

State of Colorado



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To: Controllers and Fiscal Officers

From: David J. McDermott

Date: August 27, 2010

Re: Open Government Directive – Federal Funding Accountability and Transparency Act

The following memo addresses new reporting requirements for Colorado State agencies and institutions of higher education (IHEs) pursuant to the Federal Funding Accountability and Transparency Act (FFATA) of 2006.

FFATA Overview

FFATA was passed with the intent to empower every American with the ability to hold the government accountable for each spending decision and to help reduce wasteful spending in the government. FFATA requires that the U.S. Office of Management and Budget (OMB) maintain a single searchable website that provides information on federal awards and contracts that is accessible to the public at no cost. USAspending.gov is the website that OMB launched in December 2007 for federal agencies to report data on awards made to prime recipients.

In January 2009, the U.S. President issued a Memorandum on Transparency and Open Government instructing OMB to issue an Open Government Directive to direct federal agencies to take further steps toward transparency. In response, OMB issued two documents: 1) an Open Government Directive issued in December 2009 and 2) a memorandum on the Quality of Federal Spending Information issued in April 2010. The April 2010 memorandum amends FFATA and requires several new data elements, most significantly are data related to subrecipients. According to OMB, the new requirements build on the achievements and lessons learned from implementing the American Recovery and Reinvestment Act (ARRA).

Summary of New Reporting Requirements

In accordance with the April 2010 guidance, for **all (non-ARRA) federal awards** received after October 1, 2010, recipients (i.e., state agencies and IHEs) are required to report specific award data to a website which is still in development. Award data include:

- Recipient name

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- Award amount
- Transaction type
- Funding agency
- NAICS code or CFDA number
- Recipient and primary performance location
- Names and compensation of the five most highly paid officers if recipient receives 80% or more of its revenue from the feds and \$25 M in gross revenue from the feds.
- Subrecipient information (including recipient name, award amount, and location), for subs that receive more than \$25,000.
- *Other relevant information specified by OMB in future guidance. We are still awaiting guidance from OMB regarding the reporting model and enterprise architecture for data submission.*

Note: Currently the requirements do not require that state agencies report financial data or information related to prime or subrecipient vendors.

Reporting Timeline

State agencies and IHEs have until the end of the month following the month that they received the award to report. For example, if a state agency receives an award on October 15, 2010, the reporting deadline is November 30, 2010. Changes to awards will be reported in accordance with this same timeline. For example, if a state agency awards funds to a new subrecipient on December 15, 2010, data on the new subrecipient must be reported by January 30, 2011.

As a reminder, the new reporting requirement applies to only non-ARRA federal awards received after October 1, 2010; therefore the first reporting deadline is November 30, 2010.

Agency and IHE Impact

We estimate that the State receives about 5,000 or more non-ARRA federal awards annually. This compares to about 500 ARRA awards reported as of June 30, 2010.

Reporting Method

While OMB has not yet issued the system architecture for the new reporting requirements, according to OMB, there will be an ability to perform centralized or decentralized reporting. However, due to the significantly high number of federal awards that state agencies and IHEs receive annually, the Offices of the State Controller and Information Technology do not currently have the resources (FTE and database) necessary to collect, perform quality control reviews, and submit the required data using a centralized system approach. Therefore, the decision has been made to decentralize the new reporting requirements (for all non-ARRA federal awards) and allow agencies and IHEs to independently comply with OMB's requirements. The current reporting process for ARRA-awards will not change. That is, we will continue to report centrally for all ARRA awards.

As mentioned, we are still awaiting further guidance from OMB regarding data submission capabilities and requirements. Once the guidance is released, we will forward the information to all state agency and IHE Controllers and Fiscal Officers.

Resources

For additional information, please refer to the following websites:

FFATA Text - http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:s2590enr.txt.pdf

U.S. President's Memorandum - http://www.whitehouse.gov/the_press_office/TransparencyandOpenGovernment/

USASpending.gov - <http://www.usaspending.gov/>

OMB's Open Government Directive -

http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf

OMB's April 2010 Guidance -

http://www.whitehouse.gov/sites/default/files/omb/assets/open_gov/OpenGovernmentDirective_04062010.pdf

