

FEDERAL RESERVE BOARD

E-Government Act Report

FY 2006

October 13, 2006

The E-Government Act of 2002 (Act) requires agencies to submit annual reports as directed by the Director of the Office of Management and Budget. This report is the fourth annual submission under the Act and is submitted in accordance with instructions dated August 28, 2006, from the Office of E-Government and Information Technology (M-05-25) and related guidance.

1. *Provide a brief overview of your agency's implementation of the Act, including a description of an internal, agency-specific E-Government initiative.*

Overview. The Board continued to use web-based Internet applications and other technologies in 2006 to enhance access to government information and to improve the efficiency and productivity of its operations. All E-Government initiatives use the model for presenting an acceptable business case that identifies strategic objectives, provides performance-improvement goals linked to those objectives, and assigns quantifiable performance metrics for measuring outcome (performance-integration methodology). In addition, these initiatives use commercial best practices; comply with existing legal and policy requirements, including all security and privacy considerations and section 508 of the Rehabilitation Act of 1973 (section 508); target cost and schedule overruns to average less than 10 percent; and are certified when required.

Agency-specific initiative. The Check 21 Initiative, deployed in the first quarter of 2006, has enabled the Board to meet certain statutory responsibilities under the Check Clearing for the 21st Century Act, a watershed modernization of check processing that permits banks to handle more checks electronically and consequently process checks faster and more efficiently. The legislation required the Board to study the act's effect on various aspects of check processing and to report the results to the Congress in April 2007. Through the Check 21 Initiative, the Board was able to

gather the necessary data electronically in such areas as funds availability, check fraud, check collection and return methods, and timeframes.

This initiative amply demonstrates how the Board uses advanced preparation and a performance-integration methodology to implement an internal, agency-specific initiative that has ensured the effective interchange of data with specific identifiable groups. The specified groups in the Check 21 Initiative consisted of a stratified random sample of approximately 3,000 depository institutions selected from a universe of approximately 18,100 institutions (7,700 commercial banks, 1,300 savings associations, and 9,100 credit unions). The sample was stratified based on the institution's size as measured by level of transaction deposits and by entity type. The allocation of institutions in the sample was approximately 2,000 commercial banks, 400 savings associations, and 600 credit unions. Response to the initiative was voluntary and 36 percent of the sample panel, including almost all of the largest 100 panel members, responded. The estimated average time for a response was approximately 10 hours.

* *Agency operations.* The Check 21 Initiative transformed agency operations by significantly simplifying the data exchange for the responding institutions. The online application allowed those institutions to conveniently enter, edit, and submit their data in response to questions in the application's five sections and to download a PDF version of their completed survey with a web browser. Respondents entered validated data into a secure database in an extranet. Board analysts were able to access this extranet database in real-time, thereby providing greater flexibility in the editing and analysis process. By using innovative information technology, the Board was able to obtain the required data in a reliable and timely manner and to analyze data "on the run" throughout the data-gathering period.

* *Ongoing dialogue/external partners.* The Board maintained an ongoing dialogue with interested parties throughout the development and production of the Check 21 Initiative in an effort to ensure that data were collected at an appropriate level of detail. Depository institutions and bank trade associations were asked specific questions about the types of data respondents would be able to provide in light of the study's data requirements. The Board also accommodated concerns about the different formats used by responding institutions that captured the requested data.

Through this dialogue, innovative interface approaches were developed to facilitate the production of a user-friendly application. The initiative incorporated an undemanding interface that informed respondents if the data entered were unacceptable for syntactical or validity reasons. Responding institutions were also queried about entries that might be inconsistent with other data and asked to explain the data with a validity notification. This process not only served to validate the posted data but also preserved an audit trail for data analyzers. In addition, responding institutions and data analyzers were able to access and use the same filing simultaneously.

* *Outcome measures.* The performance goal for the Check 21 Initiative was the convenient and secure collection of reliable data from the responding institutions. Metrics to measure success in the outcome of the initiative focused on concurrency of data entry and security of the data. The application successfully permitted multiple respondents to use the application at the same time, as measured by a performance metric of 50 concurrent respondents. In addition, multiple respondents could successfully update different parts of the application at the same time, as measured by a performance metric of five users from the same institution concurrently updating the application's five sections. The security protocol for the initiative allowed the respondent to enter or view only its data. A Secure Sockets Layer provided "encrypted tunnels" for data entry from the responding institution's web browser to the Board's web server. Respondents were issued a unique user ID and password to access the application. The passwords were encrypted by a one-way hashing algorithm and stored in a secure database to prevent any unauthorized access to the database.

* *Cost savings.* The Board necessarily incurred additional costs in the Check 21 Initiative because the study required new data collection. In this light, cost-savings and cost-avoidance objectives were not appropriate. The Check 21 Initiative, however, was measured by and complied with the 10 percent limitation on cost overruns, as required by the performance-integration methodology for the Board's E-Government initiatives.

* *Accessibility to disabled persons.* The Check 21 Initiative has been extensively tested and fully complies with section 508 and the Board's

accessibility standards.¹ Moreover, institutions without Internet access had the option of faxing their responses to the Board.

2. *Describe your process for determining which information will be made available on your agency's public website and the Internet as required by section 207(f)(2) of the Act.*

* *Process.* The process for providing timely and accurate information on the Board's public website is directed by the PubWeb Management Team (PubWeb Team). The PubWeb Team includes representatives from the Public Affairs Office, the Division of Information Technology, and the Publications Department of the Office of Board Members. The team meets weekly to review the technical, editorial, and design aspects of proposed postings and to assign priorities to proposals. Additional input on the website's content and management is provided by the Advisory Committee on PubWeb Content (ACPC), which includes representatives from each Board division. The ACPC members also serve as the points-of-contact for information posted to the public web pages that relate to their respective substantive areas of responsibility.

* *Priorities and schedules.* The Board has developed priorities for making information available that reflect implementing guidance to the agencies.² After information is assigned a priority, it is scheduled to be posted as soon as practicable if the posting is approved by the PubWeb Committee. The Board solicited public comment on these priorities last year and received no adverse comments.³

Priority 1 – information required by law to be issued at certain times (for example, certain statistical releases and the semiannual *Monetary Policy Report to the Congress* and the Chairman's testimony on the report)

¹ See <http://www.federalreserve.gov/accessibility.htm>.

² See [How does the Board determine when information is released?](http://www.federalreserve.gov/faq.htm#9) (direct link: www.federalreserve.gov/faq.htm#9).

³ Members of the public may continue to comment or ask questions about these priorities from the website's "Contact Us" page.

Priority 2 – information that is mission-critical or essential for Board operations (for example, Federal Open Market Committee (FOMC) statements, regulatory proposals, supervisory guidance, banking applications, and enforcement actions)

Priority 3 – frequently requested information that would improve business processes and services to the public (for example, System reporting forms, FOMC minutes and Board discount rate minutes, press releases, and consumer education materials)

Priority 4 – other information of interest to the public-at-large and specific groups (for example, overviews of the Federal Reserve System and monetary policy, publications and education resources, studies and papers, and the Board’s *Annual Report*)

The public website also features a “What’s Next” link where interested persons can view a summary of items expected to be posted over the next two months.

* *Public website searches.* The Board has a search feature on the home and secondary pages that enables a full-text search of public website files. An advanced search function allows users to search for specific categories of information, such as press releases, speeches and testimony by Board members, reports to the Congress, and other categories. The search results are displayed in order of relevance and include both a document title and a sample of representative text. Response times are within seconds of the requests and are comparable to commercial best practices. The Board uses a search engine developed by one of the leaders in search technology and a supplier of search engines to the U.S. Army and Navy, Nuclear Regulatory Commission, NASA, Department of Labor, and other government entities.

3. *Describe how your agency’s information dissemination activities are coordinated with its FOIA operations in order to improve both access to and dissemination of government information to the public. Your description must include a link to your agency’s Information Resources Management (IRM) Strategic Plan and FOIA Improvement Plan. You must also describe*

*specifically how you are fulfilling your responsibilities under [certain] provisions of the Act:*⁴

* *Section 207(d), “Categorizing of Information;” and*

* *Section 207(e), “Public Access to Electronic Information.”*

FOIA. The Board’s information dissemination activities are closely coordinated with its FOIA operations to improve access to and dissemination of government information to interested members of the public. These activities are particularly important because FOIA provides a commonly recognized starting point for obtaining information from federal agencies. To improve both the scope and convenience of information disseminations, the Board has developed a comprehensive FOIA webpage that is accessible directly from its public website.⁵ Going forward, the Board will continue to incorporate innovative information technologies to facilitate its FOIA activities.

Interested persons can use the FOIA web page to request Board records and to review all pending regulatory proposals published for comment. In addition, members of the public can comment on those proposals from the webpage and review all comments received on each proposal. The webpage’s electronic reading room also provides links to a broad array of information about the Board. Policy statements and staff manuals, supervisory and legal interpretations, Board orders, weekly reports of actions by the Federal Reserve System, Federal Open Market Committee records, Consolidated Reports of Condition and Income for banks (Call Reports), and *Federal Reserve Bulletin* articles are just some of the information collections available from the electronic reading room. Feedback on the webpage’s user convenience and the scope of information generally available from the Board’s public website has been positive.

The Board’s current initiatives to improve the effectiveness of information disseminated through the FOIA process are detailed in its plan

⁴ The Board does not fund federal research and development activities within the meaning of section 207(g), “Access to Federally Funded Research and Development.”

⁵ Members of the public may also access the Board’s public website (and FOIA webpage) from a computer terminal in the Board’s Freedom of Information Office.

for implementing the President's executive order on improving agency disclosure of information.⁶ The plan calls for enhancement of the FOIA webpage by increasing the categories and amount of information provided. Proposed activities include adding detailed descriptions of the documents in the electronic reading room and linking to an index of pending banking applications.

Section 207(d) – Categorizing of information. Guidance for implementing section 207(d) requires agencies to organize and categorize information intended for public access, making it searchable across agencies and using formal information models when necessary to enhance certain types of dissemination activities. Consistent with this guidance, the Board has in place procedures that include (a) publishing information directly to the Internet for the public-at-large and (b) using formal information models to enhance the dissemination of significant information-dissemination products and the interchange of data among specific identifiable groups.⁷

Publishing information to Internet. Since the mid-1990s, the Board has increasingly relied on the Internet to provide information about its operations to all interested persons. Today, the Board's public website is the cornerstone of its information dissemination efforts and the primary vehicle for providing information to the public-at-large.⁸ The success of this effort is borne out by the more than 11,730,000 "hits" that the website averages per month.

There are approximately 88,169 files and 10,952 folders currently on the website. On average, more than 1,100 files are posted weekly. Statistical releases, which are of particular importance to economists and financial professionals, generally contain several decades of data and some releases date from the 1920s.

⁶ See www.federalreserve.gov/generalinfo/foia/foiaoperations.pdf.

⁷ The guidance also suggests that if formal information models are used, agencies should discuss how they cost-effectively met dissemination requirements and how those models related to the Federal Enterprise Architecture Data Reference Model (DRM). The Board is not an Executive Branch agency and uses methodologies and information models that are equivalent to the DRM in cost-effectively meeting its dissemination requirements.

⁸ See www.federalreserve.gov.

Information on the website is categorized by the subjects that are of greatest interest to the public. These categories include “About the Fed,” “News and Events,” “Monetary Policy,” “Banking Information and Regulation,” “Payment Systems,” “Economic Research and Data,” “Consumer Information,” “Community Development,” “Reporting Forms,” and “Publications and Education Resources.” Quick access to the information is provided by links to the area of interest. There are also more than 100 subcategories of information with links that support the main categories.

In addition, the website highlights links to recent news and statistical releases under “Breaking News.” The “What’s New” link collects most items recently released as “Breaking News,” and as previously noted, the “What’s Next” link summarizes items expected to be posted on the website in the near future. Information about items of special interest to the public is available from a “Features” link. Currently, the link contains information on such topics as Hurricanes Katrina and Rita (consumer and financial institution information) and public hearings on home equity lending.

As noted above, the Board uses a search engine from a leading provider of search technology to navigate its public website. To ensure that interested persons can search by searchable identifiers across agencies, no content item on the Board’s public website is blocked from being indexed by any search engine used by another government agency. For example, most of the first ten search results for “monetary policy” from FIRSTGOV are links to the Board’s website.

Formal information models. The Board uses formal information models when necessary to enhance the dissemination of significant information products and the interchange of data among specific identifiable groups. These efforts promote cost-effective and reliable dissemination of government information to interested persons.

The Data Download Project (DDP) exemplifies the use of a formal information model to substantially expand access to economic data for public and private users from the Board’s public website. Through DDP, decades of data are now available for download, and interested persons may customize their access to these data through a variety of electronic formats (Excel, CSV, and XML).

DDP uses a new XML standard – Statistical Data and Metadata Exchange (SDMX). SDMX is an international initiative sponsored by the Bank for International Settlements, European Central Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations, World Bank, and Eurostat (the European Union’s statistical information service) as a means to establish standards for exchanging statistical information, particularly central bank economic and financial data. Board staff actively consulted with the developers of SDMX throughout the DDP initiative. Staff also worked closely with external partners in addition to SDMX developers, including several government agencies (U.S. Census Bureau, Bureau of Labor Statistics, and Bureau of Economic Analysis) in the development and production of the DDP.

Cost-savings were not a primary consideration for this initiative; however, the DDP has transformed the Board’s operations by significantly enhancing the amount and usefulness of economic data that had been previously accessible only in simple text formats (ASCII and PDF). This expanded functionality will substantially improve the online availability and utility of the Board’s data releases for economists and financial professionals as well as the public-at-large.

The Board was a principal participant in the planning and design of the Central Data Repository (CDR), an application that was developed on behalf of the banking-agency members of the Federal Financial Institutions Examination Council (the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency). The CDR provides a secure, shared system for collecting and managing Call Report data, which are reported quarterly by banking institutions, among the agencies and the reporting institutions.

As with the DDP, the CDR uses an information schema based on XML – the eXtensible Business Reporting Language (XBRL). XBRL is an emerging XML standard that is used to define and exchange business and financial performance information. It primarily captures financial information throughout business data processes for purposes of reporting to regulators, shareholders, and other interested parties in a convenient and reliable manner. XBRL’s standards are governed by an international consortium of regulators and information professionals.

The banking agencies and reporting institutions have realized major improvements to their business models with the CDR. Banking agencies now have a centralized data-storage and processing facility that allows them to share data-management costs and that facilitates expedited data publication. Reporting institutions no longer wait for the distribution of paper-based, metadata materials such as reporting forms, instructions, or validation criteria because these materials are all available online through the Internet. Institutions can also pre-validate their data by reviewing and eliminating math and logic errors before the data are processed, review data-quality edits online, and provide explanations of edit variances as part of the editing process. In sum, the CDR provides a faster exchange of data between banks and the agencies, allows effective sharing of resources, easily accommodates changes to the Call Reports, and improves the overall quality and timely release of data.

Cost efficiencies have been realized by all the banking agencies because the CDR's centralized data facility significantly reduces redundancies among the agencies. Reporting institutions have also benefited from savings resulting from reduced costs for filing and updating data. Even vendors who provide banks with software and other services related to the Call Report process have benefited from centralized metadata and standard XML-based data files.

Strategic plan. Implementing guidance for section 207(b) also indicates that an agency's Information Resources Management (IRM) strategic plan should include a description of the information dissemination program, how new and existing information dissemination requirements are met, the results of the program's review, and plans to reduce performance gaps identified by the review. These aspects of the guidance are summarized below and discussed in detail in the [Board's strategic plan for the Division of Information Technology](#).

The Board's divisions develop and oversee self-contained applications that are designed to improve the methods by which government information, including information on the Internet, is organized, preserved, and made accessible to all interested persons. Taken together, these applications constitute an effective program for ensuring that government information is disseminated in accordance with the Act. New and existing information dissemination requirements are met by using a model for presenting an acceptable business case that identifies strategic objectives, provides

performance-improvement goals linked to those objectives, and assigns quantifiable performance metrics for measuring outcome. A recent review of the Board's most prominent and widely used dissemination vehicle – its public website – has identified some areas for improvement in the management of its content. To address this issue, the Board will implement a commercial content management system (CMS) to replace the current system's reliance on individual webpages that are manually created, maintained, and updated by the staff. Through CMS, the Board expects to make more information available and to substantially enhance its capability to (1) produce more content without increasing staff levels, (2) create one source document that can be edited, reviewed, approved, and published to multiple outputs without duplication of effort, (3) facilitate timely release of information, and (4) improve access and search capacity.

Section 207(e) – Public access to electronic information. The National Archives and Records Administration (NARA) has provided federal agencies with its approach to improving the management of electronic records, including website records, as required by section 207(e). NARA's guidance primarily outlines the major responsibilities that federal agencies currently have for preserving electronic records.⁹ As discussed below, the Board substantially complies with all existing electronic-records requirements identified by NARA.

The Board has well-established processes and procedures to ensure the proper management, scheduling, and disposition of Board records in existing and legacy systems, including records in electronic formats or systems. A comprehensive inventory of the Board's records was completed in 2002 and serves as the foundation for the current records schedules. These schedules and recordkeeping procedures are generally kept up to date through periodic records-management evaluations of the Board's divisions. The Board also regularly audits the sufficiency of existing electronic systems for the recordkeeping purposes under reviews for compliance with the Federal Information Security Management Act of 2002.

⁹ NARA also identifies areas in which future policy will be made and provides timelines for federal agencies and NARA to take action on the management of temporary and permanent electronic records. None of these deadlines occurs during the 2006 reporting period; however, they will be closely monitored in future records-management compliance efforts.

Electronic Board records are properly managed through a variety of methods that meet NARA standards. The foundation of these efforts is the Board's electronic recordkeeping system, known as the Federal Reserve Integrated Records Management Architecture (FIRMA). Since 2001, electronic records from a variety of Board records systems or offices have been entered into FIRMA. FIRMA also has the capacity to interface with other Board systems, thereby providing an automated transfer of large-scale, high-volume collections of electronic records into FIRMA. In addition, the Board has addressed electronic recordkeeping requirements by modifying the functionality and procedures associated with established systems and by requiring staff to print and file records when necessary.

Although most of the Board's legacy systems contain temporary electronic records, the Home Mortgage Disclosure Act (HMDA) electronic system was found to contain historically valuable information.¹⁰ NARA recently approved a records control schedule covering these data, and HMDA records will be transferred to NARA in 2006. The Board will also transfer electronic records of the Federal Open Market Committee to NARA when appropriate procedures have been developed. Moreover, FIRMA has been designed to facilitate the transfer of permanent electronic records to NARA by incorporating a functionality consistent with existing NARA regulations and DoD Std. 5015.2. All records processed into FIRMA are converted to TIFF Files, a format readily accepted by NARA.

The Board makes significant efforts and dedicates considerable resources to ensure that electronic records generated by newly developed systems are properly managed in accordance with NARA requirements. Of particular note are the efforts related to the recently developed Electronic Applications System (E-Apps), which will permit regulatory applications to be filed and processed electronically. A primary focus throughout the planning and design of E-Apps was on the development of an interface with FIRMA to ensure that electronic records would be appropriately managed.

¹⁰ FIRMA has the tools for facilitating the timely disposal of temporary records. Temporary electronic records in the Board's other major document management systems are closely monitored and disposed of as appropriate.