



eGrantsPlus[®]

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT

(Pub. L. 109-282) - State Reporting and Implementation Considerations

A White Paper prepared by STR.Grants, LLC for the State of New York





State Reporting & Implementation Considerations

In 2006, legislation referred to as the Federal Funding Accountability and Transparency Act (FFATA) was enacted to give the American public better insights into Federal spending. Until the enactment of the legislation, there was no central place the public could go and look up how much Federal monies were spent on contracts, grants, or loans. Further, there was no consolidation by organization of how much money each was receiving or had received from the Federal government.

FFATA is intended to make specific funding-related data accessible to the public through a searchable Federal website. FFATA stipulates that, in addition to data about prime grants, loans, and contracts, Federal funds must be tracked for grant sub-awards and contract subcontracts down to an individual award level of \$25,000 or greater. This is a low threshold and may go down several tiers of fund recipients. The Act requires that all Federal assistance be reported within 30 days of award. Data collection for the prime recipients of Federal funds began January 2008 and was posted on www.USASpending.gov. Sub-award and subcontract data is to be posted beginning in January 2009.

This second phase, the collection and posting of sub-award and subcontract data, is a crucial part of the legislation for tracking Federal funding. In the grant area, most Federal assistance dollars are given to state governments and then are further distributed through sub-awards. Because of the low reporting level (\$25,000), it may be difficult for funding recipients to handle the collection and reporting efficiently and effectively using existing systems and procedures.

Considerations for New York State. For the State of New York, the reporting requirement is a major and critical task because of the State's position as one of the largest receivers of Federal grant funds in the nation. The scale of the reporting undertaking is further complicated as New York consistently distributes those Federal dollars to various levels of sub-grantees. The challenge for the State is how to respond to the near-term FFATA requirements such that the approach is not considered a throw-away as work begins on the overall state-wide enterprise resource planning (ERP) system which will standardize and streamline reporting for the sub-awards and subcontracts.

eGrants Plus®, a commercial off-the-shelf product included in the New York Financial Management System (NYFMS) solution, can be implemented as a stand-alone component until the Peoplesoft ERP statewide system is available. As a result, **eGrantsPlus** can provide support to New York in implementing FFATA by the required date of January 2009 and help begin the process of establishing standard reporting and data migration protocols from the various disparate legacy systems currently holding the data.

Implementation Challenges

As noted above, FFATA requires reporting of Federal spending for all grant recipients and sub-recipients as well as contracts and subcontracts. FFATA legislation was enacted to help remedy a problem that many states have in knowing how much money "en total" a state was receiving through Federal funding sources.



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In many cases, the pass-through entity has not had the capability or the knowledge of where Federal funds travel either as direct funding or as a discrete amount of bundled funding from other sources. In part, some states do not have complete knowledge of how many discretionary grants have been awarded to entities within states. In many cases, states and large receiver organizations do not know how much Federal money a specific entity may be receiving. FFATA provides the structure for all entities to get a better picture of the flow of Federal dollars to organizations delivering services to the public.

However, no one knows exactly the impact this new reporting requirement will have on the ultimate recipients of the Federal funds. From the state perspective, most of the required FFATA data is available in disparate databases across agencies, bureaus, and divisions. For the sub-recipients below the state level, the burden of data collection, consolidation, and reporting could be extreme. Without a consolidation point for this data at a centralized state repository, additional challenges will exist in terms of data consistency and reconciliation, integrity, and overall collection policies and processes to support timely FFATA reporting both now and into the future. It is important for states to anticipate the future reporting requirements now and incorporate them into their design now, as the FFATA mandates are ongoing and envisioned to expand over time.

The actual FFATA data requirements are few in number, but the key may be how to systematically gather, consolidate, and send the data to the Federal database. The data must be collected within 30 days of award and reported. The collection of data will be continuous, and the process will need to ensure that recipient and sub-recipient data is associated and aggregated with the appropriate Federal award.

If entities are receiving a small number of sub-awards, the burden of compliance will likely not be significant. Conversely, when entities are receiving multiple awards and making sub-awards with cascading reporting mandates, the impact could be tremendous. Additionally, a manually developed process will add time and administrative labor support costs to the reporting process. The feasibility of states being able to meet the reporting turnaround guidelines is currently being debated.

Considerations for New York State. To implement in the current environment, New York will need to:

- Develop procedures/policies
- Set-up timeframes for collection dates
- Collect data from disparate systems
- Consolidate the data to be sent
- Conduct quality assurance reviews
- Identify data reconciliation rules and procedures where necessary
- Provide staff resources to support the collection process

The effort can be time consuming and does not lend itself to solid data validation or checking processes. However, FFATA stipulates that the reporting is to be done as efficiently as possible without placing an



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undue burden on grant and sub-award recipients. It allows recipients to recoup the costs of data collection through the administrative costs of the grant.

Keeping the future in mind regarding transparency and accountability for government, reporting will be instrumental in maintaining and implementing governmental programs. As the Federal government realized, there had to be some type of assessment of the programs in order to determine their effectiveness. An assessment process requires knowing the expenditures and the results of the funded programs in order to measure performance.

The Federal government publishes the results of its assessment of Federal programs at *www.ExpectMore.gov*. This site provides the public with information on “how well a program is performing, so the public can see how effectively tax dollars are being spent.” Consistent with this approach of public awareness and transparency, FFATA reporting in the future will likely begin to encompass actual expenditures at completion of work, as well as results of the work or some type of synopsis of the final evaluation of the project. As the public becomes more comfortable with doing business and collecting information electronically, comparative information becomes necessary for the understanding of public funding and justification.

Responsive Approach for FFATA Reporting

The goal of any solution must be to provide states with the ability to easily collect and report data on award and sub-awards made by the grantor agency through a cost-effective electronic reporting mechanism. Federal agencies are gathering and reporting data electronically through the Federal Assistance Award Data System (FAADS) Plus which is currently supported by *eGrantsPlus*. FAADS Plus is FAADS with data elements added to meet FFATA requirements. States and other entities outside the Federal structure do not have a central collection point that can meet the FFATA requirements, making the issues different for states because they function as both grant recipients and grantors. Therefore, states need to report funds received as well as awarded. States need a means to collect and report the required data.

The optimum solution would be to provide a central point for collection of standardized data for FFATA reporting and normal grant planning purposes. The solution should also provide the capability to transmit the collected FFATA data electronically and on a regularly scheduled basis (within the 30-day reporting period of award) and a scheduled time for transmission. In addition, the solution should be one that is flexible to add requirements as they are defined as it is anticipated that subsequent phases of FFATA reporting will require the mapping of award data to actual expenditures and ultimately to performance indicators and program outcomes.

Considerations for New York State. New York can better position itself to meet the January 2009 FFATA reporting requirements by:

- Using the existing collection and reporting mechanism in *eGrantsPlus* to aggregate and report the



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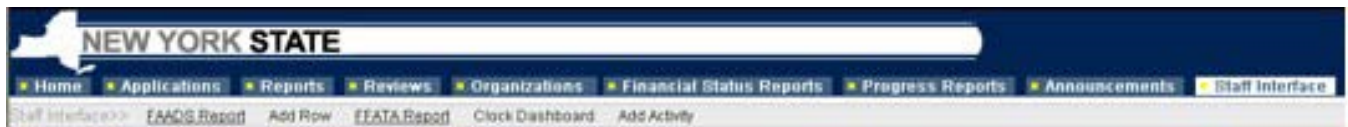
final data that relates the sub-award to the state and Federal source of funds;

- Using the tools of *eGrantsPlus* to manage the collection of the data from sub-grantees. e.g., notification to recipients;
- Establishing a database of recipients associated to a specific grant starting with this data collection effort; and
- Beginning to standardize the required data and accordance with the recommended structure of the Chart of Accounts.

These steps should allow New York to become one of the first states to implement a standardized method for FFATA reporting and identify “best practices” for meeting the Federal requirement.

Existing eGrantsPlus capabilities. Using *eGrantsPlus* can get the state up and running quickly to meet the FFATA response date. Building upon its FAADS Plus capability, *eGrantsPlus* supports the collection and reporting of FFATA data in its reporting module. The following screen shots highlight how a user would first access the FFATA Report information within eGrantsPlus, then by various attributes including Federal Award Identifier Number or Recipient Name, select the appropriate grant award to which the user can then collect and update the FFATA data fields prior to report submission.

Staff Interface to access FFATA Report module:



Selection of Specific Grant for Update:





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Update of FFATA Report data (This shot includes only a subset of FFATA data fields collected in *eGrantsPlus*.):

Using the capability in the software would require the State to:

- Install *eGrantsPlus* and provide access to the reporting function;
- Use the current registration process within the software for users; and
- Use the notification function of the software for reminders and follow-up.

This would give the State the basic support needed to be FFATA-compliant.

Moving Forward

If New York undertakes this effort now with STR, the State will be one of the first to begin the FFATA process. To date, very little Federal guidance about sub-award data collection to support FFATA has been provided, thus creating an opportunity for New York to lead the charge in establishing a practical, demonstrable approach for both the Federal government and other states to follow.

New York has defined many requirements for its enterprise architecture which includes data that certainly could be of great leverage in this effort. Adding the FFATA data to the structure will establish a comprehen-



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sive and much-needed baseline model for grant management and compliance reporting. In addition, New York will be defining best practices and standards for how FFATA data should be collected and transmitted to the Federal government.

Doing the work now gives the State the lead time to:

- Develop the right procedures; conduct a process assessment;
- Interact with users before the deadline; communication strategy and feedback;
- Be a leader and offer insights to the Federal regulators on how a state implements FFATA; establish business practices for publication;
- Configure and modify the grants system and define the data interface with the financial system; and
- Define or identify other requirements needed to make FFATA effective for New York State and other states.

The above list can be expanded to become a scope of work that would outline the tasks needed to set-up the data collection process; communicate the requirements to all the stakeholders, configure and test *eGrantsPlus* for using it as the core piece of FFATA data collection; define and communicate other requirements or policies needed to be defined in order to make FFATA reporting acceptable with usable data. This may require adding more clarity to the FFATA requirements, which may require collateral data be collected.

This approach provides value to the State in numerous ways. First, it gives the State time to discuss the requirements with their stakeholders and develop a design that is both responsive and scalable. In parallel, the supporting capabilities of *eGrantsPlus* can be highlighted for the State grant community, thus helping to build awareness and garner support for the longer term vision of the ERP solution. Secondly, this approach provides a mechanism for reporting that can save both time and money, as leverage of current functionality within the *eGrantsPlus* platform eliminates the need of developing an interim potential throw-away solution now in lieu of statewide implementation of the full ERP solution.

Additionally, the base grantee data currently available in numerous legacy systems will be consolidated and through the outreach to fund recipients, the organizational data (e.g., DUNS number) will be expanded and refreshed via the registration process envisioned to support FFATA. With a simple batch, flat file from the legacy system into *eGrantsPlus*, current vendor and funding strip data could be pre-populated in the FFATA form to eliminate recollection and re-keying of information. Also, the data sharing mechanism would provide useful insights that would drive the data migration approach and protocols supporting the overall ERP effort. Finally, transaction logs will be available to track activity and support overall data security.



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About STR

As the best-of-breed electronic grants management product provider, STR is well positioned to assist New York with its FFATA reporting challenges. STR's *eGrantsPlus* is the industry's leading enterprise-wide grants management solution with proven implementations at both the Federal and state levels of government. The cumulative STR experience from these projects and in particular, with the State of New York will continue to drive product capabilities to new heights of support.

A key member of STR's staff is a former senior policy analyst from the Office of Management and Budget who was involved with implementing Public Law 106-107 (Grant Streamlining) and Grants.gov and managing various projects and writing policy on grants and financial management. In addition, the expertise STR brings to the table is a complete understanding of the linkage of financial data to the grants data and the interrelationships between budget, finance, grants and planning. The expertise strengthens STR's ability to provide guidance on implementation, propose needed procedures and policies and help ensure a better integration of technology to supporting the staff work of employees.

In addition to implementation and grants/financial management experts, STR offers a solid development team focused on grants management. The development team offers years of experience and understanding of the grants process and the evolving requirements surrounding grants, finance and budget. As policies change, the development team can provide customers with ways to translate policy requirements into electronic system requirements that make decision-making easier for staff and supports the implemented policies.

Not only can STR help New York successfully respond to FFATA requirements, we can facilitate discussions with key Federal officials to share insights and lessons-learned from the effort and build greater collaboration in approaching subsequent phases of accountability reporting.

Contact Dean Moore of STR.Grants, LLC at 703.460.9011 or dmoore@strllc.com for more information on how *eGrantsPlus* can help you scale to support FFATA grants reporting requirements.