

Testimony Before the
U.S. House Committee on Oversight and Government Reform
DATA Act: Monitoring Implementation Progress
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Good afternoon Chairmen Meadows and Hurd, Ranking Members Connolly and Kelly, and distinguished Members of the Committee. My name is Michael Peckham, and I am the Director of the Department of Health and Human Services' (HHS) Digital Transparency and Accountability Act (DATA Act) Program Management Office (PMO) within the Office of the Assistant Secretary for Financial Resources (ASFR). I am pleased to be here - along with my colleagues from the Office of Management and Budget (OMB), Department of Treasury (Treasury), and the Government Accountability Office (GAO) - to discuss the implementation of the DATA Act at HHS and, in particular, HHS's activities as the executing agent of the DATA Act Section 5 Grants Pilot.

The DATA Act provides the federal government an opportunity to establish federal-wide data standards for financial data to provide consistent, reliable, and searchable spending data for the American people. It also affords the opportunity to reduce burden for federal agencies and, more importantly, recipients of federal funding. HHS sees its role as the executing agent of Section 5 Grants Pilot as an opportunity to interact with grant recipients to identify efficiencies that improve the reporting process to benefit recipients as well as federal agencies. HHS is fully supportive of the goals of the DATA Act and is a proud partner to OMB in executing the Section 5 Grants Pilot.

Department of Health and Human Services

HHS's mission is to enhance and protect the health and well-being of all Americans. We accomplish this mission by providing effective health and human services and fostering advances in medicine, public health, and social services. HHS programs are administered by the eleven Operating Divisions, along with Office of the Secretary Staff Divisions, and Regional Offices. Many HHS-funded services are provided at the local level by state and county agencies, or through private sector grantees. HHS awards more Federal dollars than any other agency, having made over 76,000 awards for a total of \$410.5 billion in FY 2015.

DATA Act Program Management Office

The DATA Act Program Management Office (DAP) is located within ASFR under the Office of the Secretary. ASFR provides advice and guidance to the Secretary on the budget, financial management, grants and acquisition management, and small business policy, and provides direction for the implementation of these activities across HHS. Given the focus of the DATA Act on financial data and ASFR's unique role in understanding the entire award lifecycle from budget formulation to program policy oversight, and finally audit resolution, we made the decision to house the DATA Act coordination activities at HHS within ASFR in the DAP.

Governance for the DAP is provided by the HHS Financial Governance Board, which is composed of senior representatives from the Operating Divisions. The DAP is made up of career employees from all parts of the agency – some there on long-term assignments and some there for short term details. The DAP works with the Operating Divisions through Integrated Project Teams around specific issues. This allows us to tap into the knowledge of various subject matter experts across the Department. Besides overseeing DATA Act implementation at HHS, the DAP is also responsible as OMB's executing agent of the Section 5 Grants Pilot.

Section 5 Grants Pilot

The DATA Act calls for the creation of a pilot to facilitate development of recommendations for

- “(A) Standardized reporting elements across the Federal Government;
- (B) The elimination of unnecessary duplication in financial reporting; and
- (C) The reduction of compliance costs for recipients of Federal awards.”

In May 2014, OMB asked HHS to be the executing agent for the grants portion of the Section 5 Pilot. We agreed to take on this role given our past experience as a leader in the federal grants community and our recognition that there is a valid need to reduce duplication and burden in recipient reporting. In order to fulfil its responsibilities as OMB’s executing agent of the Pilot, HHS, through the DAP, works in collaboration with OMB. In May 8 2015, OMB launched the Section 5 pilot which included the release of the National Dialogue as well as two pilot areas developed by HHS: the Common Data Elements Repository (CDER) Library and the Learn Grants tab on Grants.gov. HHS is collecting recipient feedback with these tools along with robust recipient outreach.

In addition, with guidance from OMB, HHS created a Section 5 Grants Pilot Framework, which outlines six Test Models. A Test Model is a grants tool, form, or process that we will analyze for its ability to reduce burden where the outcome will be documented within the final report. When developing the pilot test models, HHS considered three other factors in addition to the legislation. First, we considered the user feedback we received in our recipient outreach efforts. Since May 2015, HHS conducted over 70 outreach engagements with advocacy groups such as the Association of Government Accountants, Data Coalition, Federal Demonstration Partnership, and National Grants Management Association. We estimate these groups represent approximately 14,000 stakeholders that are involved in Federal financial assistance process or Federal transparency. The test models represent areas of concern that have been voiced through those engagements. Second, we leveraged existing system development efforts and technology. Third, we wanted to minimize the effort required of pilot test participants. We appreciate that being a test participant can be an additional burden to grant recipients so while testers may be asked to use a different form, a different process, and take surveys, the pilot is not intended to increase burden so participants will generally not be asked to perform any function outside their normal course of business.

The six pilot test models are:

Common Data Elements Repository (CDER) Library

Section 5 of the law requires efforts to facilitate the development of recommendations for standardized reporting elements across the Federal Government and a report to Congress that includes an outline of activities performed as well as recommendations to improve associated financial transparency. The CDER Library is designed to be a repository for common resources to facilitate consistency of Federal terminology focused on financial assistance terms and definitions for purposes of the pilot. Through the pilot, we will test the CDER Library for its utility to reduce recipient burden by providing an easy to use

reference point for standard terminology and to identify duplicative use of information across financial assistance forms with the goal of better managing or reducing forms necessary for information collections.

We are performing two tests using the CDER Library. The first will test whether, if recipients are provided with standard definitions of financial assistance data elements through the CDER Library, they will be able to accurately complete forms in a timelier manner, therefore reducing recipient burden. The second test will seek to identify duplications of information requests in different forms, in order to identify opportunities to reduce the number and size of forms and thereby make information collection more efficient.

Consolidated Federal Financial Reporting

Federal grant recipients are required to fill out the Federal Financial Report (FFR) and submit the form to their grant-awarding agency. Many agencies require recipients to submit information collected on the FFR through multiple entry points. The DATA Act requires efforts to standardize reporting elements across the Federal Government, eliminate unnecessary duplication in financial reporting, and reduce compliance costs for recipients of federal awards. The Consolidated FFR Test Model related to the fourth recommendation in the Grant Reporting Information Project Report (GRIP). While the recommendations were inconclusive, the GRIP suggests “a full centralized reporting pilot should be conducted using standard data elements that could be used government-wide (e.g. FFR/SF-425).” We will test whether, if grant recipients enter complete FFR information systematically through one entry point and that information can subsequently be shared electronically from that point forward in the same awarding agency, it will reduce recipient burden and improve data accuracy.

Single Audit (OMB A-133 Audit)

The Single Audit is a financial statement audit and a federal grants audit of an organization who annually expends \$750,000 or more in Federal funds. The Single Audit is intended to provide assurance to the Federal Government that a grant recipient has adequate internal controls that ensure compliance for the expenditure of Federal funding received. The DATA Act requires efforts to standardize reporting elements across the Federal Government, eliminate unnecessary duplication in financial reporting, and reduce compliance costs for recipients of Federal awards. We will test whether recipient burden can be reduced by enabling grant recipients to report their information by using a modified SF-SAC combining the data required of recipients from both the SF-SAC and the Schedule Expenditures Federal Awards (SEFA) grant recipients would see a reduction in burden through the elimination of reporting duplicative information.

Notice of Award Proof of Concept

The Notice of Award (NOA) is a document that contains information that the grant recipient needs to perform routine accounting and finance operations. NOAs often differ in format and content across Departments and Agencies. For grant recipients with many funding avenues, this becomes a burden when searching for information across awards. A standardized NOA could allow grant recipients to easily capture standardized data needed to populate information collections. Additionally, a standardized NOA might eventually allow for more systematic mechanisms, the use of automation, to be used in reporting award information. We will test the concept of using a standardized NOA Cover sheet for Federal awards to reduce recipient burden on information collections.

Learn Grants

Based on feedback from the grants community, it is clear that recipients prefer a single source of information regarding federal requirements during the grants lifecycle. The Learn Grants test model aims to address this need by compiling relevant information in an easy to navigate website. We will test whether, if grant recipients are supplied with grants lifecycle information in a single website, they will have easier and increased access to accurate information in order to better understand the grants lifecycle process. By using Learn Grants, it is possible that recipients will spend less time researching the federal grants requirements and processes, resulting in lower compliance costs and potentially a larger pool of grant applicants.

In March 2016, HHS began testing its first model (Single Audit) and is in the process of commencing the remaining test models. We will have final results for all models by the May 2017 deadline for inclusion in our report to OMB.

Conclusion

On behalf of HHS, I appreciate the opportunity to testify today and share with you information on our DATA Act activities, in particular the work we've done as OMB's executing agent for the Section 5 Grants Pilot. We look forward to continuing our partnership with the Committee.

I welcome any questions that you may have.

Michael Peckham is the Director of the Department of Health and Human Services (HHS) DATA Act Program Management Office (DAP). Mr. Peckham brings close to 30 years' experience in federal accounting, program management, systems implementation, and grants management to bear in leading HHS in meeting its DATA Act implementation goals and the execution of the grants portion of the Section 5 Pilot under the statute.

Prior to joining HHS's DAP, Mr. Peckham was a Service Director responsible for the Payment Management System within HHS's Program Support Center. As the system owner, he oversaw disbursements in excess of \$400 billion annually, to all 50 states and territories, and over 120 countries worldwide. He managed a system modernization project to expand the use of electronic workflows, improve reporting functionality, enhance the user interface, and update the website, all while meeting stringent Key Performance Indicators for this FISMA "High" critical system.

From 2004 through 2006, Mr. Peckham served on an HHS initiative to implement Oracle Federal Financials as a Subject Matter Expert in Accounts Payable and as the Project Accounting Implementation Lead. After completing the project Mr. Peckham held management positions working on various modules (i.e. Accounts Payable, Purchasing, Fixed Assets, Project Accounting, Accounts Receivable) at both HHS and the Department of Energy, successfully leading initiatives to address management and/or audit concerns.

In 1989, Mr. Peckham received the Surgeon General's Exemplary Service Award.