The document below was developed by the AGA CPAG DATA Act Task Force, a selected set of representatives from AGA's Corporate Partner Advisory Group's corporate members. This Task Force is co-led by Dick Gregg (HLS, LLC) and Danny Werfel (BCG).

The Task Force developed this set of suggested approaches and potential next steps for consideration by the OMB and Dept. of Treasury as they lead the DATA Act implementation efforts. The paper was completed in late fall 2015 and presented to OMB and Treasury on January 7, 2016. The following persons were in attendance at the meeting held in Washington DC: David Mader (OMB), Mark Reger (OMB) and Karen Lee (OMB), Christina Ho (Treasury), Amy Edwards (Treasury), Danny Werfel (BCG), Dan Murrin (EY), Kim Jones (AGA) and Ann Ebberts (AGA).

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### DATA Act Opportunities and AGA's Corporate Partner Advisory Group: Leveraging Resources, Experience and Knowledge

AGA and the AGA Corporate Partner Advisory Group (CPAG) recognize the DATA Act's potential to transform government accountability, financial management and the Administration's transparency efforts. We are also aware of the challenges that federal officials face in implementing the Act. We believe that AGA and its corporate members can be a force multiplier for federal officials. Many of our CPAG members were involved in implementing previous financial management legislation, including the CFO Act, FFATA and the Recovery Act. That background, when coupled with the technological expertise of our CPAG members, could be helpful to federal officials who, despite their talent and commitment, are working to implement the DATA Act without additional resources.

We seek the opportunity to help government officials fully recognize the promise of the DATA Act. Many believe that the promise of the Chief Financial Officers Act (CFO Act), which was enacted 25 years ago, has not been fully realized. While the CFO Act has generated an enormous volume of more reliable and timely financial information, much of that information remains disconnected from government decision-making. We hope this paper will assist in determining how we can help federal officials to fully realize their goals and identify tactical decisions that will promote the most effective implementation of the DATA Act.

We believe there are three phases to recognizing the long-term benefits of the DATA Act:
Phase 1: Define standards and work through logistics of agency adoption of those standards
Phase 2: Make sure – at a minimum – that all facets of USAspending.com function well
Phase 3: Leverage DATA Act implementation to fully realize broader opportunities to strengthen financial management

The purpose of this paper is to outline potential opportunities for Phase 3, so that the government can best align immediate and medium steps for DATA Act compliance with longer term objectives.

**DATA ACT OPPORTUNITIES**

**I. Value to management**

The DATA Act will significantly improve the capabilities of federal managers. Instead of managing documents, as with Excel or Word, federal officials will be able to manage discrete pieces of open data and content. Rather than being locked into relying on PDFs, they will be able to share content, making data more valuable and easier to use.

This "data centric" approach to managing government information will promote innovation and flexibility. Among other things, it will make it easier for governments to analyze data and link to other data for comparative analyses, provided that agencies embrace data analytics and hire those trained in the field. Data standards, and the increased granularity in data, offer a significant opportunity to rethink many aspects of financial reporting. For example, federal managers would be able to:

a) Develop portals to house commonly-required information in a central location so that grantees, contractors and borrowers would not have to repeatedly enter the same data. As long as information could be reported and reviewed in an understandable way, forms would not be needed going forward.

b) Assess pre- and post-award reporting and whether the data obtained in pre-award reporting can be linked and used in post-award reporting, rather than duplicate the work.

c) Make it possible for state and local governments to use data standards in reporting on more than grants or loans. They could, for example, submit reports required by the Cash Management Improvement Act or debt collection under reciprocal agreements, etc.

d) Develop business rules for the identified data standards to ensure consistent use of the standards across the different business lines.

e) Begin planning to expand data elements to support federal intra-agency transactions and the reporting of federal receipts, as well as expenditures.

f) Determine the extent to which DATA Act compliance activities by agencies are improving the information available to government managers for decision making. In one path, an agency could completely disassociate its DATA Act efforts from work to improve cost analytics, business intelligence and other aspects of reporting. In another path, the two things could be inextricably linked.

g) Identify opportunities to simplify the annual financial report. By embracing the full capabilities of data standardization, many of the manual processes involved in producing an agency's annual financial report could be reduced or eliminated.

h) Continue to make progress under the GPRA Modernization Act, to define "program" and to develop a program inventory, and link these programs to the budget to facilitate reconciliation between budgetary and proprietary financial information. While perfection will be difficult to achieve, it is important to continue efforts to better understand the appropriate primary approach, or mix of approaches, and level of aggregation/disaggregation that is appropriate in defining programs.

i) Quickly access federal spending information and link that information across agencies and programs. It is important to identify spending by different parts of the same agency, or by multiple agencies, that serves the same or similar purposes. Program-oriented data could

provide managers with more comprehensive knowledge of the actual cost of providing services.

j) Eventually, make it possible to better assess program performance by measuring outcomes against quantitative goals, and develop a fact-based approach to understanding both the cost and resulting benefit of program outputs. Good spending data provides the foundation for full cost accounting data, which provides program managers with a powerful tool in managing programs.

k) Leverage a data centric approach to financial management and reporting that enables the use of more agile technologies to replace the more expensive, rigid, and difficult to integrate ERP solutions being deployed today.

## II.   Accurate, reliable and timely data

Making available accurate, reliable and timely federal financial data will promote better oversight, management decision-making, and innovation, both inside and outside of government. The DATA Act lays a foundation for increased transparency and accountability of federal disbursements (i.e., for financial assistance, contracts, and loans) and financial spending data (i.e., obligations and outlays). It also provides a means to reconcile federal agency reported disbursements with amounts received and disbursed by recipients.

The federal government could improve the accuracy, reliability and timeliness of information by:

a) Continuing to improve the quality of data and search capabilities on USASpending.gov.
b) Using advanced data mining techniques to identify problems so they can be corrected.
c) Leveraging technologies and techniques that provide the ability to map (or link) entities' _existing_ identifiers to the proposed DATA Act schema in a manner that minimizes the impact, while still facilitating the identification, tracking and reconciliation of these funds.
d) Implementing additional edits and business rules.
e) Adopting XBRL and non-XBRL standards until XBRL is fully in place.
f) Expanding data elements to support federal intra-governmental transactions as a way of improving the accuracy and efficiency of reporting.
g) Establishing a process for identifying, communicating, remediating and correcting reporting errors, so that the errors are not repeated.

## III.   Private sector innovation

The goal is to open the spigots of federal funding information to allow the private sector to use that information to innovate effective management practices, create new products and services and to help create jobs and grow the economy. A large number of public and private forecasts and analyses are conducted with dated, often incomplete or inaccurate information. Such data can contribute to misleading analysis and wrong business decisions, and can contribute to negative public opinion. Having accurate, reliable and timely information on federal spending will enable the private sector to use such information to provide informed insight on growth and investment opportunities.

Steps the federal government could take to lay a foundation for private sector innovation include:

- Developing a common identifier for all entities that provide reports to, or receive reports from, the federal government. This common identifier would be used by corporations and their subsidiaries, non-profits, states, local governments and other entities that receive federal funds.
- Partnering with the private sector to support the development of a common transaction identifier that is free and downloadable. This identifier would replace the DUNS number.
- Clearly identifying the critical common features of grants management and contract/loans systems.
- Expediting the move to common data standards for core financial reporting transactions and develop the ability to link these across different reporting lines. Data standards will only work if they are actually enforced across government.
- Conducting short-term and inexpensive pilots to test various approaches to discover and develop best practices.

**IV. Striking the right balance between structured and unstructured data**

The data created during the development, award and execution of a government program comes in many forms. Structured data is highly organized and easily used by tools, like Microsoft Excel, or other data management tools. Financial transactions outputs are a clear example of structured data. Unstructured data are not organized and do not have a pre-defined presentation, such as email, streaming data or video. The two kinds of data are complimentary and can help provide a robust picture of what government programs are attempting to achieve, how the funds are spent and what results are being realized. In developing data standards to comply with the DATA Act, it will be critical to understand how unstructured data can be used in conjunction with structured data. Big Data Technology is making it possible to harness some unstructured data. Tools and techniques to organize data into recognizable fields can be used, for instance, to find words and tag them to records that have descriptors.

The main challenge to extracting the full value of unstructured text is education and training. Business analysts are often unfamiliar with the tools and techniques available for extracting valuable data from unstructured text. Educating the public on the value of their unstructured feedback is also critical. When completing surveys, unstructured response fields are commonly left blank because respondents assume written responses are a waste of time. Addressing these challenges will allow the government to successfully use both structured and unstructured data.

**V. Governance**

We realize that many of the opportunities discussed in this paper can be achieved by the current Interagency Advisory Committee and the existing structure for implementing the DATA Act. However, as we make progress in implementing the DATA Act, it will be important to develop and maintain an ongoing governance structure that enables data standards, data elements, policies and processes, and educational goals to be standardized, maintained, monitored and enforced. The more the governance model functions like open, standards-centric consortia, the more likely it is to fully gain consensus. To facilitate development of semantic standards in areas where they are not present and/or fully developed, a transparent, inclusive and standardized social approach may be needed to facilitate collaboration among a relevant stakeholder community.

To fully recognize the power of the DATA Act in the long term, it may be important to work with state, and local governments, which expend hundreds of billions of federal dollars each year. In addition, the monitoring process should be able to determine whether the data integrity is improving, comprehensive, and consistent over time. Furthermore, users should be enabled to make judgments about the quality and reliability of available data, increasing confidence in the data and resulting in better decision-making. The monitoring and oversight process should provide information about deficiencies in the data, enabling the data owner to implement improvements.

Communication is a key element of a governing process, and agencies will need to develop methods of continuously communicating emerging standards to the vast and ever-changing community of stakeholders that support the federal spending processes.

**Summary**
There are many ways in which AGA and the CPAG can help the federal government realize the DATA Act's promise, especially if we are able to maintain an ongoing dialogue with federal officials about their progress, as well as aspirations and challenges. For example, we can leverage our communications network, including AGA training events, webinars and electronic newsletters, to share DATA Act features and their benefits to organizations, as well as promulgating basic concepts and lessons learned. We can include federal speakers in our training events, or we can convene and moderate special sessions, like our Financial Systems Summit or the interactive roundtable on OMB Circular No. A-123. We can also build on previous efforts to connect federal officials and those who operate governance structures, and we can assist in identifying potential participants for the Section 5 Pilot Program.

We look forward to talking with federal officials to identify specific ways in which we can help with DATA Act implementation.