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"Show Me the Money: Improving Transparency of Federal Spending"
Senate Committee on Homeland Security and Governmental Affairs
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Opening remarks

Chairman Lieberman, Ranking Member Collins, and members of the Committee, thank you for inviting me to discuss the Department of the Treasury's initiatives to increase Federal financial data transparency and accountability.

As the Federal government's financial manager, the Department of the Treasury is uniquely positioned to improve the transparency and accountability of Federal financial transactions. Each year Treasury processes billions of financial transactions on behalf of Federal agencies, including payments, revenue and debt collections, and intra-governmental transfers. Treasury is committed to making sure that these transactions are carried out with the highest standards of performance, accountability, and transparency. With these goals in mind, over the past several years Treasury has launched a number of initiatives to modernize its financial systems, improve transparency, and streamline its transaction execution and reporting processes.

Transparency

In processing billions of financial transactions each year, Treasury accumulates extensive Federal financial data. Treasury's goal is to ultimately provide this data to Federal agencies, Congress, and the public in a usable, easy-to-understand format.

For Federal payments, Treasury makes one billion payments each year, which represents approximately 85 percent of all government payments. Historically, Treasury's goal has been to make sure every payment is made accurately and on time. However, more recently Treasury recognized that we are uniquely positioned to make more payment information available to the public and to have that information available quickly and presented in a way that is meaningful.

To achieve greater payment transparency, Treasury is developing a robust business intelligence and data analytics system as part of our efforts to simplify and streamline the Federal payment process. This new system, called the Payment Information Repository (PIR), will allow information from payment systems to be viewed and analyzed in a single application that consolidates data from all Federal spending, including grants, contracts, loans, and agency expenses, thereby increasing Federal payment transparency. The PIR will capture and make available payment transaction data that can be linked to other government databases, such as USASpending.gov, to enable the public to follow a payment through the complete spending cycle – from appropriations to the disbursements of grants, contracts, and administrative spending.

In support of this effort to streamline the payment process, we have already developed the Payment Automation Manager (PAM), which replaces over 30 mainframe-based software applications previously used by Treasury into a single, standardized application.

A key component of PAM is that it requires agencies to submit data in a newly defined Standard Payment Request format. Beginning in August of this year, most agencies will be able to submit payment data along with the related appropriation data in this standard electronic format. We will encourage agencies to adopt this new format as quickly as possible, but no later than October 1, 2014 all agencies for which Treasury disburses payments will be required to submit their payment data into PAM using this standard format.

PAM will also be able to collect an assortment of other payment related data from agencies, including procurement information (for contracts), grant or other program-related data, and data on recipients or payees, including payee location.

This standardized payment information from PAM will be provided to the PIR to capture richer data for analysis. The flow of this information from PAM into the PIR is expected to begin in the third quarter of 2013:

- By July 2013, information on payments issued by agencies, such as the Social Security Administration, Internal Revenue Service, and Veteran's Administration, will be stored in the PIR. At the same time, agencies that issue their own payments, such as the Department of Defense, will be able to submit standard files directly into the PIR, and will be required to do so by October 1, 2014.
- By October 2014, international payments data and grant payment data will be stored in the PIR.
- Also by October 2014, additional payment details from agencies and post-payment related activity such as adjustments, cancellations, and returns will be stored in the PIR.

This information will allow taxpayers, agencies, and policymakers to more easily track Federal spending. Users will be able to chart which areas of the country the government is spending the most on contracts, grants, benefit payments, salary payments, etc. The reports and dashboards will allow the user to filter information by specific attributes such as agency, state, or zip code where the payment is received, and type of payment.

Reports, queries, and analytics will incrementally be made available to the public. We expect the standard reports to be available to the public by July 2013 and structured queries to be available by December 2013. More detailed queries and data analytics will be available in the following months. Personally Identifiable Information (PII) will be highly protected and not available to the public. For example, the reports will show summary information on how much the government paid in Social Security benefits in a particular area, but will not disclose an individual's name, address, or Social Security number.

Long-term vision for increasing transparency

Treasury's long-term vision is to provide a consolidated view of Federal financial management information on accounting, collections, debts, and payments through a single repository that serves as the single point of entry.

The Financial Information Repository (FIR) will allow users to integrate and correlate information to analyze and create composite views of data across our major business lines. While the FIR is in its nascent state, it will ultimately address the growing need to manage and centrally analyze and report on financial data related to Federal collections, payments, debts, and intra-governmental transactions that will be available to agencies, the Office of Management and Budget (OMB), Congress, and the public.

Accountability
Following the President's June 2010 Memorandum directing agencies to improve payment accuracy by using a "Do Not Pay List," Treasury, in collaboration with OMB, began developing the "Do Not Pay" (DNP) Business Center. The Business Center is comprised of the Do Not Pay Portal and Data Analytics Service.

The Portal serves as a one-stop shop for agencies to check several key databases to verify eligibility before making a payment or award. The databases that are currently available include the Death Master File, Excluded Parties List System, Debt Check Database, List of Excluded Individuals/Entities, and the Work Number—a commercially available data source with wage and employment information.

The Data Analytics Service provides customized analysis allowing agencies to compare program, payment, and vendor data with secondary sources to find patterns that might suggest fraud, waste, or abuse. In April 2012, the DNP Business Center developed a partnership with Treasury's Financial Crimes Enforcement Network (FinCEN) in order to further enhance the analytic services provided to agencies. This partnership will leverage FinCEN's investment in data analytics tools and their existing relationships with the law enforcement community. We are working to identify how and when the Data Analytics Service will transfer potential fraud cases to FinCEN for further investigation.

DNP serves as a tool agencies can use to increase their own financial accountability. The services offered by DNP allow agencies to evaluate payment eligibility based upon their internal business rules and the statutes governing their programs.

Treasury expects this financial accountability to increase even further with the release of OMB guidance that directs executive agencies to develop a plan for using a "centralized solution" to reduce improper payments. The DNP program is already assisting 27 programs in preventing improper payments, and this number continues to grow as agencies respond to the guidance.

Data Standards
Data standardization, or the consistent use of common terms, formats, and definitions for key financial data elements, supports sound financial management decision-making by improving the consistency and accuracy of the government's financial data. To achieve the transparency and accountability we all want, Treasury is working to improve government-wide data definitions and standards. Widely accepted and used data standards will foster the easy aggregation of financial data for external reporting and facilitate the movement towards greater use of shared technologies and services throughout government, reducing the operational cost of government.

In addition to the payments modernization efforts I previously mentioned, Treasury has in the past worked closely with OMB to implement a Common Government-wide Accounting Classification (CGAC) structure.

In the future, Treasury will use standardized data through our modernization efforts. We will also build on our CGAC structure initiative by collaborating with OMB, GSA, and additional representatives from across the Federal financial community to form working groups dedicated to standardizing key financial data elements. These data elements will include agency and bureau identifiers, program identifiers, project and activity codes, and individual award identifiers (e.g., contracts, grants, loans, etc.).

Conclusion
Treasury's transparency and accountability initiatives will change the landscape of Federal financial management. The Payment Information Repository will enable citizen participation and two-way communication between the public and government officials for the purpose of deriving and maintaining public trust in government financial information. The DNP program will increase government accountability while reducing, waste, fraud, and abuse. We look forward to working with Congress to help ensure the success of these initiatives.

Thank you and I look forward to taking your questions.