



## National Association of State Auditors, Comptrollers and Treasurers

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June 19, 2008

The Honorable Barack Obama  
United States Senate  
Washington, DC 20510

The Honorable Tom Coburn  
United States Senate  
Washington, DC 20510

The Honorable Thomas R. Carper  
United States Senate  
Washington, DC 20510

The Honorable John McCain  
United States Senate  
Washington, DC 20510

Dear Senators Obama, Coburn, Carper and McCain:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers (NASACT), we are writing to you regarding S. 3077, the Strengthening Transparency and Accountability in Federal Spending Act of 2008 and in your capacity as sponsors of the 2006 Federal Financial Accountability and Transparency Act (FFATA). We applaud your continual effort to assure accountability and transparency in federal spending. However, we would like to bring to your attention several concerns we have regarding the lack of progress on the pilot for sub award information as required under FFATA and provisions of the new legislation that we believe require amendment.

We are very concerned about the federal government's inability to conduct a pilot in sufficient time for sub-recipients to assess current business processes and make necessary modifications to capture information in time to meet the required January 1, 2009 deadline.

As you are aware, FFATA required that a sub-award pilot program to test the collection and access of data about sub-grants and sub-contracts and to determine how to implement a sub-award reporting program commence no later than July 1, 2007. While several conference calls concerning a pilot have occurred, a pilot is not scheduled to begin until June 23, 2008 – almost a full year past the required commencement date. We also understand that the anticipated pilot is to conclude by August 23, lasting only two months in duration. We do not believe two months is sufficient time to develop an acceptable business process, capture needed information and develop remedies and alternatives for identified issues. A flawed pilot would clearly jeopardize any chance for success on such a vast implementation in a significantly condensed timeframe.

Federal grant dollars are passed through to multiple levels and sufficient time is needed to determine not only how the information will be captured but also how the data will be reported and checked for accuracy. A series of business processes must be developed, vetted and tested to assure that the data is captured and presented in a way that provides accuracy and meaning to the public. What is the value of information if it has no reasonable accuracy or completeness? Additionally, sub-recipients will likely have to amend their own internal business processes and modify grant management and other IT systems (for those that have electronic reporting processes) to capture and report the additional data. Please remember that most states and local governments have increasing stress and resource constraints during these difficult economic times, which will clearly hamper this effort.

We urge you to question why the pilot that was required to commence by July 1 of last year has yet to get underway, and we request that you seriously consider a delay in the implementation date to assure that a well-reasoned process is developed and that adequate notice can be given to the numerous recipients of federal awards and contracts. Given that most states have a decentralized grants function, requiring numerous agencies to learn, understand and implement the new requirements by January 1, 2009, is unreasonable. The implementation issue is further complicated by the fact that many smaller recipients of federal awards still collect, report and remit data manually.

Lastly we would like to comment on S. 3077, the Strengthening Transparency and Accountability in Federal Spending Act of 2008, and express our concern regarding the introduction of new requirements before the original legislation has been fully implemented. We believe that while well-intentioned, the proposed legislation is premature in requiring additional data elements before FFATA has been fully operationalized and its progress and effectiveness accurately measured.

In specifically addressing the language of S. 3077 we have the following recommendations:

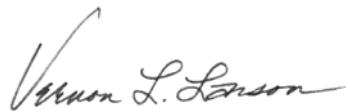
- Pg. 10, lines 13-17. Clarification is necessary for an “independent review every 6 months of data used for the website to verify the accuracy of the data and assess the process used for improving data quality with an ability for the public to review these findings.” We are unclear as to what federal entity would engage the independent review and what federal entity would perform the independent review.
- Pg. 13, lines 11-13. We are concerned that the legislation asks for an assessment of the quality of work performed on federal awards during the past 5 years. Who would perform such an assessment? The current system of single audits provides the federal government with an opinion on the compliance by grantees with requirements established by OMB. We suggest that the current system of reporting on single audits would provide the necessary assurance and monitoring over the spending of federal funds.

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- Pg. 14 lines 4-24. We suggest that the current system of reporting on compliance requirements within a single audit would identify material instances of violations of laws and regulations. If the regulations listed here are material to a federal program, we suggest that OMB update the Compliance Supplement to Circular A-133 to include them by federal program.
- Pg. 15 line 20 through pg. 16 line 16. We request that this section not apply to organizations that do not file federal tax returns (i.e., states and local governments).

Thank you for your continued efforts to promote accountability and transparency in federal funding. We urge you to delay the January 1, 2009, implementation date for sub-recipient requirements to allow for ample time to conduct a meaningful pilot. Additionally, we urge you to consider recognizing work already performed under the Single Audit Act. Should you wish to discuss our concerns in further detail, please feel free to contact NASACT's Washington director, Cornelia Chebinou at (202) 624-5451 or via email at [cchebinou@nasact.org](mailto:cchebinou@nasact.org).

Regards,

A handwritten signature in cursive script that reads "Vernon L. Larson".

Vernon Larson, Treasurer, South Dakota  
President, NASACT