Brazil and U.S.: the Use of Web Sites as a Tool to Improve Federal Spending Transparency
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Abstract

The objective of this research paper is to show the web sites, both in Brazil and in the United States, designed to improve Federal spending transparency. It also presents the main data provided by each of the most popular websites, and how powerful are these tools to track and analyse the deployment of government resources.

This paper will also deals with actual concepts of transparency, as well as the cost and benefits of various implementation approaches.
1. Introduction

There are no doubts about the importance of controlling the public expenditure. This includes the idea that all aspects of government should be accountable to the taxpayers for the results they achieve with the resources they have been given.

In Brazil, the total tax burden is over 38% of the Gross Domestic Product (GDP), according to The Heritage Foundation¹, which means that the salary of each Brazilian, on average, for the first four months and three weeks in a year, is used only to pay the taxes.

In the United States, according to the same source, the total tax revenue represents 28% of GDP, i.e., each North American would work three and a half months of the entire year for the government.

With these numbers, nothing is more important than that this money should be correctly and regularly spent, so that the population can see benefits in return for their income tax payments.

The costs of corruption for societies are well-known, such as economic growth slowdown, impediments to development, compromised political legitimacy, weakening of democratic institutions and of moral values and discredited public services. Corruption allows organized crime to thrive and aggravates social problems. It also leads to less domestic and international public and private investment, jeopardizing industrial development and the provision of public services.

In this scenario, the importance of controlling the application of these resources is clear. Each country has its own controlling structure; there is no pattern or universally accepted model adopted.
Despite the existence of a formal structure for controlling public expenditure in Brazil and in the U.S., there is a lack of full and easy access to information on government spending, which would promote accountability by allowing detailed tracking and analysis of the deployment of government resources. Such tracking and analysis allow anyone to gauge the effectiveness of expenditures and to modify spending patterns as necessary to achieve the best possible results. Transparency also gives the public confidence that the government is properly managing its funds.

First this paper will introduce the major concepts of transparency.

Then it will explore North American and Brazilian websites dedicated to transparency. Weaknesses and solutions already proposed by researchers will be demonstrated.

Finally solutions to enhance Federal spending transparency will be offered.

2. Transparency: concepts

"A popular government without popular information or the means of acquiring it is but a prologue to a farce or a tragedy or perhaps both. Knowledge will forever govern ignorance, and a people who mean to be their own Governors, must arm themselves with the power knowledge gives.” James Madison (letter to W. T. Barry, August 4th, 1822).


“Transparency is…a key element in econocratic doctrines for public policy to minimize transaction costs in the economy and in visions of open executive government as a necessary entailment of democracy and legality. Transparency is central to contemporary discussions of both democratic governance and public service reform, since open access to
information and elimination of secrecy is taken to be a condition for the prevention of
corruption and promoting public accountability.’’

Another definition of transparency has been provided by Kopits and Craig (1998, p.
1):

“Fiscal transparency is defined…as openness toward the public at large about
government structure and functions, fiscal policy intentions, public sector accounts, and
projections. It involves ready access to reliable, comprehensive, timely, understandable,
and internationally comparable information on government activities – whether undertaken
inside or outside the government sector – so that the electorate and financial markets can
accurately assess the government’s financial position and the true costs and benefits of
government activities, including their present and future economic and social implications.”

As seen above, the public administration should not interpret transparency as being
just the publicity of government activities. Its meaning accepts a broader interpretation,
defining a widespread and not restricted dissemination of the government programming,
activities and achieved results to the pubic, democratizing its management.

The basic concept of transparency has always been present at the public
administration, although it used to treat on the concern of giving publicity to administrative
acts rather than to clarify the population about management performance. The truth is that
the government duty in providing information expanded and became more important. This
does not mean that the transparency principle imposes to the government the obligation to
inform just to inform. Excess of information leads to more misunderstanding than
explanations. Transparency, after all, is give population information, knowledge,
explanations, and a chance to participate, democratizing the fiscal management.
So, it is possible to set up basic parameters that compose the general principle of transparency:

- The obligation to inform clear definitions of functions and responsibilities;
- The obligation to provide public access to information;
- It must allow the access to procedures of planning, performing and accountability;
- It must provide entirely fiscal informations.

Information about federal spending can affect national priorities and government processes, having impacts on society that few other data sources can rival. However, building effective open government and transparency mechanisms holds a host of technical, conceptual, and organizational challenges.

Especially in the internet era, governments have an obligation to give society important and general data about fiscal management, allowing the population to control, inspect and judge the governments performance. So, the modern democracy is even more open to the public participation, controlled and transparent, making available information in an accessible and easy way to anyone that wants to obtain it.

This research paper will present some facts about websites that enable citizens to track public expenditure in the United States and in Brazil.

3. Websites in the United States

The United States actually rank in 22nd at the Measuring Corruption Index 2009 of the Transparency International organization, on the other hand they rank in second at the World E-Government Development Rank, just after the Republic of Korea, according to the
United Nations E-Government Survey – 2010. This means that it is a country with open access to government data, but corruption is still perceived to exist.

In the United States, all of the states currently run web sites regarding transparency. A list of these web sites is available at Sunshine Review webpage (www.sunshinereview.org), a non-profit organization dedicated to state and local government transparency.

It must be said that the creation of the data.gov website by the United States Government is one of the most substantial steps taken so far to provide a “platform” or a provider of data and services for others to exploit as they see fit. Launched in 2009, the website functions as a clearinghouse for datasets generated by the government in an accessible developer-friendly format.

Data.gov website allows the public to easily find, download, and use datasets that are generated and held by the Federal Government. It also provides descriptions of the Federal datasets (metadata), information about how to access the datasets, and tools that leverage government datasets.

The reports and testimonies available at U.S. Government Accountability Office (GAO) website (http://www.gao.gov/docsearch/repandtest.html) are another important source of data about how federal money has been spent. Virtually every GAO report and testimony before Congress is posted on this website on the day it is issued, allowing the public to follow GAO’s findings, conclusions, and recommendations.

Another important mechanism to enhance transparency is the Governmentwide Performance and Accountability Report (GPRA). Under GPRA and related financial management legislation, agencies are required to report annually on the performance of their programs along with their financial statement and audit information. This provides
policymakers and the public with the information needed to assess and hold agencies accountable for what government is accomplishing with the money it spends.

Despite the existence of this requirement for the agencies, there is currently no requirement for a combined report on the performance and financial accountability of the federal government as a whole, what would increase transparency and accountability by providing Congress and the public key financial information for the government as a whole.

Another attempt to improve transparency of federal government programs performance is www.expectmore.gov website. Its content was developed by the U.S. Office of Management and Budget and federal agencies. The website assessed the performance of every federal program using the Program Assessment Rating Tool (PART). Nevertheless, this tool has not been in use by the federal government anymore and the last report available is about the performance of 2008.

Regarding federal expenditure, the two main websites actually available in the U.S. are:

- http://www.recovery.gov/ - The government’s official website to ‘track the money’ with data related to United States Recovery Act spending.
- http://www.usaspending.gov/ - Details federal spending including that related to stimulus funds. Includes ‘IT Dashboard’ to follow investments in the information technology sector. The dashboard is considered to be one of the most innovative tools to enhance public scrutiny of government spending.

Now, some interesting and important informations from both these tools are going to be presented.

3.1. recovery.gov
The American Recovery and Reinvestment Act of 2009 required a website to be created to "foster greater accountability and transparency in the use of funds made available in this Act.” Recovery.gov went live on February 17, 2009, the day President Obama signed the Act into law.

The site's primary mandate is to give taxpayers user-friendly tools to track Recovery funds -- how and where they are spent--- in the form of charts, graphs, and maps that provide national overviews down to specific zip codes.

For example, suppose you want to track Recovery funds spent in our neighborhood – Arlington, specifically in the zip code 22209. You only have to insert this code in the proper field and press “Go”. That’s the result:
Then you just have to click on any contract, grant or loan of a specific geographical point, and the website will show all the awards available. For example, clicking at the object pointed above, the interactive map will present the following data:
In addition, the site offers the public an opportunity to report suspected fraud, waste, or abuse related to Recovery funding.

With this purpose, the website gives you the following options:

- Submit a Complaint Form electronically;
- Call the Recovery Board Fraud Hotline: 1-877-392-3375, 1-877-392-3375 (1-877-FWA-DESK, 1-877-FWA-DESK);
- Fax the Recovery Board: 1-877-329-3922, 1-877-329-3922 (1-877-FAX-FWA2, 1-877-FAX-FWA2);
- Write the Recovery Board:
  Recovery Accountability and Transparency Board
  Attention: Hotline Operators
  P.O. Box 27545

Beyond this kind of search, the website also offers other data, all related with the accountability of federal money. It deserves being mentioned:

**Offices of Inspectors General:**

- Findings – Inspectors General continually review agencies’ management of Recovery funds to verify that the projects meet legal and administrative requirements. When the review is completed, the Inspector General will issue Findings that outline any weaknesses or challenges and make recommendations for
corrective action. If the agency has made progress in the administration of a particular project or program, the Inspector General will note that as well.

? Status Reports – Monthly Reports on costs incurred.

? Recovery Plans – Outlines the oversight and outreach goals, risk assessment process, and specific oversight actions.

? Testimony – Transcripts of appearances by Inspectors General or their staff members before Congress.

**Oversight Actions**

Reviewing complaints of potential fraud and resulting investigations.

**Non-Compliers**

Recipients of Recovery money who were required to report on an award in a particular calendar quarter but did not.

**Audits**

Ensuring recipients are in compliance with applicable federal and state laws and regulations.

**Oversight Training**

Dates for Inspectors General sessions around the country on Recovery Act requirements.

**GAO Findings**
Reports by the Government Accountability Office (GAO) on the use of Recovery funds by states and localities.

Recovery.gov is operated by the Recovery Accountability and Transparency Board, which was also created by the Recovery Act.

3.1.1. Weaknesses

Problems in data quality, service design, and systems architecture limit the effectiveness of recovery.gov promised transparency, as shown above.

To begin with, a fundamental requirement for budgetary transparency is the ability to relate actual spending with the intentions of Congress as expressed in legislation. Ideally, we should be able to trace the full lifecycle of federal spending, from the agency's budget request to congressional appropriation to disbursement by federal agencies.

Unfortunately, reality deviates from this ideal of end-to-end transparency. Recovery.gov data is more like a puzzle than a clear tabulation and accounting of spending. Members of the public must invest great effort in making even partial sense of the whole picture, and this process involves a great deal of guess work. It is simply too difficult to know with any real confidence how the whole money has been spent.

Just as it is difficult to trace the spending estimates used in the legislative process, it is nearly impossible to know how actual spending patterns mapped to Congress's wishes as expressed in the passed legislation.

There are also several data quality problems that have hampered the utility of data and have cast doubt on the overall reliability and trustworthiness of disclosure methods, as,
for example, confusing terminology, lack of controlled vocabularies, data missing or omitted, and no notification of updates.

3.1.2. Solutions proposed

Recovery.gov should offer the public channels to understand, evaluate, and impact key democratic processes. Understanding the legislative process and how the legislation gets implemented in the Executive branch of government should be a major high level goal. To achieve it, recovery.gov measures must be widely scoped and can not ignore the legislative process.

It has to establish the connections between legislation and executive processes as well as to enable linking data across agencies, since much budgetary data only makes sense through reference to other entities that are not directly described in a given dataset.

To mitigate problems with data quality, spending reporting systems must use existing controlled vocabularies, enforce data model constraints, report errors and version data, beyond other measures.

3.2. USAspending.gov

The Federal Funding Accountability and Transparency Act (FFATA) of 2006 requires that the Office of Management and Budget (OMB) establishes a single searchable website, accessible to the public at no cost, which includes for each Federal award:

1. the name of the entity receiving the award;
2. the amount of the award;
3. information on the award including transaction type, funding agency, etc;
4. the location of the entity receiving the award; and
5. a unique identifier of the entity receiving the award.

USAspending.gov was first launched in December 2007 to fulfill these requirements.

With this tool it is possible to know how much has been spent for each recipient, place of performance (State) or agency. You only have to use the Search button providing the information you need.

For example, suppose you want to know all the contracts with Binary Group Inc. as the recipient, the same company we analysed at recovery.gov. The search tool will present the following results:
As shown above, this company has 165 transactions with the federal government, resulting in almost 80 million dollars contracts.

All these contracts can be detailed, and it is possible to narrow your search by type of spending, by agency, by extent competed, by product/service code, by principal NAICS description and by fiscal year.

USAspending.gov receives and displays data pertaining to obligations (amounts awarded for federally sponsored projects during a given budget period), not outlays or expenditures (actual cash disbursements made against each project).
In the main page it is possible, also, to research the most popular requests, for example, the Gulf Oil Spill contracts, Construction contracts, Housing Assistance, Student Assistance, Research and Development contracts and Higher Education Grants, all with just one click on the respective request.

Another interesting tool is the Spending Trends graphic, as shown below:

With this chart it is possible to analyse spending trends, by state and by year, regarding Contract Spending ($) and Contract Transactions, Direct Payment Spending ($) and Direct Payment Transactions, Grant Spending ($) and Grant Transactions, Insurance Spending ($) and Insurance Transactions, Loan Spending ($) and Loan Transactions, Other Spending ($) and Other Transactions, Total Assistance Spending ($) and Total Assistance Transactions, Total Spending ($) – as seen above – and Total Transactions.
It is also possible to select the data feeds, designing your own snapshots of USAspending.gov data. After select and filter the data you want, you can then save the resulting dataset as a file, or publish a dynamically updating XML feed of the data. This feed will enable you to build your own web applications and widgets for your website or the community.

The website also presents summaries of spents, by agency, by recipient and by location, for each fiscal year selected (since 2000).

The information shown on the website is provided by the Federal Agencies through six main source systems, as seen in the chart below:

3.2.1. Weaknesses

There are some weaknesses at USAspending.gov, as follows:

- It is difficult to match obligations to recipient reports on recovery.gov;
- There is no cross check with Treasury data, as these checks should be compared to the agency obligation data;
- It is virtually impossible to match obligations to statute; it needs a crosswalk between appropriation and Treasury account symbols;
- There is no data available after the first tier recipient, which means that it only has data from prime recipients (state) and sub-recipients (cities or contractors), and no data from sub-sub-recipients.

3.2.2. Solutions proposed

An alternative approach is to provide, as a reporting requirement, informations about the sub-sub-recipients.

Federal reporting.gov must receive all data from recipient reports about spending and performance directly from those responsible to provide them.

It must have a comprehensive registration system, as a central contractor registry, which will establish an organizational ID for each contractor to be used throughout the government.

At last, it must be added and connected other data sources to USAspending.gov, from the Congress, the White House/OMB, the Treasury, from federal agencies and from recipients and other external entities.

4. Web sites in Brazil

Brazil, on the other hand, is world number 69 in Transparency International Rank of corruption perception, and ranks 61st in world E-Government Development. Compared with the U.S., corruption perception index in Brazil (3.7) is half the one in the U.S. (7.1), remembering the index of 10 means a country where corruption is not perceived; and e-government index in Brazil (0.5006) is almost 60% of north american index (0.8510).
Analysing these numbers, we realize that Brazil has a lot to improve in both areas, institutions still need strengthening, and the government has not succeeded in implementing anti-corruption legal frameworks and in creating a favorable environment to encourage citizens to participate in decision-making around political issues and to provide feedback.

Regarding to improve part of these weaks, Complementary Law 131, dated May 27th 2009, establishes the following period to public administration creates transparency web sites:

- Federal, State and Municipalities with more than 100,000 people: one year after the law publication;
- Municipalities with more than 50,000 and less than 100,000 people: two years;
- Other municipalities: four years.

According to this law, all states and municipalities with more than 100,000 people should already have their transparency websites.

The Public Transparency Pages of Federal Agencies are another important tool toward transparency of federal expenditure. Following the guidelines set out in Decree n. 5,482, of June 30, 2005, which provides for how data and information are to be disseminated by agencies and units of the Federal Public Administration through the Internet and was regulated by Joint Ministerial Decree CGU/MPOG n. 140 of March 16, 2006, the Federal Government made the Public Transparency Pages available to citizens.

The Transparency Pages ensure the continuity of governmental actions to enhance transparency and social control for the purpose of disseminating information on the spending of agencies and units of the Federal Public Administration, including information
on budget execution, competitive biddings, contracts, agreements, and expenditures with per diems and travel tickets.

This information complements the information available at the Transparency Portal, since the data on the Pages provide detailed information on expenditures and their specific purpose, and not only on financial execution.

Therefore, citizens can know, for example, not only how much a civil servant received in per diems during a service trip, but also how much was spent in travel tickets, the reason of the trip, its duration and period. This way, social control can be more fruitful, as the purpose of expenditures is disclosed and citizens also have more inputs to analyze whether they were used as intended for the public good.

Another advantage afforded by the Transparency Pages is that all the information on the spending of agencies and entities can be found in a single location in their websites and with a standardized visual identity, making it easier for citizens to find this information on the different websites of the Federal Government.

For these reasons, and as provided for in article 2 of Decree n. 5,482/2005, all agencies and units of the Federal Government are required to make a Transparency Page available on their respective websites.

Sample of a Transparency Page is shown below:
Now this paper will focus on the specific Brazilian transparency website regarding federal money expenditure.

4.1. portaldatransparencia.gov.br

The Transparency Portal was created in November 2004 for the purpose of making it possible for public managers and citizens at large to follow up on the financial execution of all programs and actions of the Federal Government more easily. The information available in it includes: funds transferred by the Federal Government to states, municipalities and the Federal District; funds directly transferred to citizens; direct spending of the Federal Government with procurement or contracts for projects and
services, including the spending of each agency with per diems (daily rate), office supplies, equipment, projects and services; as well as spending through Payment Cards of the Federal Government.

At Transparency Portal it is possible to access the following spending data:

- **Spendsings:**
  - Daily informations (data since May 2010): This search tool is used to find detailed data over financial and budget execution of the Federal Government, with the possibility to search for informations by day and by the spending phase (allotment advice, execution or payment). These data are updated daily.
  - Monthly informations (data since 2004): This tool is used to follow up the public resources transferred by Federal Government to brazilian
states and municipalities, to the Federal District, to private institutions and directly to citizen, as well as to check the Federal Executive branch direct spents. These data are updated monthly.

- Revenues: use this search tool to follow up, in details, the Federal Government forecast and real revenues.

- Awards: Here the website allows to find the awards of Federal Government signed after January 1st, 1996, and get details such as object description, dates and values involved. This search can be done by state or municipality.

- CEIS (National Reference List of Inapt and Halt Enterprises): use this reference list to know those enterprises that suffered penalties by agencies and entities of Public Administration.

- Servants: At this tab, informations about post, function and functional situation of public agents and servants of the Executive branch are available.

This website shows all data on the SIAFI's (Federal Government Integrated System for Financial Management) financial execution, as well as data provided by the National Health Fund, by Caixa Econômica Federal (Brazil’s federal savings bank), by the National Treasury Secretariat and by Banco do Brasil.

Apart from publishing all these data and information, the Transparency Portal makes a communication channel available: the Talk to Us link. Through this channel, users of the Portal can clear any doubts regarding accessibility or its contents, as well as post congratulations or suggestions.

4.1.1. Weaknesses
As the North American web sites, portaldatransparencia.gov.br also has some problems, or fragilities.

First, it is not possible to relate actual spending with the intentions of Congress as expressed in legislation. Ideally, we should be able to trace the full lifecycle of federal spending, from the agency's budget request to congressional appropriation to disbursement by federal agencies.

It does not present, as well, the final recipients of the awards, the contractors (nor the recipients occasionally existent after them – sub-contractors, etc). It will be provided by another website (convenio.gov.br) which is not totally designed yet.

The website also must improve the intelligibility of its data, since some expressions/words used are not common to the regular people, restraining its value as a transparency tool.

4.1.2. Solutions to be proposed

Portaldatransparencia must establish the connections between legislation and executive processes as well as enable linking data across agencies, in a way that it should be possible to present all the spends from a specific program, regardless the recipient.

After the full availability of convenio.gov.br website, there must be created a link between these two tools, so it will be possible to track all the stages of the expenditure, including basic and executive projects, the whole acquisition process, the constructors and sub-contractors (if existent), and even the final accountability.

It is necessary to create a glossary with those terms that are not used to the public in general, improving the intelligibility of the informations presented.
5. Conclusion

This paper seeks to demonstrate my research on North American and Brazilian websites designed to improve federal spending transparency. It focuses chiefly on two tools available in the U.S.A., recovery.gov and USAspending.gov, and one Brazilian tool, portaldatransparencia.gov.br, and it also mentions other online tools like data.gov, the reports and testimonies available at the GAO website and the GPRA in the U.S.A and the Transparency Pages of Brazilian Federal Agencies.

The paper also presents transparency as a mechanism to fight against corruption, improve public management, and promote social control and social inclusion.

As highlighted by the U.S. PIRG Education Fund: “The ability to see how government uses the public purse is fundamental to democracy. Spending transparency checks corruption, bolsters public confidence in government, and promotes fiscal responsibility.”

The paper demonstrates these websites are an important source of public data and allow the general public to track and analyze how federal money has been spent in both countries.

Finally the paper identifies some weaknesses of these tools, and proposes solutions.

One of the largest and most systemic obstacles to greater government transparency comes from the “silod” mentality of many agency officials and government contractors. “Data silos” are systems defined by their inability to share common types of information. When key data are trapped in individual systems, inconsistencies emerge across these
different systems. It becomes much harder to coordinate key government processes, assess performance, or account to the public.

There are telling discrepancies and problems in coordinating information across different sources such as USApending.gov and Recovery.gov. Bridging across these systems is important, because, with comparison with USApending.gov, it is difficult to understand how patterns in Recovery.gov spending compare with the overall picture of the Federal budget.

In addition, USApending.gov offers services giving updated streams of data, while Recovery.gov offers bulk downloads. Ideally, both capabilities should exist for both systems. Without specific policy efforts to work against data silos, the problems of reconciling data from different systems will only be perpetuated.

Regarding this point of view, policymakers need to understand that the key problems in making government data more open and useful come mainly from organizational challenges and less from technological ones. A single system or technological choice will not automatically yield meaningful forms of transparency. Rather, officials need to identify strategies to better align agency priorities toward greater openness and collaboration between agencies and between agencies and the public.

Motivating the public to use these tools is another very important task that would improve transparency.

Finally, considering a macro view of transparency, a final weakness of these tools is that they do not offer opportunities for citizens to directly participate in decision-making by allowing them to provide their own ideas and suggestions. “Citizen engagement” and “deliberative democracy” must be stimulated by the government.
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the "Fiscal Freedom" section. The year for the data for each country is not mentioned, but
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