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SUBCOMMITTEE ON INFORMATION TECHNOLOGY

SUBCOMMITTEE ON GOVERNMENT OPERATIONS

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Chairman Hurd, Chairman Meadows, Ranking Member Kelly, Ranking Member Connolly, and Members of the Subcommittees, thank you for the opportunity to appear before you this afternoon for the hearing on "DATA Act Implementation." I will discuss our office's recent oversight report on the Department of Treasury's (Treasury) efforts to meet its responsibilities under the Digital Accountability and Transparency Act of 2014 (DATA Act).[1]

Treasury Office of Inspector General

Before I discuss the details of the audit, I would like to give you some background about our office. The Treasury Office of Inspector General (OIG) is headed by Inspector General Eric Thorson, who was appointed by the President and confirmed by the Senate. We provide independent audit and investigative oversight of Treasury as well as its bureaus, excluding the Internal Revenue Service and the Troubled Asset Relief Program. We oversee Treasury programs and operations to manage Federal collections and payments systems, manage and account for the public debt, maintain government-wide financial accounting records, regulate national banks and federal savings associations, manufacture the Nation's currency and coins, collect excise taxes on alcohol and tobacco products and regulate those industries, provide domestic assistance through the Office of the Fiscal Assistant Secretary and the Community Development Financial Institutions Fund and international assistance through multilateral financial institutions, and promote lending to small businesses through the Small Business Lending Fund and the State

[1] Public Law 113-101 (May 9, 2014)

Small Business Credit Initiative programs. We also oversee the Gulf Coast Restoration Trust Fund and the Gulf Coast Ecosystem Restoration Council, an independent Federal entity.

Digital Accountability and Transparency Act of 2014

Signed into law May 9, 2014, the DATA Act, among other things, expands the Federal Funding Accountability and Transparency Act of 2006 (FFATA)[2] to disclose direct Federal agency expenditures; link Federal contract, loan, and grant spending information to programs of Federal agencies; and provide consistent, reliable and searchable Government-wide spending data that is displayed accurately on USAspending.gov (or a successor system) for taxpayers and policy makers.

The DATA Act places initial responsibility for implementation efforts squarely on Treasury and the Office of Management and Budget (OMB), requiring that they: (1) issue guidance on Government-wide financial data standards for Federal spending by May 2015; (2) ensure financial and payment information data is accurately posted and displayed on USAspending.gov (or a successor system) by May 2017; and (3) ensure the data standards established are applied to the data made available on the website by May 2018.

Further, the DATA Act seeks to improve the quality of data on USAspending.gov by holding Federal agencies accountable for the completeness and accuracy of the financial and payment information data submitted. This is to be accomplished by the requirement for a series of reviews by the cognizant Inspectors General, and the Comptroller General of the United States. Those reviews are to assess (1) the completeness, timeliness, quality, and accuracy of statistical samples of the data submitted under the Act and (2) compliance by the agencies with the data standards established by OMB and Treasury.

Treasury Office of Inspector General Oversight

As the DATA Act moved toward enactment, Inspector General Thorson recognized that Treasury OIG would hold a unique and important oversight role of Treasury's DATA Act implementation efforts. Accordingly, he directed our office to engage Treasury early in the implementation process. In response, we initiated what will be a series of audits over the next several years focused on Treasury's DATA Act implementation efforts. Our work is specifically focused on the requirements in Section 3, Full Disclosure of Federal Funds, and Section 4, Data Standards.

[2] Public Law 109-282 (Sep. 26, 2006)

Treasury Is Making Progress in Implementing the DATA Act But Needs Stronger Project Management (OIG-15-034)

Our first report in this series was issued in May 2015. The objective of this audit was to determine the sufficiency of plans and actions taken by Treasury as of October 31, 2014, to timely comply with the DATA Act. To accomplish our objective, we conducted interviews with Treasury and OMB personnel involved with the implementation. We gained an understanding of the project management practices being applied, and reviewed Treasury and OMB's DATA Act project management plans and other relevant documents. It should be noted that Treasury OIG does not have jurisdictional oversight over OMB; accordingly, our interaction with OMB personnel was limited to gathering background information and insight on the implementation process.

We found that, as of October 31, 2014, Treasury and OMB had made progress in implementing the DATA Act. However, we identified concerns with Treasury's project management practices that we believe could hinder the timely, comprehensive implementation of the program, if not addressed.

First, I would like to go over the areas where progress was evident. Treasury and OMB established an Executive Steering Committee (ESC), consisting of Treasury's Fiscal Assistant Secretary and OMB's Controller, to govern the implementation. The ESC is supported by an Interagency Advisory Committee comprised of representatives from various government-wide communities, such as the Chief Financial Officers Council, and provides leadership in obtaining stakeholder buy-in on recommendations.

Treasury and OMB developed a vision for the implementation of the Act, which they characterized as a "data-centric" approach. This approach focuses on managing existing data and seeks to avoid massive system changes across Federal agencies. The data-centric approach calls for agencies to map data from their existing systems to a standard taxonomy. Once the data is mapped, it is anticipated that data will be pulled from agency specified data warehouses, financial systems, and management systems into a virtual repository. It is anticipated that the data-centric approach will provide the necessary standards and format to enable users to query data across the government.

To execute this data-centric approach, Treasury and OMB created an implementation structure that is divided into four general areas: (1) Lead, (2) Implement, (3) Support, and (4) Consult.

Lead – As the implementation leads, Treasury and OMB began guiding the implementation approach and strategy; coordinating and/or developing policies; providing program management functions; and conducting internal and external stakeholder outreach.

Implement – This area is where most of the hands-on implementation work occurs. Treasury and OMB began work on five high-level workstreams based on the requirements of the DATA Act. These workstreams are: (1) Data Exchange Standards, (2) Blueprint/Roadmap between Data Elements, (3) Data Definition Standards, (4) Pilot to Reduce Administrative Reporting Burden, and (5) Data Analytics.

Support – Treasury began the process of reaching out to Senior Accountable Officials from Federal agencies. These high-level senior officials are accountable for the quality and objectivity of Federal spending information and are responsible for providing high-level feedback on the DATA Act implementation and workstream outputs.

Consult – In compliance with the DATA Act, Treasury and OMB began to consult with public and private stakeholders in establishing data standards. Internal stakeholders include Federal departments and agencies and Federal councils, groups, and boards. External stakeholders include state, local, and tribal governments, citizens, private industry, transparency advocacy groups, and academia. Treasury has made numerous DATA Act presentations to stakeholders. These presentations include DATA Act council/committee meetings, one-on-one meetings with agencies, outreach events, and participation in transparency advocacy groups meetings. Treasury also published a notice in the Federal Register seeking input on the establishment of financial data standards and developed webpages on Max.gov[3] and GitHub.com,[4] allowing both public and private stakeholders to provide feedback during the implementation process.

As of our audit cut-off date, Treasury and OMB had provided a vision for the implementation, initiated the work needed to execute the implementation, and developed tools designed to track the implementation's progress at a high level. However, as we looked deeper into the documentation supporting the work

[3] Max.gov is a website that allows Federal agencies and their partners to collaborate across agencies by sharing information and files.

[4] GitHub.com is a web-based open source collaboration tool based on the Git version control software which allows users to make and track changes for software development projects.

performed, we found that it lacked several key attributes called for by project management best practices.

By way of background, project management can be defined as the process of planning, organizing, motivating, and controlling resources to achieve the goals of a temporary endeavor producing a unique product, e.g., a project. There are a number of approaches for managing project activities but, regardless of the methodology employed, careful consideration must be given to the overall project objectives, timeline and cost, as well as the roles and responsibilities of all the participants and stakeholders. According to the Government Accountability Office (GAO), program management principles and best practices emphasize the importance of using a program management plan that, among other things, establishes a complete description that ties together all program activities.[5]

Due to the complexities involved in implementing the DATA Act, officials told us that it is being executed primarily using an agile approach. The agile approach, typically used in software development, involves collaboration across the Federal community and is characterized by the execution of quick, small-scale pilots to test innovative concepts and strategies for implementation. Treasury officials acknowledged that since all aspects of the implementation do not fit this approach, they are also using traditional project management practices for some workstreams. Traditional project management is a more structured project management methodology that is generally characterized by a step-by-step approach which moves the project through five stages: initiation, planning, execution, monitoring, and completion. Each stage is done in chronological order, with a stage beginning after the preceding stage has been completed.

We noted that the project planning documents that Treasury developed did not describe the different practices being used for each identified workstream and did not clearly show how the tasks in the various workstreams tied together to produce desired results. Further, the project management documents provided did not fully reflect recognized artifacts, tools, and metrics for either an agile or traditional project management methodology. Detailed project plans for certain workstreams were either incomplete or were not provided to us. We also noted inconsistencies between the statuses reflected in certain tracking documents.

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[5] GAO-11-50, *Information Technology: Opportunities Exist to Improve Management of DOD's Electronic Health Record Initiative* (Oct. 2010)

Furthermore, documentation of the results of certain meetings was not maintained and we noted that Treasury did not have a formal process to track stakeholder feedback.

The absence of expected project management documents and inconsistencies such as those described above may be attributable, in part, to the lack of definition surrounding the method of project management to be followed for each of the various implementation workstreams. In addition, Treasury's inability to timely fill the position of program manager for the implementation may have been another contributing factor. Subsequent to the completion of our fieldwork, Treasury officials did fill this important position with an internal transfer.

Overall, in our report, we recommended that project management over the DATA Act's implementation efforts be strengthened by (1) defining the project management methodology being used for each workstream, and (2) ensuring that project management artifacts appropriate to those methodologies such as project planning tools, progress metrics, and collaboration documentation are adopted and maintained. To this end, we also recommended that management ensure that the individual charged with program management have the requisite qualifications, resources, and understanding of project management methodologies used to effectively fulfill that role.

In summary, we found that Treasury has made progress toward implementing the DATA Act. Without a doubt, this implementation is a complex project involving multiple agencies and systems and the development of new data handling methodologies, coupled with aggressive deadlines. Accordingly, we emphasized in our report how critical it is for Treasury to have a well-defined project management plan overseen by a qualified program manager to facilitate the successful, timely completion of the implementation and to adequately document project activities.

Fiscal Assistant Secretary Lebryk concurred with our recommendations. Treasury recognized that there are improvements to be made with the artifacts as well as the processes for the agile approach. Mr. Lebryk's response described a number of process improvements that have been recently implemented and stated that Treasury is committed to improving workstream documentation to identify and document when the agile approach is being used. In addition, Treasury noted that it filled the program manager position with an individual who is certified in agile project management methodologies. Treasury also committed to ensure that its data transparency office program management personnel have the requisite qualifications and skills to perform the coordinating functions necessary to achieve

its larger business goal. We consider the actions taken by Treasury to be responsive to our recommendations.

Other Treasury OIG Work

As I mentioned, this audit is the first in a series of audits that we will perform on Treasury's DATA Act implementation. Our second audit in the series, focuses on the status of the implementation as of May 31, 2015. It is currently underway and will assess whether the corrective actions that Treasury has taken in response to our first audit have been sufficient. We have also initiated a review of the DATA Act implementation from the perspective of Treasury as a data reporting agency.

Conclusion

Our office views the success of DATA Act implementation as critical to providing Government managers, the Congress, and the citizens with real-time access to how the Government is using the resources entrusted to it, and to where those resources are going. We believe that key to this success is the strong oversight provision by the Inspectors General and the Comptroller General that was built into the Act. We certainly look forward to meeting that responsibility so that the users of the spending information can be assured the spending information is complete and reliable.

This concludes my prepared statement. I will be happy to answer any questions that you may have.