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July 28, 2008

Ms. Marguerite Pridgen
Office of Federal Financial Management
Office of Management and Budget
Room 6025
New Executive Office Building
Washington, D.C. 20503

Re: Transparency Act Guidance

Dear Ms. Pridgen:

On behalf of the National Association of State Auditors, Comptrollers and Treasurer's (NASACT), we thank you for the opportunity to provide comments on proposed guidance relating to the Federal Funding Accountability and Transparency Act, including the requirement that all entities receiving an award or sub-award have a Dun and Bradstreet Universal Numbering System (DUNS) number.

While we remain troubled by the delayed commencement of a pilot program to identify issues surrounding sub-recipient reporting, our biggest concern involves the continued federal directive regarding the use of a DUNS number. As you may be aware, NASACT and several individual states have expressed ongoing concerns regarding the use of the DUNS number as the federal government's choice for a universal identifier.

In October 2003, the U.S. Office of Management and Budget issued its final regulation requiring that a DUNS number be obtained when applying for federal grants. On June 6, 2008, OMB issued a final notice expanding the 2003 directive to include other types of federal assistance including loans and sub awards. We do not believe that the Dun & Bradstreet process for obtaining and deleting DUNS numbers has improved since the original 2003 directive, making the use of the DUNS number as a unique identifier both unreliable and problematic.

It is our understanding that Dun & Bradstreet continues to issue new numbers to any individual requesting a number, and in fact, has encouraged the issuance of a new number on many occasions when a number already existed for a particular entity. This lack of control over DUNS number issuance at D&B unnecessarily complicates the business process for states striving to maintain a clean tree of authorized numbers.

Furthermore, the process for updating information at D&B remains problematic. In some instances, the individual responsible for setting up and maintaining DUNS numbers within a state may cease employment with the state. Because D&B will only allow changes from a designated authorized person, D&B then issues a new number, further perpetuating the inability of a state to maintain its hierarchy of appropriate numbers.

When a state is unable to maintain control over its quantity of DUNS numbers, due in part to the lack of control at D&B, the number that the federal government has on record for a state entity may not match the number being using by the state or in a grant application. This discrepancy may cause the application to be unnecessarily rejected and cause interruptions in service while the issues are properly rectified.

We are also concerned that a private company will now own a government-wide identifying system. This is particularly alarming since this private company has no vested interest and is not directly accountable to any governmental authority. The DUNS system was undoubtedly developed for the corporate environment and appears better suited for private for-profit entities than for public non-profit entities.

Given these numerous concerns, we suggest the use of the primary employer identifier (EIN) as the unique identifier of the entity receiving the award. The EIN is a unique and stable identifier which consistently identifies state and local entities, non-profits, tribal entities, and universities.


Likewise, we feel that the CCR registration process is not user-friendly for non-profit and government users; rather it is focused for a corporate user base. Additionally, we question the business purpose for requiring CCR registration for small sub-recipients. Registration with the CCR is a time-consuming process that must be repeated each year. Many small recipients never deal directly with a federal agency, and requiring smaller entities to register in the CCR places an unnecessary burden on their limited administrative capacity and technical resources.

Finally, we would like to comment on the proposed rule in Title 2, Part 33 of the Code of Federal Regulations which provides guidance for implementing the Federal Funding Accountability and Transparency Act. Implementation of the act will result in a significant and permanent increase in state agency workloads, will raise volume and capacity issues with CCR, and will impose significant costs for sub-recipients.

We request a delay the implementation date for sub-award reporting until a pilot study has been adequately conducted and analyzed. Implementation of this requirement will necessitate significant training, system modification and thought. Specifically, we note that the definition of sub-award is vague and that Section 33.220 (a)d(4) does not adequately distinguish between sub-awards that must be reported and those that do not require reports.

Thank you for the opportunity to express our concerns. Should you have any questions or desire to discuss these issues further, please feel free to contact NASACT's Washington Director, Cornelia Chebinou at 202-624-5451. Thank you for your consideration.

Regards,

A handwritten signature in cursive script that reads "Vernon L. Larson". The signature is written in black ink and is positioned above the typed name.

Vernon Larson, Treasurer, South Dakota
President, NASACT