

Federal Funding Accountability and Transparency Act of 2006 (FFATA)

Teradata Data Warehouse Business Solutions

By: Patrick Smith

Teradata, Inc.

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The real value of discovery is in how you use it.

Teradata Data Warehouse Business Solutions

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Executive Summary

With overwhelming amounts of data pouring into existing disparate systems and the need for a transparent view of the Federal Government's spending, the Federal Funding Accountability and Transparency Act of 2006 (FFATA) was enacted on September 26, 2006.

The bill states in part, that not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section, section 204 of the E-Government Act of 2002 (Public Law 107-347; 44 U.S.C. 3501 note), and the Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.), ensure the existence and operation of a single searchable website, accessible by the public at no cost to access, that includes for each Federal award:

- (A) the name of the entity receiving the award;
- (B) the amount of the award;
- (C) information on the award including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;
- (D) the location of the entity receiving the award and the primary location of performance under the award, including the city, State, congressional district, and country;
- (E) a unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and any other relevant information specified by the Office of Management and Budget.

This White Paper identifies: 1) the current Federal financial management system, 2) the FFATA requirements, 3) benefits of improved Federal financial management oversight, 4) potential problems with data sources and retrieval, 5) a business solution that uses a Teradata Data Warehouse that meets and exceeds the requirements of the Act with existing Commercial off the Shelf (COTS) software and accessing existing Federal Government financial databases, and 6) a Teradata process for implementing an Active Data Warehouse.

Federal Funding Accountability and Transparency Act of 2006 (FFATA)

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Background

The Federal Funding Accountability and Transparency Act of 2006 (FFATA) [S.2590, passed by the Senate September 6, 2006 and signed into law on September 26, 2006] is an act that requires the full disclosure of all entities or organizations receiving federal funds beginning in fiscal year (FY) 2007. The Act requires the creation of a single searchable website that allows the public, at no cost, to access:

- A. Search Federal funding by any element required by subsection (2)(b)(1);
- B. Ascertain through a single search the total amount of *Federal funding awarded* to an entity, by fiscal year; and
- C. Download data included in subparagraph (A) included in the outcome from searches.

Federal funding awarded means Federal financial assistance and expenditures that include grants, contracts, subgrants, subcontracts, loans, awards, cooperative agreements, purchase orders, task orders, delivery orders, and other forms of financial assistance; and does not include individual transactions below \$25,000; and before October 1, 2008, does not include credit card transactions.

The Senate Bill was introduced by Senators Tom Coburn and Barack

Obama on April 6, 2006 and passed unanimously in the Senate on September 7, 2006 and was passed in the House on September 13, 2006. A companion Bill, that only considered accessing federal grant transactions, [H.R. 5060](#), was introduced by Congressman [Roy Blunt](#) and [8 Co-Sponsors](#) on March 30, 2006 and passed by the House on June 21, 2006.

Based upon the 2007 United States Budget; total budget outlays for FY 2007 were projected to be \$2,770 billion. Of the projected total budget outlay, \$1,426.5 billion or, 51.5%, is subject to FFATA reporting requirements.

Current Federal Financial Management System

The current Federal Financial Management System is primarily based upon the Budget and Accounting Procedures Act of 1950 and Executive Order 6166 dated June 10, 1933, as amended by PL 97-258 dated September 13, 1982. These two documents, as amended, prescribe: 1) the accounting principles, standards, and requirements that the head of each executive agency shall observe, including the suitable integration between the accounting process of each

executive agency and the accounting of the Department of the Treasury, 2) complete disclosure of the results of the financial operations of each agency and the Government, and 3) the function of disbursement of moneys of the United States.

The FFATA expands upon these regulations to prescribe additional disclosure requirements to provide for enhanced accountability and transparency of Federal financial payments. However, the FFATA follows the overall accounting and reporting requirements established by the foregoing Federal Laws and regulations.

A fourth document, the 1967 President's Commission on Budget Concepts (PCBC) also impacts the disclosure required by FFATA with respect to the definition of the Federal Budgetary reporting process, i.e., the definition of the Federal Budget Surplus or Deficit and the financial terminology and presentation associated to the Federal budgetary process.

In 1967, President Johnson appointed a commission to make a thorough study of the federal budget and the manner of its presentation. The Commission's most important recommendation was that a unified budget presentation replaces the several competing and confusing

measures of the total scope of federal financial activity. The report of the President's Commission on Budget Concepts serves as the foundation for most budgetary concepts used at the present time.

The PCBC definition of the Federal Budget Surplus or Deficit also defined the budgetary terms of the Unified Budget concept implemented by the Commissions recommendations, e.g., On and Off Budget transactions, Outlays, Off-Setting Receipts, and the use of the term "expenditure" to mean disbursements of loans and non-loan transactions. These terms have critical meaning as related to the "transparency" reporting requirements of FFATA. [Potential Problems with Data Sources and Retrieval](#) of payment information in relation to the foregoing current Federal principles, concepts, and standards terminology is discussed below.

Federal Fund Accountability and Transparency Act of 2006 Requirements

Section 2(a)(1)(A) of the FFATA defines the Act to be applicable to the following entities whether for profit or non-profit:

1. a corporation;
2. an association;
3. a partnership;
4. a limited liability company;
5. a limited liability partnership;
6. a sole proprietorship;
7. any other legal business entity;
8. any other grantee or contractor that is not excluded by subparagraph (B) or (C); and
9. any State or locality;

Subparagraph (B) and (C) further state:

- (B) on and after January 1, 2009, includes any subcontractor or subgrantee; and
- (C) does not include:
 - (i) an individual recipient of Federal assistance; or
 - (ii) a Federal employee.

Section 2(b)(1) of the FFATA states that, "Not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section and section 204 of the E-Government Act of 2002 (Public Law 107-347; 44 U.S.C. 3501 note), ensure the existence and operation of a single searchable website, accessible by the public at no cost to access, that includes for each Federal award, the following:

Data Elements

- 1 The name of the entity receiving the award;
- 2 The amount of the award;
- 3 Information on the award including:
 - 3 Transaction type,
 - 4 Funding agency,
 - 5 The North American Industry Classification System Code
 - 6 Catalog of Federal Domestic Assistance Number (where applicable),
 - 7 Program source,
 - 8 Award title descriptive of the purpose of each funding action;
 - 9 The location of the entity receiving the award
 - 10 The primary location of performance under the award, including:
 - 10 City,
 - 11 State,
 - 12 Congressional District, and
 - 13 Country;

- 14 A unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and
- 15 Any other relevant information specified by the Office of Management and Budget.

Benefits of Improved Federal Financial Oversight Query

The Report of the Committee on Homeland Security and Governmental Affairs, United States Senate, 109-329 dated September 8, 2006, presents the following synopsis of the expected benefits related to the enactment of the Federal Funding Accountability and Transparency Act of 2006.

"The Committee believes it is important that detailed information on these and other types of Federal spending be not only collected by the government for its own use, but also made available to the public.

Without a rigorous and transparent accountability system in place to provide visibility into who is receiving Federal funds through contracts and grants, and for what purpose, there is a greater potential for fraud and abuse. One goal of S. 2590 is to mitigate the potential for fraud and abuse by allowing citizens to see how their tax dollars are spent. Greater transparency allows taxpayers to judge whether government funds are being used for purposes they consider valuable, or whether spending in certain areas is excessive or wasteful.

It also allows the public to better understand, assess, and appreciate the scope and value of federal investments in their communities and to more fully

participate in shaping priorities for Federal spending. The Web site will also allow state governments to better evaluate what funds flow to their states, what needs are or are not being met through federal funding, and may foster greater coordination between the Federal government and states, and between states and their subawardees.”

Potential Problem with Data Sources and Retrieval

Although the FFATA provides for expanded transparency into the Federal payments system, the Act also creates problems with its implementation due to the requirements not being synchronized with the Federal Governments financial principles, concepts, and standards process.

Specifically, [Section a \(2\) \(A\)](#) of FFATA defines “Federal Award” to mean “Federal financial assistance and expenditures.” In addition, this section further defines Federal Awards to include: grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance; including contracts, subcontracts, purchase orders, task orders, and delivery orders; and does not include individual transactions below \$25,000; and before October 1, 2008, does not include credit card transactions.

Most significantly, the inclusion of subgrant and subcontract payments as falling within the purview of FFATA reporting requires the collection of payment information that is not currently captured within the Federal Government’s accounting and reporting system. Therefore, new financial reporting systems will be required to be implemented to meet the requirements of the Act.

Other potential problems include:

- Budget vs. Off-Budget (Capitalized Assets (Student Loans-Direct & Guaranteed) - Loan transactions are included as reportable under FFATA, however Student Loans are classified as Off-Budget transactions that do not impact the Budget Surplus or Deficit. This reporting distinction can cause for misunderstanding of the variances in financial information reported and potential reconciliation problems.
- Reconciliation problem can also be caused due to Federal program and organization changes that are not handled consistently by data sources used for FFATA reporting, e.g., FPDS and FAADS data historical information sources may vary from current Federal Budgetary information sources?
- [Section 2\(a\)\(2\)\(B\)](#) of FFATA requires the reporting of payment information above \$25,000. The Federal financial process accounts for payments in terms of advances and reimbursements that are generally made in larger amounts and include consolidated payments to contractors and grantees that have either been made to subcontractor or subgrantee or will be made in the future. This will cause potential problems with the identification of what can be reported in terms of the financial information that is available.
- [Section 2\(a\)\(2\)\(C\)](#) of FFATA requires the reporting of credit card transactions after October 1, 2008. Similar to the FFATA \$25,000 transaction limit, Federal Credit Card transactions are processed through commercial merchant banks

and are reimbursed by Federal Government agencies in consolidated amounts. In addition, the primary purpose of the credit card is to enable small purchases with greater efficiency and effectiveness with respect to the Federal procurement process. Therefore, although the individual credit card dollar value may be less than the FFATA \$25,000 limit, the aggregate amount of credit card transactions for a contractor, subcontractor, grantee and subgrantee may exceed the \$25,000 limit. Therefore, reconciliation problems or just the definition of rules for how credit card transactions will be reported under FFATA is required.

The foregoing are a few of the potential problems with the interpretation of the meaning of FFATA.

Teradata Business Solution

Teradata has defined a Business Solution that meets the requirements of the FFATA with existing Commercial off the Shelf (COTS) and Teradata’s massively parallel processing (MPP) system. An overview of the Teradata Business Solution, designed to meet the FFATA requirements, is presented below in [figure 1](#).

The Teradata Business Solution for FFATA integrates existing Federal consolidated databases for contracts, grants, and loans with additional data collection of subcontract and subgrant payments using Commercial off the Shelf (COTS) software. The Teradata Business Solution also recognizes the need to develop additional data source collection mechanisms to retrieve the credit card payment and performance

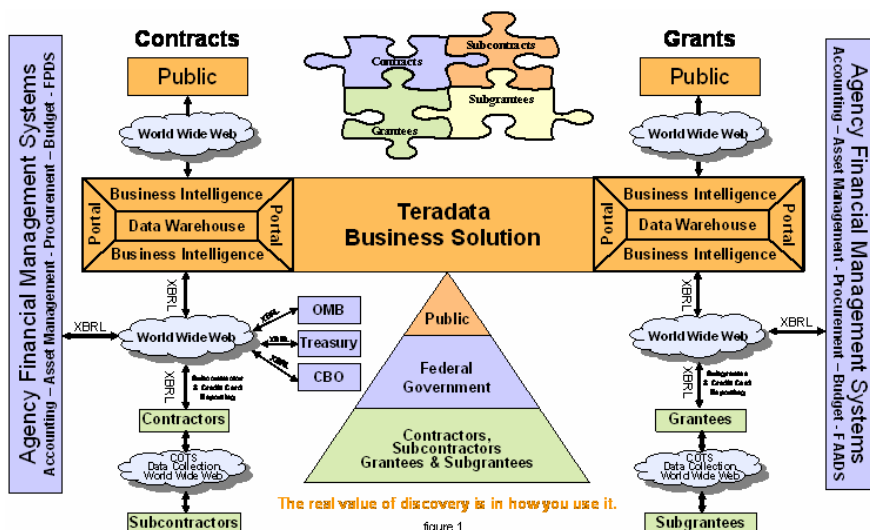


figure 1

information as well as provide for future interfaces to existing financial information maintained by the Government's central financial management organizations, i.e., Office of Management and Budget, Department of the Treasury and the Congressional Budget Office.

Finally, the Teradata Business Solution provides for the use of modern "State of the Art" parallel processing to rapidly retrieve user queried information.

The Teradata Process for Implementing an Active Data Warehouse

Understanding Availability Risk

"Risk Events" are occurrences both inside and outside a Teradata system that can reduce or degrade end-user availability. The impacts of Risk Events are grouped into three categories of downtime:

- Planned – Scheduled system outages (e.g., upgrades, firmware updates, planned maintenance, testing, system migrations, application installations)
- Unplanned – Unanticipated loss of system/ data/ application access

(e.g., planned downtime overruns, human error, component wear, utility outages)

- Degraded – System is accessible, but performance is slow and inefficient (e.g., poor workload management, "bad" queries or applications, capacity exhaustion)

The more vulnerable a system is to these Risk Events, the greater the potential for a loss of data availability and consequently business productivity. So what can be done to eliminate or reduce the effects of Risk Events, given their wide variety of causes and impacts?

Teradata Availability Risk Assessment

The Teradata Availability Risk Assessment examines current Availability Management, provides best-practice benchmarking, and delivers recommendations for improvements. The three phases of the Assessment process are:

- Collect – Data is collected across all Attributes, including environmental measurements, current hardware and software configurations, historic incident data, and checklists

completed by support/ administrative personnel (these may be customer, Teradata, and/or 3rd party). Much of the data collection may be performed remotely.

- Analyze – Data is consolidated and analyzed by a Teradata Availability Management expert. This resource has a strong understanding the role of the seven service management, IT asset, and environmental Attributes have on mitigating availability risks. Their comprehensive perspective can uncover gaps that may not otherwise be evident due to organizational silos.
- Recommend – Customer deliverables are beneficial to both operations and management levels. Detailed recommendations and missed opportunity reporting on past outages provide technical specifics and task-level actions to facilitate understanding and implementation. An executive scorecard and summary benchmark scores provide high-level overviews to facilitate strategic decision-making and Budget prioritization. A consultation is also included to maximize the knowledge transfer of the results and answer any questions.

The Business Solution

The Teradata Business Solution identified in this paper began by identifying business requirements that were presented in the Federal Funding Accountability and Transparency Act of 2006. Teradata, as the primary provider of mission critical platforms of this size, became involved to identify and enable best commercial practices and provide expertise on the implementation of active data warehouses. Teradata identified specific data sources, e.g.,

Patrick Smith is a former Fed

One Hundred Ninth Congress
of the
United States of America

AT THE SECOND SESSION
Begun and held at the City of Washington on Tuesday,
the third day of January, two thousand and six
An Act

To require full disclosure of all entities and organizations receiving Federal funds.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Federal Funding Accountability and Transparency Act of 2006’’.

SEC. 2. FULL DISCLOSURE OF ENTITIES RECEIVING FEDERAL FUNDING.

(a) DEFINITIONS.—In this section:

(1) ENTITY.—The term ‘‘entity’’—

(A) includes, whether for profit or nonprofit—

- (i) a corporation;
- (ii) an association;
- (iii) a partnership;
- (iv) a limited liability company;
- (v) a limited liability partnership;
- (vi) a sole proprietorship;
- (vii) any other legal business entity;
- (viii) any other grantee or contractor that is not excluded by subparagraph (B) or (C); and
- (ix) any State or locality;

(D) on and after January 1, 2009, includes any subcontractor or subgrantee; and

(E) does not include—

- (i) an individual recipient of Federal assistance;
- or (ii) a Federal employee.

(2) FEDERAL AWARD.—The term ‘‘Federal award’’—

(A) means Federal financial assistance and **expenditures** that—

(i) include grants, **subgrants**, loans, awards, cooperative agreements, and other forms of financial assistance;

(ii) include contracts, **subcontracts**, purchase orders, task orders, and delivery orders;

(B) does not include individual transactions below **\$25,000**; and

(C) before October 1, 2008, does not include **credit card** transactions.

(3) SEARCHABLE WEBSITE.—The term ‘‘**searchable website**’’ means a website that allows the public to—

(A) search and aggregate Federal funding by any element required by subsection (b)(1);

(B) ascertain through a **single search** the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(i), by fiscal year;

(C) ascertain through a single search the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(ii), by fiscal year; and

(D) **download data** included in subparagraph (A) included in the outcome from searches.

(b) IN GENERAL.—

(1) WEBSITE.—Not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section, section 204 of the E-Government Act of 2002 (Public Law 107–347; 44 U.S.C. 3501 note), and the Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.), ensure the existence and operation of a **single searchable website**, accessible by the public, at **no cost to access**, that includes for each Federal award—

(A) the name of the entity receiving the award;

(B) the amount of the award;

(C) information on the award including transaction type, funding agency, the North American Industry

- Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;
- (D) the location of the entity receiving the award and the primary location of performance under the award, including the city, State, congressional district, and country;
- (E) a unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and
- (F) any other relevant information specified by the Office of Management and Budget.
- (2) SCOPE OF DATA.—The website shall include data for fiscal year 2007, and each fiscal year thereafter.
- (3) DESIGNATION OF AGENCIES.—The Director of the Office of Management and Budget is authorized to designate one or more Federal agencies to participate in the development, establishment, operation, and support of the single website. In the initial designation, or in subsequent instructions and guidance, the Director may specify the scope of the responsibilities of each such agency.
- (4) AGENCY RESPONSIBILITIES.—**Federal agencies shall comply with the instructions and guidance issued by the Director of the Office of Management and Budget** under paragraph (3), and shall provide appropriate assistance to the Director upon request, so as to assist the Director in ensuring the existence and operation of the single website.
- (c) WEBSITE.—The website established under this section—
- (1) **may use as the source of its data the Federal Procurement Data System, Federal Assistance Award Data System, and Grants.gov**, if all of these data sources are searchable through the website and can be accessed in a search;
- (2) **shall not be considered in compliance if it hyperlinks to the Federal Procurement Data System website, Federal Assistance Award Data System website, Grants.gov website**, or other existing websites, so that the information elements required by subsection (b)(1) cannot be searched electronically by field in a single search;
- (3) shall provide an opportunity for the **public to provide input about the utility of the site and recommendations for improvements**;
- (4) shall be updated not later than 30 days after the award of any Federal award requiring a posting;).
- (d) SUBAWARD DATA.—
- (1) PILOT PROGRAM.—
- (A) IN GENERAL.—Not later than July 1, 2007, the Director of the Office of Management and Budget shall commence a **pilot program** to—
- (i) **test the collection and accession of data about subgrants and subcontracts**; and
- (ii) determine how to implement a subaward reporting program across the Federal Government, including—
- (I) a reporting system under which the entity issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement; and
- (II) a mechanism for collecting and incorporating agency and public feedback on the design and utility of the website.
- (B) TERMINATION.—The pilot program under subparagraph (A) shall terminate not later than January 1, 2009.
- (2) REPORTING OF SUBAWARDS.—
- (A) IN GENERAL.—Based on the pilot program conducted under paragraph (1), and, except as provided in subparagraph (B), not later than **January 1, 2009**, the Director of the Office of Management and Budget—
- (i) shall ensure that data regarding subawards are disclosed in the same manner as data regarding other Federal awards, as required by this Act; and
- (ii) shall ensure that the method for collecting and distributing data about subawards under clause (i)—
- (I) minimizes burdens imposed on Federal award recipients and subaward recipients;
- (II) allows Federal award recipients and subaward recipients to allocate reasonable costs for the collection and reporting of subaward data as indirect costs; and
- (III) establishes cost-effective requirements for collecting subaward data under block grants, formula grants, and other types of assistance to State and local governments.
- (B) EXTENSION OF DEADLINE.—For subaward recipients that receive Federal funds through State, local, or tribal governments, the Director of the Office of Management and Budget may extend the deadline for ensuring that data regarding such subawards are disclosed in the same manner as data regarding other Federal awards for a period not to exceed 18 months, if the Director determines that compliance would impose an undue burden on the subaward recipient.
- (e) EXCEPTION.—Any entity that demonstrates to the Director of the Office of Management and Budget that the gross income, from all sources, for such entity did not exceed \$300,000 in the previous tax year of such entity shall be exempt from the requirement to report subawards under subsection (d), until the Director determines that the imposition of such reporting requirements will not cause an undue burden on such entities.
- (f) CONSTRUCTION.—Nothing in this Act shall prohibit the Office of Management and Budget from

including through the website established under this section access to data that is publicly available in any other Federal database.

(g) REPORT.—

- (1) IN GENERAL.—The Director of the Office of Management and Budget shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives an annual report regarding the implementation of the website established under this section.
- (2) CONTENTS.—Each report submitted under paragraph (1) shall include—
 - (A) data regarding the usage and public feedback on the utility of the site (including recommendations for improving data quality and collection);
 - (B) an assessment of the reporting burden placed on Federal award and subaward recipients; and
 - (C) an explanation of any extension of the subaward reporting deadline under subsection (d)(2)(B), if applicable.
- (3) PUBLICATION.—The Director of the Office of Management and Budget shall make each report submitted under paragraph (1) publicly available on the website established under this section.

SEC. 3. CLASSIFIED INFORMATION.

Nothing in this Act shall require the disclosure of classified information.

SEC. 4. GOVERNMENT ACCOUNTABILITY OFFICE REPORTING REQUIREMENT.

Not later than January 1, 2010, the Comptroller General shall submit to Congress a report on compliance with this Act.

Speaker of the House of Representatives.

Vice President of the United States and President of the Senate.