



Government Finance Officers Association
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Submitted via [regulations.gov](https://www.regulations.gov)

Ryan Law
Deputy Assistant Secretary for Privacy,
Transparency and Records
U.S. Department of Treasury
1500 Pennsylvania Ave NW
Washington D.C. 20220

RE: Privacy Act; System of Records (TREAS-DOC-2026-02234; 91 FR 5155)

Dear Mr. Law,

On behalf of the Government Finance Officers Association (GFOA), we are writing to provide comment on the U.S. Department of Treasury's Privacy Act notice proposing to establish a new system of records for certain financial assistance programs administered by Treasury (TREAS-DO-2026-02234; 91 FR 5155). GFOA's mission is to advance excellence in public finance, representing public finance officials throughout the United States. The association's more than 32,000 members are made up of state and local government finance officers who are deeply involved in planning, financing, and implementing thousands of governmental operations in their jurisdictions.

Our members were both prime recipients and subrecipients of federal funding through several of the Treasury financial assistance programs captured by this notice, including the State and Local Fiscal Recovery Fund, Emergency Rental Assistance, Homeowner Assistance Fund, Local Assistance and Tribal Consistency Fund, Capital Projects Fund, and State Small Business Credit Initiative programs.

Compliance at the Outset:

Upon receiving these funds, state and local government recipients entered a legal requirement to follow a series of regulations set forth in both the uniform guidance (2 CFR Part 200) and Treasury's established administrative rules unique to each program (such as 31 CFR Part 35 for the State and Local Fiscal Recovery Fund). As such, state and local governments, as recipients of federal funds, understand that all expenditures of federal funds are subject to an audit. As prime recipients, they have taken additional steps throughout the lifetime of these grants to ensure they are complying with overarching federal grants management regulations in addition to rules unique to each program. These steps include the collection of extensive documentation, maintenance of document retention as outlined in each program, and subrecipient monitoring. State and local

government recipients will comply with any new federal reporting requirements moving forward as directed by administrative law, but those new requirements cannot be retroactive. First, compliance information was collected according to the policy when the policy decision – the obligation or the expenditure – was made and applied. Second, any retroactive reporting requirements associated with a new system of records could be duplicative and could fail to recognize the evolving nature of Treasury regulations for these programs. Repetitive workflows and higher resource demands levy significant administrative burdens on state and local governments.

SLFRF Portal Development and Transition:

We understand that the purpose of this new system of records is to provide Treasury with information to “evaluate compliance with program requirements, including compliance with applicable federal laws, regulations, and executive orders; to support other audit and program oversight activities; to identify potential waste, fraud, and abuse; and for research and statistical purposes.” Upon engagement through award letters, state and local prime recipients have already been legally required to report the use of federal funds to Treasury since the inception of these programs. This information has remained available for compliance review throughout the evolution of reporting portals, serving as the collection mechanism for each Treasury program over its entire lifespan.

For example, all prime recipients of State and Local Fiscal Recovery Funds (SLFRF) provided Treasury with “Project & Expenditure reports.” These reports detailed how funds were obligated and expended across allowable spending categories. Each obligation and expenditure reported to Treasury required justification, supporting budget data, and information on all subrecipients, contractors and beneficiaries that were allocated more than \$50,000 in funds (2 CFR 200 Appendix XI). Similarly, Emergency Rental Assistance (ERA) regulations required prime recipients to report on all individuals receiving more than \$30,000 in funds (2 CFR Part 170). In both cases, sub-awards that fell below the reporting threshold were grouped together and reported as cumulative amounts. These reports were submitted to Treasury through the available reporting portals.

Treasury’s development of each portal took time through trial and error. As recipients, each change to the portal required more training and resources to ensure compliance and completion for each reporting period. Requiring recipients to re-enter this information in a separate system is duplicative of efforts already taken by Treasury and prime recipients to ensure compliance with federal law.

Subrecipient and Contracts Monitoring:

Based on the amount of funding available and the scope of the response to the COVID-19 emergency needed in communities, state and local governments managed hundreds of subrecipients, contractors and beneficiaries across several different Treasury funding programs. In particular, the State and Local Fiscal Recovery Fund (SLFRF) provided direct federal funding to every state, county, and city in the country. This created tens of thousands of prime recipients reporting to Treasury, each managing, monitoring, and reporting on hundreds of subrecipients, contractors and beneficiaries. As such, reports on the use of these funds required retaining

thousands of pages of supporting documentation to demonstrate compliance. Introducing a separate system of records for information already collected through established reporting channels increases the complexity of administrative workflows, which in turn may contribute to technical or procedural inconsistencies during the upload process.

Based on Treasury's document retention policies associated with these grants, state and local governments are required to retain all supporting documentation justifying our expenditures for a period of 5 years after the close-out date of the grant. Prime recipients and subrecipients are subject to these requirements. Prime recipients typically review subrecipient expenditures and supporting documentation as part of their monitoring obligations to prevent waste, fraud, and abuse. As of February 2026, most of these grants have not yet reached formal closeout—and those that have were closed only within the past two years. Consequently, recipients are still collecting and retaining documentation for potential future audits to verify that federal funds were properly obligated and expended. Requiring state and local grant recipients of Treasury financial assistance programs to provide information beyond what was required during the grant period would impose significant cost and administrative burdens on recipients. This leaves grantees, especially those who have completed closeout, with no opportunity to recoup through the grant.

New Entrants and Threats for Fraud, Waste and Abuse:

The sheer volume of prime recipients, subrecipients, contractors, and beneficiaries across Treasury's financial assistance programs, coupled with the extensive documentation retained to demonstrate compliance, raises substantive questions about the practicality of establishing a new system of records. According to the notice, the "information contained in the system may be provided by recipients, subrecipients, and contractors that managed these programs on their behalf." From this statement alone, it is unclear who will be ultimately responsible for submitting the required information and documentation in the new system. Will prime recipients be penalized for a single subrecipient or contractor failing to submit information, or will prime recipients be responsible for submitting on behalf of the entities they sub-awarded funds to? We urge Treasury to consider granting prime recipients the ability to designate sub-recipients and contractors as users of the new reporting system at their discretion as multiple access points to a system has the potential for fraud by misrepresenting spending.

Requiring the upload of such a large volume of documentation into a new system not only demands substantial time and effort but also heightens the risk of minor data inconsistencies introduced during migration, even when all procedures are properly followed. Will there be penalties imposed on entities that fail to submit their documentation or submit documentation with errors? At what recipient level will penalties be imposed? We urge Treasury to provide state and local governments with adequate time to upload required information, flexibility to submit information in multiple sittings, and training on how to manage a new reporting system.

Lastly, prior to the COVID-19 emergency, Treasury did not have a significant federal grant profile. The response to the public health emergency from Congress provided Treasury with hundreds of billions of federal funds to administer across several different grant programs. This required Treasury to develop regulations, policies, and procedures for programs while simultaneously awarding these funds and managing recipients. Treasury also created answers to frequently asked

questions, guidelines and tutorials for completing portal requirements as resources for prime and subrecipients. As a result, Treasury issued several iterations of rules and resources associated with these programs to refine the management of funds throughout the lifetime of these grants. We urge Treasury to keep the evolving nature of regulations associated with these programs in mind throughout this potential transition.

In summary, state and local government recipients of Treasury financial assistance programs have been complying with federal reporting regulations. Since the inception of these programs, recipients have long reported on obligations and expenditures of federal funds. State and local governments have been aware that all expenditures of federal funds are subject to an audit and are prepared to demonstrate compliance with federal law. We urge you to use the information provided through mandatory expenditure reports and the well-established audit requirements outlined in the federal uniform guidance (2 CFR Part 200) to ensure compliance rather than establishing a new reporting system. If Treasury does establish this new system, we urge you to work with state and local governments to ensure that it does not impose an undue burden by requiring information beyond the already established programmatic requirements.

Please feel free to reach out to me at ebrook@gfoa.org or any of our representatives in Washington should you have any questions or desire additional information.

Sincerely,

A handwritten signature in black ink that reads "Emily S. Brock". The signature is written in a cursive, flowing style.

Emily Brock
Director – Federal Liaison Center
Government Finance Officers Association