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**BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES**

December 8, 2016

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, thank you for inviting me to today to discuss our progress toward implementing the Digital Accountability and Transparency Act of 2014 (DATA Act). We have made significant progress since we last discussed this issue with you in April.

From the Administration's first days in office, improving Federal financial spending transparency has been a focus of the President's Open Government initiative. Like Congress, the Office of Management and Budget (OMB) is committed to realizing the vision that all stakeholders know how and where tax dollars are spent.

Over the past 31 months, we have been working to implement the DATA Act, in partnership with the Department of the Treasury. We are committed to the goal of providing a complete view of how Federal appropriated dollars are spent from appropriations to obligations and expenditure. Standardized, published data sets will provide the tools needed for agencies to examine their spending and improve how the Federal government spends taxpayer dollars. Upon successful implementation of the DATA Act, open Federal financial data will no longer be a vision, but a reality to drive a better government.

**Progress Since April 2016**

Since April 2016, when I last testified before this Subcommittee, OMB has provided additional policy guidance to Federal agencies on DATA Act implementation, delivered on our commitment to monitor agency progress, and taken steps to design and implement a governance structure over the data standards for public display of Federal spending data.

1. *Issued MPM 2016-03 which included requirements for Federal agencies to submit data from designated authoritative sources for display on the future USAspending.gov. On May 3, 2016, to support agencies' successful implementation of data standards, OMB issued MPM 2016-03 "Additional Guidance for DATA Act Implementation:*

Implementing a Data-Centric Approach for Reporting Federal Spending Information.”<sup>1</sup> This policy guidance provides agencies with specific direction on reporting summary level and award-level data to USA Spending.gov and promotes data quality to ensure that data reported is sourced from or matches to authoritative sources and links across financial and management systems.

2. *Issued M-17-04 which included guidance on reporting intergovernmental transfers, reporting awards, and SAO assurance.* To continue to address opportunities to improve Federal spending transparency, the use of data standards, and data quality, OMB issued a memorandum on DATA Act implementation to agencies on November 4, 2016. M-17-04, “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability”<sup>2</sup> articulates specific policy requirements to assure the quality of data submitted pursuant to the DATA Act, clarifies how to report single awards that may contain personally identifiable information (PII), and outlines responsibilities and requirements for reporting appropriations account and award-level financial information associated with intragovernmental transfers.
3. *Continued monitoring agency implementation progress through individual agency visits and requirement for updates to DATA Act implementation plans.* When OMB and Treasury testified before this Subcommittee in April, we had started meeting with Federal agency leaders to discuss their progress on DATA Act implementation. We have since met with each of the 24 CFO Act agencies to discuss their implementation timeline, unique risks, and their risk mitigation strategy. Based on these progress discussions, OMB and Treasury have taken action to address issues that may affect successful DATA Act implementation, including providing additional guidance for reporting, showcasing agency best practices, and underscoring opportunities to leverage existing resources. Through agency one-on-one meetings, Dave LeBryk and I have learned that in spite of resource challenges, system integration issues, and changes to business processes, 19 of 24 of the CFO Act agencies expect that they will fully meet the May 2017 deadline for DATA Act implementation.

To continue to monitor agency progress against their plans, and as a corollary to our one-on-one agency meetings, this past summer OMB and Treasury requested written updates to CFO Act agencies’ September 2015 DATA Act Implementation Plans. Representing the vast majority of federal spending, the CFO Act agencies’ progress towards DATA Act implementation is critical to the success of our Federal spending transparency initiatives. In August, all 24 of these agencies provided updates to their implementation timelines, assessment of resources needed for DATA Act implementation, and identification of risks and risk mitigation strategies, as appropriate. Our review of these updates enabled us to track and assess agency progress toward successful implementation and identified areas where subsequent action was needed. We also conducted in person follow up meetings with 9 agencies that reported significant issues to better understand their challenges. In addition to these extensive outreach efforts to the CFO Act Agencies,

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<sup>1</sup> <https://www.whitehouse.gov/sites/default/files/omb/financial/memos/management-procedures-memorandum-no-2016-03-additional-guidance-for-data-act-implementation.pdf>

<sup>2</sup> <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2017/m-17-04.pdf>

we have continued, through our partnership with Treasury, to engage with small and independent agencies, including through numerous Councils and Committees. In addition, Treasury hosts weekly DATA Act “office hours” sessions which provide the necessary opportunity for all agencies to pose questions to both Treasury and OMB on DATA Act implementation, raise issues of concern, or share best practices.

4. *Developed recommendations to modify existing financial assistance provisions in the Grants Uniform Guidance to support and align with final data standards and with DATA Act and, more broadly, Federal spending transparency policy.* Through analysis and engagement with stakeholders, OMB and the Council on Financial Assistance Reform (COFAR) have identified opportunities to align existing Uniform Guidance provisions with the DATA Act data standards, ensure complete data based on award-level reporting requirements, and improve agency internal controls to monitor sub-award reporting. These proposed changes have been recommended by the COFAR, and the formal rulemaking process to implement them is underway.
5. *Established a governance structure for USAspending.gov data standards.* Since the 2015 effort to develop and issue standards for the initial 57 data elements, OMB, in consultation with Treasury, has worked to establish a governance framework to maintain and continue to develop data standards for Federal spending and award level reported data. This effort is critical to ensure the integrity of the data standards used through an institutionalized process that can be replicated across agencies. Building off of last year’s process, which GAO assessed generally adhered to ISO leading practices for formulating data definitions,<sup>3</sup> and to ensure that there is broad participation of a cross section of interests, OMB established the Data Standards Committee (DSC) this past September. The DSC includes representation from various Federal lines of business (budget, finance, procurement, financial assistance, performance, human resources, information technology), and consistent with our approach last summer, the process for identifying and finalizing new data standards will be conducted in an open, transparent manner, with opportunities for non-Federal stakeholders to provide feedback. The DSC will maintain the existing standards while also seeking opportunities for further enhancing standards that cut across multiple communities. The DSC first met in September and has been meeting monthly since then.
6. *Continued progress on Section 5 pilot.* In the past eight months, OMB has continued to pilot strategies to reduce unnecessary reporting burdens for Federal grant and contract recipients. OMB has pursued a two-track approach – one for grants and one for contracts – in an effort to address the significant challenges associated with Federal reporting.

For the grants track, OMB has partnered with the Department of Health and Human Services (HHS), which is serving as our executing agent. With respect to the grants-specific test areas, we have made significant progress, and have begun testing of all six opportunities to reduce grantee reporting burden. With efforts underway to collect and analyze data, we will meet the DATA Act’s requirements to identify opportunities to

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<sup>3</sup> See GAO, *DATA Act: Data Standards Established, but More Complete and Timely Guidance is Needed to Ensure Effective Implementation*, [GAO-16-261](#) (Washington, D.C.: January 29, 2016), at 12.

reduce unnecessary Federal grant-related reporting burden. HHS has been conducting significant outreach throughout the past year and a half to ensure a diverse pool of participants. The final report will be issued in August 2017, in accordance with the Act's requirements.

As I committed to in April, the plan for the procurement pilot has been modified to diversify and broaden its scope and address GAO's April 2016 recommendations. The scope has been adjusted to explore five test models designed to reduce contractor burden by piloting a central reporting capability for reports required under the Federal Acquisition Regulation. The concept is being tested by piloting central collection of weekly reports required by the Davis-Bacon Act. As these reports are currently provided weekly to thousands of contracting officers across the Federal government, we anticipate the data collected for the five test models will be robust and support recommendations that can be applied to other FAR reporting requirements. The General Services Administration (GSA) has been working with a contractor since early September to build the prototype tool. The launch of the data collection has been delayed in order to address some potential vulnerabilities GSA found in the infrastructure. We have committed to collecting data for a full 12 months from the start of the data collection and will have several months of data to use in building the recommendations for the August 2017 report.

### **The Work Ahead: Upcoming Milestones**

To continue our efforts towards successful DATA Act implementation, we must maintain the focus over the next several months to:

- Continue our monitoring of agency progress against planned implementation through May 2017. OMB and Treasury will continue to work directly with agencies on their DATA Act implementation efforts.
- Continue to use the Data Standard Committee to address issues related to data standards maintenance and identify any gaps that would improve Federal spending transparency.

Since April, we have continued to make significant progress to implement the DATA Act and realize the goal of improving Federal spending transparency. We will continue to utilize our Federal and non-Federal partners to successfully move implementation forward and build on our partnership with Congress to successfully implement the DATA Act and our broader vision of Federal spending transparency. Thank you for the opportunity to testify today and I look forward to answering your questions.

## **Paula M Rascona**

### **Brief Biography**

Paula M. Rascona is a Director of Financial Management and Assurance at the U.S. Government Accountability Office (GAO). Since joining GAO in 1997, she has led financial and performance audit work related to implementation of the Digital Accountability and Transparency Act, Dodd-Frank Wall Street Reform and Consumer Protection Act, American Recovery and Reinvestment Act, financial management issues at the Department of Defense, debt collection activities, financial management systems, the annual financial statement audit of the U.S. government's consolidated financial statements, and information systems security controls at the Department of the Treasury and the Federal Reserve Banks. She has also directed activities related to domestic and international auditing standards and has served on number of auditing and accounting task forces.

Prior to joining GAO, she worked for the Federal Deposit Insurance Corporation and Resolution Trust Corporation leading oversight activities of independent public accounting firms contracted to perform due diligence and other financial related reviews and audits of failed savings and loan institutions, conducted contract dispute resolution, and contract closeout activities. She also worked in public accounting where she directed financial statement audits of financial institutions, local governments, and non-profit organizations receiving federal grants and awards.

Ms. Rascona earned her bachelor's degree in Business Administration majoring in accounting from the University of Mary Hardin-Baylor and is a certified public accountant.