

Is Your State Recovery Ready?

Achieving higher levels of performance, transparency and accountability

With an added \$787 billion in the federal budget, passed under the American Recovery and Reinvestment Act (“Recovery Act”), state governments and officials will be significantly impacted. Expectations are high. Federal government and public scrutiny will be intense for state governments to go above and beyond in meeting even higher levels of transparency and accountability demanded by the Recovery Act—all while accomplishing their specific missions at hand.

At the same time, the stimulus money is being pushed out the door as quickly as possible, adding extra pressure to the states. “There is no question that it’s a daunting task for states, and there are a lot of questions to be answered,” said Scott Pattison, executive director of the National Association of State Budget Officers. The President has made it clear that every taxpayer dollar spent on economic recovery must be subject to unprecedented levels of transparency and accountability. To achieve the president’s vision, states likely need to reconfigure their reporting systems to handle nearly \$300 billion of the stimulus funds. The current jumble of state systems will need to conform to common requirements to report contracts, sub-contracts, sub-grants, job creation and other data.

“Do the states need help? Definitely they do,” said Craig Jennings, federal fiscal policy director at OMB Watch, a non-profit watchdog group. “If Obama really wants to move this forward, he will have to provide resources and advice. It will take a lot of work.” As a start, the White House Office of Management and Budget (OMB) has begun issuing implementation guidance memorandums for the Recovery Act to the heads of federal departments and agencies. These guidance memorandums provide some insight into public reporting requirements (including IT enterprise architecture requirements for submission and reporting), governance, accountability and risk management that will be required for state governments.

Recovery Act Framework for State Governments

For years, HighPoint Global has worked side by side with public sector clients to help them achieve breakthroughs in performance, transparency and accountability. Based on our experience, we have developed a *Recovery Act Framework for State Governments* that aligns with the direction outlined by the OMB and Federal Enterprise Architecture segments for Recovery spending. This framework has been built based on an established portfolio of solutions to help states address new and evolving requirements, manage funds, handle increased workloads, and measure and track budgets and performance. Key components of the framework include:

- **Project Portfolio Management, Execution & Monitoring:** Undoubtedly your state has, and will continue to receive numerous requests for a “piece of the stimulus pie.” After submission and selection, there will be several initiatives that must be effectively

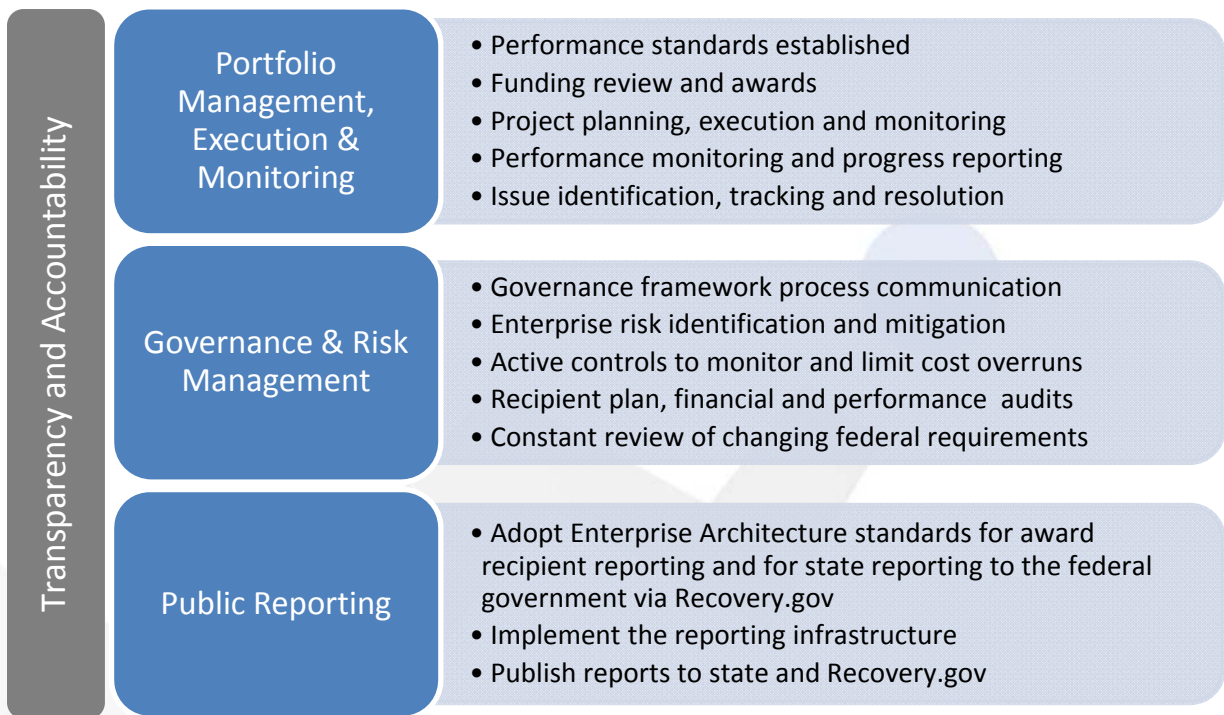
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National Association of State
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planned, budgeted and tracked. As a result, these projects should be managed as a dedicated portfolio from the start of your Recovery Act initiative. This approach helps funds to be allocated properly to support timely dollar awards and expenditures. Measureable performance goals are defined early. Recipients report progress towards implementing funds and project milestones are tracked and measured on a frequent basis. Performance issues are identified, tracked and mitigated. Severe issues are escalated to the appropriate state officials early for quick resolution.

- **Governance and Risk Management:** Increased levels of accountability and transparency requires prioritization of risk areas, the development of mitigation strategies, outlined procedures to identify wasteful spending and minimize fraud, waste and abuse and active controls to monitor and limit cost overruns. Governance and risk are defined early, tracked and communicated throughout the entire process. Financial and project performance audits are conducted on projects.
- **Public Reporting:** It is one thing for states to put up a Recovery Act related website and place some text on Recovery.gov. But, developing a reporting infrastructure with budget chain integrity is significant and time consuming. Well defined data elements and technology-based publishing must be implemented. States report on funding decisions and tracking data; individual recipients report to the State. Reporting is well aligned with performance standards, milestones and goals already established during project selection and planning.

Recovery Act Framework for State Governments



State governments and officials need to implement a framework now to achieve higher levels of performance, transparency and accountability. For additional information please call 317.581.8583 or email recovery@highpointglobal.com.