

Federal Funding Accountability and Transparency Act of 2006 (FFATA) Emergency Economic Stability Act of 2008 (EESA) Business Opportunity Overview

Background FFATA:

On September 26, 2006 Congress enacted the Federal Funding Accountability and Transparency Act of 2006 (FFATA), [Public Law 109-282](#). The originating legislative Senate Bill 2590 was introduced by Senator [Tom Coburn](#), for himself and Senators [Barack Obama](#), [Tom Carper](#) and [John McCain](#) on April 6, 2006. The Act requires that Federal Awards, made by the Federal Government above \$25,000 shall be disclosed to the public through an Internet Website. Federal Awards are defined by Section 2(a)(2)(A) as meaning:

“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.

Section 2(b) of the Act required the Website to be available “Not later than January 1, 2008”. In December 2007, as a result of the Act, the Website [USASpending.gov](#) was implemented. On [May 13, 2008 REI Systems](#) announced the award of a 1 year contract with 5 option years to support [USASpending.gov](#) and other OMB supported Websites.

The current [USASpending.gov](#) Website presents data from the [Federal Assistance Awards Data System \(FAADS\) and the Federal Procurement Data System \(FPDS\)](#). This data represents “obligation” data, not “expenditure” data as required by the Act. In addition the obligation data is related to prime contractors and grantee. Sub contractor and Sub grantee data *is not* available from Federal Government Core Accounting Systems.

On June 3, 2008, Senate Bill S.3077 110th Congress Second Session, Strengthening Transparency and Accountability in Federal Spending Act of 2008 was introduced by Senator, President Elect Obama and cosponsored by Senators Tom Coburn, Tom Casper, and John McCain. Senate Bill S.3077 modifies the FFATA Act by: 1) Improving application programming interface and website data elements. 2) Improving data quality. and 3) Recipient performance transparency. On September 11, 2008 Senator [Claire McCaskill](#) became an additional Cosponsor. A companion [House Bill H.R. 6411](#) was introduced on June 26, 2008 and sponsored by Representative Christopher S. Murphy and as of December 10, 2008 had 13 [cosponsors](#)

Background EESA:

On October 3, 2008 Congress enacted the Emergency Economic Stabilization Act of 2008 (ESSA) [Public Law 110-343](#). The originating House Bill 1424 was introduced by Representative [Patrick Kennedy](#) and 274 Cosponsors. The Act requires, in relation to Title I-Troubled Assets Relief Program multiple requirements including Section 114 Market Transparency and Section 116 Oversight and Audits. These two sections have a relationship to the FFATA legislation in relation to transparency of TARP payments. FFATA requirement apply to Federal financial assistance and expenditures that relate primarily to contracts, grants, and loans. The EESA TARP payments will fall within one of these three categories of transactions subject to FFATA “transparency” requirements.

Current Federal Actions Regarding FFATA and EESA/TARP:

FFATA Status - The Office of Management and Budget who is responsible for the implementation of FFATA has taken a “move slow” approach to implementation of FFATA. Although the required Website, [USASpending.gov](#) has been initiated, the data populating the site does not meet the FFATA requirements related to expenditures. OMB has also moved slowly on meeting FFATA requirements related to collecting and reporting sub contract and

sub grant information. Although OMB initiated contract and grant task teams to develop a “pilot/prototype” system to meet the requirements, the legislative mandate, in accordance with Section 2(d)(1) to “commence a pilot” by July 1, 2007 and terminate and begin operation by January 1, 2009, will not be met. In addition, the transition to the new administration has also hampered the FFATA implementation with the OMB FFATA Program Manager, Robert Shea leaving the Government for Grant Thornton in September 2008. The FFATA requirements could include the disclosure of approximately 50% of the [FY2008 budget](#) of \$2.9 trillion plus, TARP expenditures of \$700 billion, plus any additional TARP funding, and if determined applicable to FFATA and TARP, unknown Federal Reserve TARP type transactions. Finally, from a Risk Management standpoint, additional data will be required to provide information analysis beyond the basic financial transaction records, e.g., employment and unemployment data.

EESA/TARP Status – Similar to FFATA, the current administration does not seem to be responding to the “intent of Congress” regarding the EESA transparency requirements. The Department of Treasury, Office of Financial Stability has minimally published “[Transaction Reports](#)” identifying TARP payments. These reports provide tabular data regarding payments for the Capital Purchase Program and Systemically Significant Failing Institutions, i.e., Transaction Date, Seller (Institution), Transaction type, Description, Price Paid, and Pricing Mechanism. As of 12/5/2008, \$165,306,798,000 Capital Purchase Program and \$40,000,000,000 of Systemically Significant Failing Institution payments have been made. In addition, the Federal Reserve has made over \$1 trillion in loans to financial institutions in the past year. In response to Representative Spencer Bachus’s question regarding disclosure of Federal Reserve loans to financial institutions at the [11/18/2008 House Committee on Financial Services Hearing](#): “is that a short-term – I’ll call it a refusal to disclose or when do you anticipate letting the public know?”, Chairman Bernanke responded that “it would be counterproductive because the success of this depends on Banks willing to come and borrow when they need short-term cash. The concern is if the name is put in the newspaper that such and such name came to the Fed to borrow overnight with perfectly good reasons that others might worry is this bank credit worthy and this might create a stigma, a problem and that will be counterproductive. See attached hearing extract and below Internet URL link to the 12/18/2008 House Hearing.

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An Approach to FFATA & EESA/TARP Transparency:

To meet the transparency requirements of FFATA and EESA/TARP, the Federal Government needs to implement an Enterprise Data Warehouse (EDW) that is populated with “expenditure” transactions from Federal Agency core accounting systems representing payments to prime contractors, grantees. This would include EESA/TARP payments made by the Department of the Treasury, Office of Financial Stability (OFS) for loans, preferred stock, or other stabilization requirements. To meet the FFATA requirement for sub contractor, sub grantee expenditures, and the expenditures for OFS stabilization transactions regarding the “use” of TARP payments, a data collection system will be required. The system will be required to provide the capability to collect expenditure transactions from the foregoing sub tier entities including the uses of TARP loans. The sub tier data collected will be integrated into the EDW used to maintain Federal agencies expenditure transactions to prime vendors. In addition, the system should also collect performance information related to expenditure transactions to meet the future needs of Senate Bill 3077, Strengthening Transparency and Accountability in Federal Spending Act of 2008.

These above requirements can be met by Teradata, EDW, Orion Microsystems Fund Reporting System, Eagle Eye Publishers USASpending.org web portal, and KPMG Internal Control and Risk Assessment advisory services. Teradata is prepared to implement a demonstration “prototype” system using their Active Data Warehouse and analysis software. Orion Microsystems is also prepared to demonstrate its systems capabilities for expenditure and performance data collection from sub tier contractors and grantees. Finally, Eagle Eye Publishers USASpending.org web portal currently publishes FPDS and FAADS obligation data and their Beta system publishes demonstration expenditure data required by FFATA. All systems can be demonstrated in a Shared

Services Provider Information Technology environment supported by Lockheed Martin. Lockheed Martin would also provide system integration support for this initiative.

The Federal customers for the above data are:

- Department of the Treasury, Office of Financial Stability (OFS) – Responsible for TARP Program Management
- Department of the Treasury, Office of the Fiscal Assistant Secretary – Responsible for Federal Central Accounting, Debt Management, and Cash Forecasting.
- General Accountability Office (GAO) – Responsible for TARP Oversight and Audit
- Office of Management and Budget (OMB) – Responsible for FFATA implementation
- The Congressional Budget Office (CBO) – Responsible of providing Congress with financial forecasting information
- The Public – In response to FFATA and EESA/TARP transparency requirements

In addition, the EDW could also be implemented at the National Center for Critical Information Processing and Storage (NCCIPS) as the beginning of a Government-wide Financial Management Information Technology consolidation initiative to replace the decentralized Federal Government IT infrastructure which is an objective of NCCIPS. NCCIPS currently operates two centers in Stennis, MS operated by CSC and Plano, TX operated by EDS. Two additional NCCIPS centers are projected. Senator [Thad Cochran](#) is the congressional sponsor of the NCCIPS initiative. Prior to Senator Thad Cochran’s sponsorship of NCCIPS, [former Senator Trent Lott](#) sponsored NCCIPS. Trent Lott is currently a lobbyist with his partner, former Senator John Breaux, Democrat, Louisiana.

House Committee on Financial Services Hearing – November 18, 2008 Troubled Asset Relief Program – Panel 1

The screenshot shows a C-SPAN Video Player interface. On the left, a video frame displays Rep. Spencer Bachus speaking. Below the video are playback controls and a progress bar. On the right, a transcript table is visible. The transcript includes a question from Bachus and an answer from Ben Bernanke.

00:53:10	Bachus, Spencer	EMERGENCY LOANS TO INSTITUTIONS AND THE IDENTITY OF THOSE ASSETS THAT YOU'VE TAKEN BACK, YOU'VE ALWAYS ADVOCATED AS THE SECRETARY AND THIS COMMITTEE TRANSPARENCY. I KNOW YOU'RE REFUSING TO DISCLOSE THE NAMES OF THOSE INSTITUTIONS OR THE COMPOSITION OF THOSE ASSETS, IS THAT A SHORT-TERM -- I'LL CALL IT A REFUSAL TO DISCLOSE OR WHEN DO YOU ANTICIPATE LETTING THE PUBLIC KNOW?
00:53:45	Bernanke, Ben	CONGRESSMAN, I THINK THERE'S BEEN SOME CONFUSION ABOUT WHAT THIS INVOLVES.
00:53:49	Bachus, Spencer	SURE.
00:53:51	Bernanke, Ben	THE FEDERAL RESERVE, LIKE ALL CENTRAL BANKS, HAS SHORT-TERM COLLATERAL INSTITUTIONS. THE MAIN THING IS WE'VE EXTENDED IT TO BANKS


**House Committee on Financial Services Hearing – November 18, 2008
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Search Transcript Close 00:53:51 Bernanke, Ben

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BEN BERNANKE
 Federal Reserve Chairman

00:53:50/02:34:07

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THE FEDERAL RESERVE, LIKE ALL CENTRAL BANKS, HAS SHORT-TERM COLLATERAL INSTITUTIONS. THE MAIN THING IS WE'VE EXTENDED IT TO BANKS THAT'S COME TO OUR WINDOW. WE TAKE CLAT RAT. WE CLEAR COAT IT. WE'VE NEVER LOST A PENNY IN THESE LENDING PROGRAMS. NOW, SOME HAVE ASKED US TO REVEAL THE NAMES OF THE BANKS THAT ARE BORROWING, WHAT CLAT CORRAL THEY'RE POSTING. -- COLLATERAL THEY'RE POSTING. WE THINK THAT'S COUNTERPRODUCTIVE BECAUSE THE SUCCESS OF THIS DEPENDS ON BANKS WILLING TO COME AND BORROW WHEN THEY NEED SHORT-TERM CASH. THE CONCERN IS IF THE NAME IS PUT IN THE NEWSPAPER THAT SUCH AND SUCH NAME CAME TO THE FED TO BORROW OVERNIGHT WITH PERFECTLY GOOD REASONS THAT

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BEN BERNANKE
 Federal Reserve Chairman

00:53:50/02:34:07

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		SUCH AND SUCH NAME CAME TO THE FED TO BORROW OVERNIGHT WITH PERFECTLY GOOD REASONS THAT OTHERS MIGHT WORRY IS THIS BANK CREDIT WORTHY AND THIS MIGHT CREATE A STIGMA, A PROBLEM AND THAT WILL BE COUNTERPRODUCTIVE.
00:54:51	Bachus, Spencer	SO THESE ARE BANKS WHICH HAVE GOOD SOUND RATINGS?
00:54:53	Bernanke, Ben	YEAH. WE ONLY LEND TO GOOD, QUALITY BANKS. WE LEND ON A RECOURSE BASIS, IT'S A COLLATERAL. IT'S RESPONSIBLE. WE'VE NEVER LOST A PENNY DOING THIS. I THINK IT'S A TOTALLY STANDARD PRACTICE FOR CENTRAL BANKS AROUND THE WORLD.
00:55:12	Bachus, Spencer	THANK YOU.
00:55:14	Frank, Barney	THE GENTLEMAN FROM PENNSYLVANIA.
00:55:17	Kaniewski	THANK YOU MR. CHAIRMAN MR