4, 2011.

## **Path Forward**

Since issuing the Open Government Directive, the Administration has made great advances in establishing a culture of openness and transparency. In particular, we have reached an unprecedented level of public visibility into how taxpayer dollars are spent. For the first time in history, the public can see who gets Federal dollars and the purpose of that spending.

While we have accomplished many things, there is still much work to be done. The public cannot realize the full utility of transparent Federal information if the data across agencies are incompatible. Demonstrating our commitment to quality assurance, we have already identified potential methods for data standardization, particularly within Federal spending information. Data standardization will not only increase the usability of the information for the public, but will also achieve long-term benefits across Federal agencies. Current efforts to provide quality and real-time data to the public can consume many resources, and at times manual processes, to ensure that data from multiple systems and sources reconcile. To sustain and improve upon these efforts, inter-agency work groups have been launched, with the commitment to drive the high quality of Federal spending information and re-evaluate and realign the underlying data standards.

As we continue to build upon the solid foundations of an open government, we must constantly gauge our progress against the guiding principles of transparency, participation, and collaboration. Moving forward, we embrace the opportunities to work with all of our stakeholders to reach the shared end goal of an open government.

Thank you for the opportunity to testify today and I look forward to answering your questions.

## **Danny Werfel**

On October 13, 2009, the United States Senate confirmed Danny Werfel as the Controller of the Office of Federal Financial Management (OFFM) within the Office of Management and Budget (OMB). As Controller, he is responsible for coordinating OMB's efforts to initiate government-wide improvements in all areas of financial management, including financial reporting, improper payments, and real property management. Mr. Werfel is also responsible for coordinating the development of government-wide policy on financial accounting standards, grants management, and financial systems.

Prior to his current position, Mr. Werfel served in multiple capacities within OMB, included Deputy Controller, Chief of the Financial Integrity and Analysis Branch, Budget Examiner in the Education Branch, and Policy Analyst in the Office of Information and Regulatory Affairs. Mr. Werfel also served as a Trial Attorney in the Department of Justice's Civil Rights Division.

Mr. Werfel is a recipient of both national and local awards from the Association of Government Accountants for his contributions to Federal financial management. He was the recipient of the Presidential Rank Award for Meritorious Service in 2008. Mr. Werfel also served as a member of the Federal Accounting Standards Advisory Board from 2006 to 2009.

Mr. Werfel holds a Masters Degree in Public Policy from Duke University, a Juris Doctor from the University of North Carolina at Chapel Hill, and a Bachelors Degree in Industrial and Labor Relations from Cornell University.