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White House Office of Management and Budget  
Data Coalition

Re: Federal Data Strategy

Thank you for the opportunity to comment on the draft 2019-2020 Federal Data Strategy Action Plan. I am a member of the XBRL State and Local Government Disclosure Modernization working group, and I worked for a credit rating agency for 25 years as a public finance credit analyst.

I am very supportive of the federal data strategy, particularly its potential to improve the quality, timeliness, accessibility, and efficiency of data, and for its role in enhancing government accountability and transparency. While my perspective and recommendations are largely related to state and local government financial data, there are many linkages between the various levels of government, including intergovernmental transfers, aid, grants, and loans. Furthermore, there is a lot of intergovernmental data collection. These linkages and the related data collection needs result in an imperative for high quality, standard, and machine-readable data from the state and local level.

I believe that encouraging adoption of financial reporting standards for state and local governments would create synergistic benefits within the federal data strategy. Specifically, I recommend that the federal government require federal grantees to report their single audit and audited financial statements in a widely accessible, transparent, standardized, and machine-readable form such as XBRL. As an openly accessible license-free standard that is widely used globally and particularly good at handling monetary values, XBRL is a very powerful way of accomplishing federal data standard goals in a cost-effective and transparent way.

For example, Action 10 ("Results Oriented Accountability for Grants") includes goals to "standardize grant reporting data and improve data collection in ways that will increase efficiency, promote evaluation, reduce reporting burden, and benefit the American taxpayer". There currently is not a single financial reporting standard for state and local government audited financial reports, nor are state and local government financial statements generally reported in machine-readable form. Improved standardization and machine-readable reporting would create opportunities for both the federal government and the reporting entities, such as data collection efficiency, improved data quality, reduced duplication of data submissions to different levels of government or agencies, greater ability to analyze financial performance in a systematic way, and reduced lag time between data reporting and data analysis.

The reporting package for federal grantees already requires, among other things, submission of a single audit enumerating federal grant expenditures and grantee financial statements “that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.” The grantee financial statement is generally the municipality’s Comprehensive Annual Financial Report (CAFR) or basic financial statements and is generally uploaded in .pdf format (see Federal Audit Clearinghouse for examples), requiring manual data extraction and manipulation. Furthermore, while GASB auditing standards are used, there are many variations in reported line items and accounts, even within the same kind of governmental entity within the same state, which may be consistent with GASB but nonetheless result in highly varying reporting, making it very difficult to conduct consistent analysis on government financial condition. The ability to analyze audited financial statements of a state or local government would likely be an important element of “Results Oriented Accountability for Grants” (i.e. “promote evaluation”), as outlined in Action 10.

There are other benefits to adoption of financial reporting standards such as XBRL for state and local government financial reporting. There are other data collection efforts within the federal government, such as the Census Bureau’s “Annual Survey of Local Government Finances” which have some overlap in the data reported by federal grantees. Using a single standard for financial reporting would reduce duplicative data requests by different federal agencies and reduce the reporting burden on state and local governments. Additionally, because XBRL data is available immediately when the preparer uploads their financial statements, and can be manipulated at will by the user, the lag time between data receipt and analysis/aggregation/publication of results can be significantly reduced. For example, the Annual Survey of Local Government Finances currently publishes data about 20 months after the survey data is collected, and the data is still subject to potential revision for an additional two years. \*\*

\* Code of Federal Regulations, PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

<https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200.pdf>

- Section 200.510: Financial statements. (a) Financial statements. The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.
- Section 200.514 describes the scope of the audit: The audit must be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The audit must cover the entire operations of the auditee, or, at the option of the auditee, such audit must include a series of audits that cover departments, agencies, and other organizational units that expended or otherwise administered Federal awards during such audit period.
- Section 200.512 (c) Reporting package. The reporting package must include the: (1) Financial statements and schedule of expenditures of Federal awards discussed in §200.510 Financial statements, paragraphs (a) and (b), respectively; (2) Summary schedule of prior audit findings discussed in §200.511 Audit findings follow-up, paragraph (b); (3) Auditor’s report(s) discussed in §200.515 Audit reporting; and (4) Corrective action plan discussed in §200.511 Audit findings follow-up, paragraph (c).

\*\* See About the Annual Survey of Local Government Finances, “Data Dissemination”  
<https://www2.census.gov/programs-surveys/gov-finances/technical-documentation/methodology/2016/2016%20Methodology%20Document%20Final.pdf>

Thank you again for the opportunity to provide feedback on this important initiative.

Regards,

*Liz Sweeney*