

TESTIMONY OF THE HONORABLE EARL E. DEVANEY
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GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL
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Mr. Chairman and members of this Subcommittee, I want to thank you for the opportunity to appear before you today to discuss the accomplishments of the Recovery Accountability and Transparency Board (the Board), with particular emphasis on our use of technology in both the accountability and transparency arenas. After my opening remarks, I will be glad to answer any questions you have for me.

In the year and a half since the enactment of the American Recovery and Reinvestment Act of 2009 (Recovery Act), the Recovery Accountability and Transparency Board (Board) has faced many challenges. From its inception in February 2009, the Board began striving to meet extreme deadlines in establishing two complex and innovative Internet sites: an inbound reporting site for recipients of Recovery Act contracts, grants, and loans, and an outbound, public-facing site to make that recipient data transparent. Under normal circumstances, such a project would proceed in sequence: Specific requirements would be determined according to the needs of the client and prospective users, a prototype would be developed, then tested, then readjusted, tested again, and so forth until a final product meeting client approval would be delivered. In government, this would normally take two years. However, the time constraints upon the Board permitted no such luxury. Things had to happen simultaneously. We did it in about six months. As one contractor would later say, "Basically, we were building the ship as it was leaving the port."

Initially, the Board considered joining together existing legacy computer systems within federal agencies to collect and house data from recipients of Recovery funds. But that course was ultimately rejected because of data, timing, and linkage issues that probably would have led to project failure. So instead of having each federal agency collect data from its own Recovery fund recipients, the Board and the Office of Management and Budget (OMB) opted to create a single, centralized reporting system: FederalReporting.gov.

As it turned out, the new inbound reporting site would resemble no existing governmental system. FederalReporting.gov also would be the first to handle government contracts, grants, and loans all in one system – convenient for data trackers, but a potential nightmare for IT system builders. For instance, federal contracts and grants each involve different user-communities, as well as rules and policies. This entailed different coding, prototypes, testing, and approvals regarding data for each type of award.

The first big test for the Board came nearly a year ago, on August 17, 2009, when FederalReporting.gov was launched, enabling recipients of Recovery Act contracts, grants, and loans to begin registering for data reporting. Overall, registration went quite smoothly, largely because OMB and the Board had educated recipients about the system and its functions.

The biggest test, however, was yet to come: On October 1, 2009, recipients began filing what turned out to be more than 130,000 separate data reports. Throughout the reporting cycle, FederalReporting.gov experienced no software defects that prevented either recipient reporting or agency reviews of the data. Some recipients, however, failed to submit timely reports because they simply did not understand the new processes and policies established for the reporting cycle. As reporting periods have come and gone, recipients have become more comfortable with FederalReporting.gov, leading to fewer recipient filing and data errors in each successive reporting period. The Board has done its part, as well, in working to prevent data errors: FederalReporting.gov now contains a number of internal logic checks to keep recipients from entering inconsistent data. For example, one logic check notifies recipients who have entered a Congressional district that does not match up with the zip code they entered.

The Board's outbound reporting website, Recovery.gov, has likewise gone through a number of modifications over the past year and a half. When the Board was first established in February of 2009, we were presented with what I have termed "version 1.0" of Recovery.gov. This website was created hurriedly, out of necessity, by the General Services Administration (GSA) and OMB. After employing many technological advancements and obtaining public input through a round of focus groups and usability studies, the Board launched Recovery.gov version 2.0 on September 28, 2009. And on October 30, 2009, 30 days after the end of the first reporting period began, Recovery.gov displayed an enormous amount of data that had been transferred smoothly from FederalReporting.gov. Both new web-based reporting systems have continued to run smoothly for all four reporting periods so far.

In looking back on these extraordinary achievements, the Board's IT team members universally say they learned two valuable lessons from the strategy of developing components of both websites simultaneously instead of serially. First, developing the typical monolithic, one-size-fits-all technology to solve a problem is not necessary. Quickly and imaginatively integrating existing technologies can work as well, or even better. Second, deploying individual tools and components as soon as they are ready and integrating others as they become available can work just as well as waiting until all pieces have been completed.

Now that Americans have become more familiar with Recovery.gov and the transparency that it offers, the Board is beginning to get more questions relating to our accountability mission. Reporters have begun asking: When can the public expect to see criminal indictments in the Recovery program? My answer is that prosecutions will emerge eventually, but there is much more to safeguarding taxpayers' dollars than bringing high-profile indictments. Indeed, the Board's most critical challenge is preventing fraud and waste before they occur in Recovery programs. While transparency is harder to practice than it is to talk about, I have come to believe that transparency is the friend of the enforcer and the enemy of the fraudster.

With that in mind, the Board's oversight program combines time-honored detective work with cutting-edge technology to allow for meticulous analysis of contracts, grants and loans awarded under the Recovery program. Prevention also means conferring and coordinating regularly with our allies in the oversight community, including the 29 Inspectors General who monitor their agency's Recovery projects and other oversight officials at federal and state levels.

Early on, the Board decided that we needed to build a state-of-the-art command center that would allow us to keep a close eye on the flow of Recovery money and ensure that contracts, grants, and loans would be subjected to comprehensive scrutiny. To accomplish our goals, we built the Recovery Operations Center. The operations center combines traditional law enforcement analysis with sophisticated software tools, government databases, and open-source information to track the money.

It is helpful to visualize fraud occurring on a continuum, as opposed to a finite point in time. In so doing, we realize that there are an indeterminate number of points between the one end of the continuum – when the would-be lawbreaker first decides to commit the fraud – and the other – when the fraud has been fully completed and the money is out the door. The analytical tools used in our operations center have been designed to intercept fraud closer to the front end of that continuum, rather than to detect it only after monies have been lost. Simply put, the Board’s skilled analysts look for early warning signs of trouble. They use the software to search colossal amounts of data, looking for potential problems such as criminal convictions, lawsuits, tax liens, bankruptcies, risky financial deals, and suspension and debarment proceedings. Once a concern has been identified, the analysts then perform an in-depth analysis of the award and forward their report to the appropriate agency Inspector General for further inquiry.

However, not all of our efforts are so high-tech. As a veteran investigator, I cannot discount the value of old-fashioned shoe leather – that is, hunting for the proverbial needle in a haystack. Every day, the Board’s separate procurement compliance staff pores over individual Recovery awards to identify issues that perhaps should be addressed by federal agencies. For example:

- A federal agency canceled a research grant to a company after our staff discovered that the recipient had been previously debarred from receiving federal funds.
- A \$1 million award to a company was revoked by a federal agency after we discovered that the recipient was not eligible for the award under federal guidelines.
- A federal agency canceled a company’s contracts worth more than \$7 million after our staff’s analysis showed that the recipient had been debarred.
- Another company with multiple awards of nearly \$10 million was debarred from doing government business after we uncovered information showing the company was not eligible to receive contract awards.

I cannot speak of fraud prevention without lauding those I have termed “citizen IGs”: individuals who call or fax our hotline, or use the complaint form on Recovery.gov to report fraud, waste, and mismanagement. As is common with law enforcement hotlines, roughly 10 percent of the information we receive is actionable – but we take reports very seriously. For example, last month we received a hotline complaint from a woman in Ohio, who alleged some impropriety regarding a grant program. She complained bitterly that nobody was listening. I then directed the Board’s staff to follow up with her, assuring her that her report would be forwarded to the relevant Inspector General.

I would now like to look ahead at what the future holds for the Board, and also for the greater notions of transparency and accountability. As you may have heard, the Recovery Act provides funds to more than 275 different federal programs. In the past, these programs would have relied on their own separate data-reporting systems, but – because of the creation of FederalReporting.gov and Recovery.gov – a single, two-part system is now used to capture and display data for all of these programs. Innovation like that is the hallmark of the Board’s IT team, and that kind of innovation continues to this day. This past May, for instance, the Board announced that Recovery.gov had moved to a cloud computing infrastructure, a technology that allows for more efficient computer operations, improved security, and reduced costs. Recovery.gov became the first government-wide system to move to the cloud.

For aesthetics, usability, and – most importantly – unadulterated data, Recovery.gov 2.0 has raised the standard for accountability and transparency in the federal government. Recovery.gov has now been honored for innovation by several local and national organizations, including the Ad Club of Metropolitan D.C. and the 14th annual Webby Awards. And a recent *Newsweek* article on the re-launch of the site noted: “The result is the current incarnation of Recovery.gov—which, as anyone who has spent significant amounts of time scouring government websites for information will tell you—is perhaps the clearest, richest interactive database ever produced by the American bureaucracy.”

I want to assure this Subcommittee that the Board will not rest on its laurels. For instance, we continue to consult with Edward Tufte, Professor Emeritus of political science, statistics, and computer science at Yale University. Professor Tufte has been referred to as “the DaVinci of Data” and is renowned for his ideas on analytical design and the display of information. Recovery.gov will soon be implementing a piece suggested by him, which should help users get a visual feel for how Recovery funds are being spent across the country.

The Board is now engaging in our second round of focus group and usability testing, visiting cities across America – including Detroit and Phoenix – with the ultimate goal of increasing the usability of the Recovery.gov and further enabling detailed tracking of Recovery Act monies.

Later this summer and early fall, the website will also be unveiling a new widget that will allow users to put on their own websites a live, real-time display of Recovery projects in whichever Congressional district they select. We also plan to reach out to the public for input and ideas on additional widgets and hopefully get the citizenry engaged in creating new applications we had not even considered.

My excitement about the future extends beyond the Board’s websites, Recovery.gov and FederalReporting.gov. The usefulness and potential applicability of our accountability technology is expanding rapidly. As recently reported in the news, we are applying the accountability tools of the Recovery Operations Center to a pilot program for the Centers for Medicare and Medicaid (CMS). This pilot program has not yet concluded, but initial results have been very positive. We have been able to uncover relationships that might not have been found without the special tools we are using. Looking back over the Board’s 18-month

existence, I can say without hesitation that our oversight program has been successful and will help transform the way the Inspector General community combats fraud in the future.

Mr. Chairman, I would be remiss if I did not mention what we have determined is the single biggest impediment to the kind of transparency that the Recovery Act envisions. It is the lack of a single, consistent governmentwide award numbering system. All 28 Recovery agencies – in fact, all government agencies – have unique alphanumeric coding systems for their awards. While this may not sound like a big deal, it is. Disparate, inconsistent coding systems make the task of reviewing and checking award data unnecessarily arduous and inefficient for those with oversight responsibility. I have therefore decided to dedicate a considerable portion of my remaining time in the government to fixing this problem.

As my testimony today has already indicated, I believe that even after the Board sunsets in 2013, the legacy of the Board will long continue. I know I am not alone in touting the future good that this transparency and accountability can continue to bring. William LeoGrande, Dean of the School of Public Affairs at American University, was recently quoted in the *Federal Times* as saying of Recovery.gov: “I think this will be a model for the future on how the federal government can – if it's willing – provide incredible public access to the inner workings of legislation as it's implemented.”

And Vice President Biden, speaking about Recovery.gov, said: “I expect it to be a template from this point on for how the federal government deals with taxpayers' money.” I believe the Vice President and Dean LeoGrande are correct that this historic experiment in transparency will continue. I expect it has to, in that I cannot imagine the American public would meekly accept a retreat back to the old, non-transparent ways. The template created by the Recovery Act should be the platform on which others can innovate and build improvements.

Mr. Chairman and members of the Subcommittee, that concludes my prepared testimony. Thank you for this opportunity. I will now be glad to answer any questions you might have.