

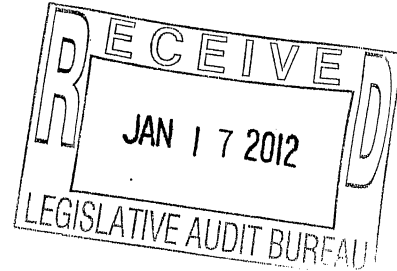


**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR  
**MIKE HUEBSCH**  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

**Date:** January 17, 2012  
**To:** The Honorable Robert Cowles, Co-Chair  
118 South, State Capitol  
Joint Legislative Audit Committee



The Honorable Samantha Kerkman, Co-Chair  
315 North, State Capitol  
Joint Legislative Audit Committee

**From:** Mike Huebsch  
Secretary  
Department of Administration

**Subject:** Status of Wisconsin Transparency Project

The Department of Administration (DOA) began the process of compiling the information necessary to implement a transparency website in October 2011 to address the requirement of s. 16.147, Wisconsin Statutes. The statute requires three areas of disclosure through a searchable public website:

- State Operations Expenditures
- Salaries and Fringe Benefits Paid
- Grants made by and Contracts entered into by State Agencies

This memo is intended to meet the requirement outlined in the Legislative Audit Bureau's Contract Sunshine audit report and keep the legislature informed as we move toward providing public access to this financial information through OpenBook Wisconsin, the transparency website.

### **Status of Website Development**

The department looked at other states with public transparency sites. The majority of states (37) have public sites allowing expenditure searches at the "check-book" level of detail which typically includes payee name, amount and date. Neighboring states with the highest rankings by the U.S. federation of state Public Interest Research Groups (PIRG) are Indiana, Kentucky and Ohio. The OpenBook Wisconsin site will draw on, and we hope improve upon, the best features found in other states.

Technology used for the Wisconsin Federal Funding Money Tracker site, <http://www.recovery.wi.gov/MoneyTracker.aspx>, is being utilized for OpenBook

Mike Huebsch, Secretary

Page 2

January 17, 2012

Wisconsin. This allows integration with the federal funding and appropriation expenditure reporting (<http://doa.wi.gov/sboexpendchoose.asp?locid=166>) sites already maintained by DOA. It also uses existing staff and technology resources. We found that this approach would be more flexible and timely than converting data into a format used by another state.

A phased approach for development of the website is being followed beginning with operating expenditure data. The focus has been on using existing data with as little reformatting or conversion as possible. This approach minimizes errors or misstatement. It also affects the timeliness of the data reported. Data for state operating expenditures is the most complete. Contract, grant and payroll related expenditures will be more difficult to obtain and report due to the state's aged and disparate systems.

Operating expenditures were loaded and tested by state agencies for Fiscal Year 2012 transactions through October 31, 2011. The expenditure data did not include all expenditures of the University of Wisconsin System (UW) or the Wisconsin Courts System (Courts) because they use different accounting systems.

The test system incorporates vendor level detail for purchasing card (P-card) transactions. The vendor level detail is similar to what a consumer would see on their monthly credit card billing statement. Such billing statements include the vendor name, total amount and date of transaction. While this is the same approach taken by other states that present P-card data, it is important to understand the limitations. Whereas a consumer might see the summary data on their own billing statement and recall the specifics of the purchase, in viewing the transaction on the transparency system taxpayers will not have that background. This could result in misinterpretation or additional questions. While we are unsure we will be able to provide more granular data related to such transactions in a cost-effective manner, we are currently exploring potential options.

Currently, we are working on adding additional fiscal year expenditure data to the system covering the previous four fiscal years (2007-08, 2008-09, 2009-10 and 2010-11). We believe this will provide not only increased transparency but also additional context. Purchasing card information is available for these fiscal years as well. We are also working with the UW and Courts to collect and incorporate their data. Agencies will be given an opportunity to test the additional fiscal year's data to ensure that the system is representing expenditures accurately. It is important to note that our initial interactions with non-cabinet agencies have been positive which provides an increased level of confidence that the cooperation necessary to create an effective transparency system that covers all state expenditures can be achieved.

Our initial plan was to not only develop, but also roll out the site to the public, in a phased-manner. Upon further review in the test phase, it became clear that operations, salary/fringe benefits and grants/contracts were so interrelated that the

data gaps in a phased approach could potentially present a misleading picture of total expenditures – in complete contrast to the intent of the Legislature in calling for the creation of the website. While the Department has not set a specific date to launch the site publically, barring any other unforeseen issues, we anticipate being able to complete all elements required by the statute prior to year-end 2012.

### **State Operations Expenditures - Data Selection**

The statute requires reporting of state agency expenditures exceeding \$100 for state operations. The definition provided by the statute for "State Operations" is "all purposes except aids to individuals and organizations and local assistance." Available expenditure data has been analyzed by DOA staff. Based on that analysis the following approach will be taken regarding expenditure data.

- Include appropriations appearing in the appropriation schedule, s. 20.005(3) Wisconsin Statutes.
- Include only appropriations designated by the Legislative Fiscal Bureau (LFB) as state operations appropriation types and categorized as state operations in the Executive Budget and LFB papers. Excludes appropriations designated as Aids or Local Assistance.
- Include expenditure transactions that result in a payment through a check, wire transfer, Automated Clearing House (ACH) or Electronic Funds Transfer (EFT).
- Include expenditures coded as state travel vouchers that do not result in a check but are included as reimbursements through payroll.
- Exclude expenditures that are categorized by the accounting system as Aids or Transfers.
- Exclude expenditures that are categorized by the accounting system as payroll or fringe benefits as they will be reported separately.

Just as failing to include operations, salary/fringe benefits and grants/contracts simultaneously creates gaps that could lead to misleading results, the department also believes that the \$100 threshold creates a similar problem as it inhibits the ability to accurately report expenditures, thus we will report all expenditures defined as state operations above.

The department has worked with state agencies to ensure that sensitive data including personal identifiable information is not exposed.

As discussed above, the department will include state purchasing card detail at least to the vendor level.

### **Contracts and Grants**

Contract and Grant reporting will be the most difficult area to comply with for transparency reporting. The state has not had a central procurement system since 1999 when the system in use was found to not be Y2K compatible and was shut down. As a result, the state does not have a central repository of procurement data to draw from. This has been evident in the difficulty that agencies have had in reporting their contract information to the Government Accountability Board for Contract Sunshine reporting. This hurdle continues to exist for the transparency site as well.

State agencies maintain multiple systems for grant reporting as well. This means requiring additional reporting in order to consolidate data for the transparency website. The department will also need to address the requirement to include copies of grants and contracts which may not currently be available electronically.

The department will first look at existing available data for reporting. This includes contract information on the state's building program which is available through the Division of State Facilities. The department will also report available information from the state's VendorNet system. Other information will be added as it becomes available.

### **Salary and Fringe Benefits**

Salary and fringe benefit reporting will begin with all employees on the state's central payroll system. This will include executive branch employees, but will not include the UW, Courts or the Legislature since they use their own payroll systems. Reporting will include the employee name, agency, classification, gross pay and year-to-date gross pay. Confidential or sensitive employee data will be redacted as required.

Payroll information will be added for the UW, Courts and the Legislature as it is provided by the agencies.

### **Conclusion**

We anticipated certain challenges in this endeavor and have encountered some we did not, but remain encouraged with the progress made to date and the cooperation we have received. We remain committed to bringing this system on-line as soon as practical and in a manner that provides a full and accurate picture of where state taxpayers money is being spent.