

2016 Explanatory Notes
Office of the Chief Financial Officer

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Purpose Statement

The Secretary established the Office of the Chief Financial Officer (OCFO) in 1995 under authority provided in Reorganization Plan Number 2 of 1953 (7 U.S.C. 2201) to comply with the Chief Financial Officer Act of 1990. The OCFO focuses on the Department's financial and performance management activities to improve program delivery and assure maximum contribution to the Secretary's Strategic Goals.

OCFO operations are led by the Chief Financial Officer (CFO), who is assisted by the Deputy CFO, three Associate CFOs for: Financial Systems, Financial Operations, Financial Policy and Planning, and the Director, National Finance Center (NFC). OCFO is responsible for:

- Financial system management policy and the provision of timely, accurate, and reliable information from financial systems;
- Development of financial statements, cost accounting policy, and financial management budgets;
- Policy guidance and oversight of the Department's internal controls and management accountability programs and reporting to ensure adequate controls over Department assets;
- Oversight of the Departmental Working Capital Fund (WCF); and
- Providing policy guidance and oversight of the travel system, grants management, cash and credit management operations, and other financial management functions.

NFC employs staff in the operation and support of centralized, automated, and integrated payroll, personnel, administrative payments, and central accounting systems which serves more than 40 Federal Departments, independent agencies, and congressional entities, including USDA. Operations at NFC are financed entirely by fee-for-service contracts with customers through the USDA WCF. No direct appropriated funding for NFC is reflected in the OCFO operating budget.

The OCFO headquarters is located in Washington, D.C. As of September 30, 2014, there were 1,328 full-time permanent employees funded by appropriated, reimbursed, and working capital funds.

OIG Reports – Completed

#50401-5-11 12/16/2013 Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2013 and 2012.

#50024-0004-11 3/14/2013 FY 2012 Improper Payment Elimination and Recovery Act of 2010 Compliance Review.

OIG Reports - In Progress

#50401-3-11 11/16/2012 Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2012 and 2011.

#50099-0001-23 9/19/2014 USDA's Controls over Economy Act and Greenbook Program Charges (DM/OCFO)

#50024-0005-11 4/15/2014 FY 2013 Improper Payments Elimination and Recovery Act of 2010 Compliance.

#50024-0004-11 3/14/2013 FY 2012 Improper Payment Elimination and Recovery Act of 2010 Compliance Review.

#50401-7-11 Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2014 and 2013.

GAO Reports – Completed

Grants Internal Controls (197232)

Reliability of data for USA Spending.gov (311601)

OFFICE OF THE CHIEF FINANCIAL OFFICER

Available Funds and Staff Years (SYs)
(Dollars in thousands)

Item	2013 Actual		2014 Actual		2015 Enacted		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations.....	\$6,247	43	\$6,213	42	\$6,028	42	\$9,154	45
Rescission.....	-169	-	-	-	-	-	-	-
Sequester.....	-311	-	-	-	-	-	-	-
Adjusted Appropriations.....	5,767	43	6,213	42	6,028	42	9,154	45
Lapsing Balances.....	-91	-	-330	-	-	-	-	-
Transfer Out.....	-100	-	-400	-	-	-	-	-
Obligations.....	5,576	43	5,483	42	6,028	42	9,154	45
Obligations under other USDA appropriations:								
Shared Cost Programs Funding.....	3,226	-	-	-	-	-	-	-
Working Capital Fund: a/								
National Finance Center.....	66,679	243	81,694	384	65,199	315	64,086	302
Controller Operations.....	32,057	243	33,275	244	-	-	-	-
Corporate Systems.....	70,370	101	96,024	100	-	-	-	-
Financial Management Service.....	-	-	-	-	111,457	373	115,610	379
Internal Control Services.....	2,768	12	2,295	11	2,665	11	2,665	11
Financial Management.....	-	-	2,792	20	6,279	37	6,316	37
Capital Availability.....	26,286	-	22,046	-	28,432	-	18,500	-
Purchase Card Rebate.....	6,024	-	9,747	-	8,997	-	8,500	-
Management, Oversight, and								
Administrative Services (provided to WCF Activities).....	3,502	19	3,250	17	4,051	21	3,644	19
NFC (Non-USDA).....	121,365	642	112,329	527	176,926	812	218,709	996
Subtotal, WCF.....	329,051	1,260	363,452	1,303	404,006	1,569	438,030	1,744
Unobligated Bal Exp.....	5,211	-	16,669	-	13,369	-	-	-
Total, WCF.....	334,262	1,260	380,121	1,303	417,375	1,569	438,030	1,744
Total, OCFO.....	343,064	1,303	385,604	1,345	423,403	1,611	447,184	1,789

OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff Year Summary

Item	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Enacted</u>	<u>2016 Estimate</u>
	Wash. D.C.	Wash. D.C.	Wash. D.C.	Wash. D.C.
ES.....	2	2	3	3
GS-15.....	5	5	5	5
GS-14.....	8	8	7	8
GS-13.....	17	16	16	18
GS-12.....	4	5	6	6
GS-11.....	2	3	2	2
GS-10.....	3	1	1	1
GS-9.....	1	0	0	0
GS-7.....	0	0	1	1
GS-6.....	0	1	1	1
GS-5.....	1	1	0	0
Total Permanent Positions	43	42	42	45
Unfilled, EOY.....	0	0	0	0
Total, Perm. Full-Time				
Employment, EOY.....	43	42	42	45
Staff Year Est.....	43	40	42	45

OFFICE OF THE CHIEF FINANCIAL OFFICER

The estimates include appropriations language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses of the Office of the Chief Financial Officer, [~~\$6,028,000~~] \$9,154,000, of which \$3,000,000 shall be used to support the Department's activities related to implementation of the Digital Accountability and Transparency Act (DATA Act; Public Law 113-101; 31 U.S.C. 6101 note), to include changes in business processes, workforce, or information technology to support high quality, transparent Federal spending, and shall be available only to supplement and not supplant existing DATA Act activities.

This change in language is for the implementation of the DATA Act.

Lead-Off Tabular Statement
(Dollars in thousands)

Budget Estimate, 2016.....	\$9,154,000
2015 Enacted.....	<u>6,028,000</u>
Change in Appropriation.....	<u>+ 3,126,000</u>

Summary of Increases and Decreases
(Dollars in thousands)

	2013 <u>Actual</u>	2014 <u>Change</u>	2015 <u>Change</u>	2016 <u>Change</u>	2016 <u>Estimated</u>
Discretionary Appropriations: Office of the Chief Financial Officer.....	\$5,767	+\$446	-\$185	+\$3,126	\$9,154

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	<u>2013 Actual</u>		<u>2014 Actual</u>		<u>2015 Enacted</u>		<u>Inc. or Dec.</u>		<u>2016 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations: Office of the Chief Financial Officer.....	\$5,667	43	\$5,813	42	\$6,028	42	+\$3,126 (1)	+3	\$9,154	45
Rescission, Transfer, and Seq. (Net).....	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	<u>6,247</u>	<u>43</u>	<u>6,213</u>	<u>42</u>	<u>6,028</u>	<u>42</u>	<u>+3,126</u>	<u>+3</u>	<u>9,154</u>	<u>45</u>
Transfer Out: WCF.....	-100	-	-400	-	-	-	-	-	-	-
Rescission.....	-169	-	-	-	-	-	-	-	-	-
Sequester.....	-311	-	-	-	-	-	-	-	-	-
Total Available.....	<u>5,667</u>	<u>43</u>	<u>5,813</u>	<u>42</u>	<u>6,028</u>	<u>42</u>	<u>+3,126</u>	<u>+3</u>	<u>9,154</u>	<u>45</u>
Lapsing Balances.....	-91	-	-330	-	-	-	-	-	-	-
Total Obligations.....	<u>5,576</u>	<u>43</u>	<u>5,483</u>	<u>42</u>	<u>6,028</u>	<u>42</u>	<u>+3,126</u>	<u>+3</u>	<u>9,154</u>	<u>45</u>

OFFICE OF THE CHIEF FINANCIAL OFFICER

Project Statement
 Obligations Detail and Staff Years (SYs)
 (Dollars in thousands)

Program	<u>2013 Actual</u>		<u>2014 Actual</u>		<u>2015 Enacted</u>		<u>Inc. or Dec.</u>		<u>2016 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Office of the Chief Financial										
Officer.....	\$5,576	43	\$5,483	42	\$6,028	42	+\$3,126 (1)	+3	\$9,154	45
Total Obligations.....	5,576	43	5,483	42	6,028	42	+3,126	+3	9,154	45
Lapsing Balances.....	91	-	330	-	-	-	-	-	-	-
Total Available.....	5,667	43	5,813	42	6,028	42	+3,126	+3	9,154	45
Transfer Out: WCF.....	100	-	400	-	-	-	-	-	-	-
Rescission.....	169	-	-	-	-	-	-	-	-	-
Sequester.....	311	-	-	-	-	-	-	-	-	-
Total Appropriation.....	6,247	43	6,213	42	6,028	42	+3,126	+3	9,154	45

OFFICE OF THE CHIEF FINANCIAL OFFICER

Justification of Increases and Decreases

- (1) An increase of \$3,126,000 and 3 staff years for the Office of the Chief Financial Officer (\$6,028,000 and 42 staff years available in 2015).

Base funds will continue to allow OCFO to carry out its statutory responsibilities. Continuing the base funding is crucial to focusing on the Department's financial and performance management activities to improve program delivery and assure maximum contribution to the Secretary's Strategic Goals. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the office.

The funding change is requested for the following item:

- (a) An increase of \$67,000 for pay costs (\$13,000 for annualization of the 2015 pay increase and \$54,000 for the 2016 pay increase).

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available for the office to carry out its full range of responsibilities and support USDA program delivery.

- (b) An increase of \$59,000 for operating costs.

The proposed funding level is needed to continue the current level of financial oversight. Additional funding will enable compliance with increased travel and conference review and reporting requirements as well as monitoring and enforcement of transparency reporting.

- (c) An increase of \$3,000,000 and 3 staff year to fund Digital Accountability and Transparency Reporting (DATA Act) (No funding or staff years in 2015 base).

The additional investment will be used for salary and benefits for 3 staff years and any contracts needed to complete the reporting. The DATA Act will require more robust data reporting than required under the Federal Financial Accountability and Transparency Act. In order to effectively implement the DATA Act, it will require linkages between the Department's Financial System and other USDA Agency General Ledger systems that do not currently exist. Further system changes and potential interfaces with USDA Agency Federal financial assistance systems will be necessary. It will allow decision-makers at USDA to monitor Federal assistance and procurement programs in the aggregate and on an award by award basis. Once implemented, DATA Act reporting will be automated, which will save 30 FTE's time in manual reporting and quarterly reconciling and ad-hoc data requests. In order to achieve the requisite level of automation, USDA aims to make General Ledger system modifications to ensure that award numbers are captured in the system and that it crosswalks back to agency systems. New reports will need to be created and a data warehouse will be created to contain this data for DATA Act and other purposes. The creation, testing, maintenance and training on these system changes, interfaces, report development and the data warehouse and staff support is expected to cost \$3,000,000.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands and Staff Years (SYs))

State/Territory	2013 Actual		2014 Actual		2015 Enacted		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$5,576	43	\$5,883	42	\$6,028	42	\$9,154	45
Lapsing Balances.....	91	-	330	-	-	-	-	-
Total, Available.....	<u>5,667</u>	<u>43</u>	<u>6,213</u>	<u>42</u>	<u>6,028</u>	<u>42</u>	<u>9,154</u>	<u>45</u>

Classification by Objects
(Dollars in thousands)

		2013	2014	2015	2016
		Actual	Actual	Enacted	Estimate
Personnel Compensation:					
11	Total personnel compensation.....	\$3,249	\$3,176	\$4,302	\$4,712
12	Personal benefits.....	909	828	1,186	1,301
	Total, personnel comp. and benefits.....	<u>4,158</u>	<u>4,004</u>	<u>5,488</u>	<u>6,013</u>
Other Objects:					
21.0	Travel and transportation of persons.....	97	61	60	60
22.0	Transportation of things.....	4	1	5	11
23.3	Communications, utilities, and misc. charges...	32	49	26	32
25.2	Other services from non-Federal sources.....	372	421	298	167
25.3	Other purchases of goods and services				
	from Federal sources.....	896	909	125	2,833
26.0	Supplies and materials.....	17	19	19	25
31.0	Equipment.....	-	19	7	13
	Total, Other Objects.....	<u>1,418</u>	<u>1,479</u>	<u>540</u>	<u>3,141</u>
99.9	Total, new obligations.....	<u>5,576</u>	<u>5,483</u>	<u>6,028</u>	<u>9,154</u>
Position Data:					
	Average Salary (dollars), ES Position.....	\$166,445	\$167,277	\$168,114	\$169,795
	Average Salary (dollars), GS Position.....	\$92,731	\$94,715	\$97,375	\$99,752
	Average Grade, GS Position.....	13.2	13.3	13.4	13.4

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Shared Funding Projects
(Dollars in thousands)

	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
Working Capital Fund:				
Administration:				
Beltsville Service Center.....	\$38	\$15	\$67	\$21
Mail and Reproduction Management.....	239	142	122	125
Integrated Procurement System.....	254	255	258	258
Procurement Operations.....	1,105	1,160	1,675	1,562
Subtotal.....	1,636	1,572	2,122	1,966
Communications:				
Creative Media & Broadcast Center.....	427	166	248	264
Finance and Management:				
NFC/USDA.....	33,310	28,654	28,581	27,986
Controller Operations.....	519	287	301	312
Financial Systems.....	479	458	467	510
Internal Control Support Services.....	369	332	395	395
Subtotal.....	34,677	29,731	29,744	29,203
Information Technology:				
NITC/USDA.....	3,936	3,911	3,580	3,671
International Technology Services.....	157	-	-	-
Telecommunications Services.....	1,150	973	1,013	1,063
Subtotal.....	5,243	4,884	4,593	4,734
Correspondence Management.....	26	23	28	28
Total, Working Capital Fund.....	42,009	36,376	36,735	36,195
Shared Cost Programs:				
1890's USDA Initiatives.....	38	34	43	43
Classified National Security Information.....	-	-	15	15
Continuity of Operations Planning.....	27	24	31	31
E-GOV Initiatives HSPD-12.....	86	79	99	99
Emergency Operations Center.....	30	27	34	35
Facility and Infrastructure Review and Assessment.....	5	5	7	7
Faith-Based Initiatives and Neighborhood Partnerships.....	5	3	6	6
Federal Biobased Products Preferred Procurement Program.....	5	4	-	-
Hispanic-Serving Institutions National Program.....	26	23	29	29
Honor Awards.....	1	1	1	1
Human Resources Transformation (inc. Diversity Council)..	21	20	26	26
Medical Services.....	1	2	5	6
People's Garden.....	8	7	11	10
Personnel and Document Security.....	81	34	31	31
Pre-authorizing Funding.....	44	43	55	55
Retirement Processor/Web Application.....	7	7	9	9
Sign Language Interpreter Services.....	7	6	-	-
TARGET Center.....	12	11	21	21
USDA 1994 Program.....	10	9	11	11
Virtual University.....	27	23	29	29
Visitor Information Center.....	3	3	-	-
Total, Shared Cost Programs.....	444	365	463	464

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	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
E-Gov:				
Budget Formulation and Execution Line of Business.....	1	1	1	1
Enterprise Human Resources Integration.....	33	27	31	32
E-Rulemaking.....	-	12	12	8
E-Training.....	33	33	41	41
Financial Management Line of Business.....	2	2	2	3
Grants.gov.....	9	-	-	-
Human Resources Line of Business.....	4	3	4	4
Integrated Acquisition Environment - Loans and Grants.....	18	22	28	28
Integrated Acquisition Environment.....	9	8	10	10
Total, E-Gov.....	<u>109</u>	<u>108</u>	<u>129</u>	<u>127</u>
Agency Total.....	<u>42,562</u>	<u>36,849</u>	<u>37,327</u>	<u>36,786</u>

OFFICE OF THE CHIEF FINANCIAL OFFICER

Status of Program

Current Activities:

The Office of the Chief Financial Officer (OCFO) has Department-wide leadership responsibility for financial operations, activities, systems, and personnel. The Chief Financial Officer (CFO) is the USDA's chief financial management policy officer and the chief financial management advisor to the Secretary and the mission area heads. Additionally, OCFO is responsible for the administration of the Working Capital Fund (WCF). The CFO is the Departmental official charged with the responsibility for the financial health of the WCF, and effective day-to-day financial management. Also, OCFO directly manages four WCF-funded activities: the National Finance Center (NFC), Controller Operations, Financial Systems, and Internal Control Support Services.

Specific areas being addressed include:

Departmental Financial Statements: For 2015, USDA received an unmodified opinion on its annual financial statements.

USDA plans to maintain its unmodified opinion on its 2015 financial statements. Improvements are still needed in overall financial management and information technology security. USDA will continue to make improvements in USDA's internal controls over financial reporting and financial systems including:

- Reducing the number and severity of material weaknesses and significant deficiencies for financial reporting and financial systems, including compliance with Federal Information Security Management Act (FISMA);
- Effectively monitoring, reviewing, and certifying un-liquidated obligations;
- Fully researching and correcting abnormal balances; and
- Timely processing Intergovernmental Payments and Collections (IPAC) transactions.

Financial Systems: Activities under this heading are managed by the OCFO and include the following (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (New Orleans, LA; Denver, CO)
- Controller Operations Division (Washington and New Orleans)
- Financial Systems (Washington and New Orleans)
- Internal Control Support Services (ICSS)

The Associate Chief Financial Officer for Financial System (ACFO-FS) manages the administrative and financial management systems for USDA under the WCF activity center, Financial Systems. The Financial Management Modernization Initiative (FMMI) represents the USDA OCFO's modernization of a federally compliant, consolidated, single-instance financial system environment. FMMI replaces the outdated, distributed, multi-instance mainframe, legacy financial system environment FFIS (Foundation Financial Information System).

Through technology consolidation and modernization, FMMI has eliminated the need to operate and maintain certain USDA legacy feeder systems and data warehouse. FMMI is providing on-demand search and reporting capabilities to the 14,000 USDA system users and providing a system that aligns with business processes, resulting in improved user efficiency. FMMI has enabled USDA OCFO to continue to provide sound and efficient financial management in support of the USDA mission to enhance the quality of life for the American people.

Additionally, ACFO-FS administers a number of other financial management systems to support USDA agencies and organizations, including: travel, personal property, telephones, utilities, miscellaneous income (1099 reporting), Automated Cash Reconciliation Spreadsheet Tool, Corporate Property Automated Information System (Real Property), and the Online Tracking and Reconciliation System for intergovernmental financial transactions.

Financial Systems also supports the processing of USDA data through other organization-owned systems, which include domestic travel, purchase card transactions, and procurement activity using the Integrated Acquisition System (IAS).

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Internal Control Support Services (ICSS) promotes and supports USDA's internal control program by assisting USDA agencies and Staff offices with their internal control compliance efforts. As part of its services, ICSS plans and manages the Department's annual assessment of internal control over financial reporting, promotes best practices across the Department to gain consistencies and efficiencies related to internal control for financial processes, administrative processes and information technology. ICSS also provides training programs, group presentations and other support services in order to improve the Department's internal control program and to increase the Department's awareness of emerging events and current trends related to internal control.

Audit Follow-up. As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to the Office of Management and Budget (OMB) Circular A-50, *Audit Follow-up*; and (2) researches and analyzes audits, making determinations on final actions, monitoring management's actions on audits, tracking individual audit recommendations, and reporting results annually to the Congress. The OCFO also provides policy guidance and assistance to agencies on technical matters related to OIG audits. Specific efforts are focused on:

- Working on open audits that are not completed in a timely manner; OCFO distributes a monthly report to the Office of Inspector General (OIG) that shows open and closed audits by agency and highlights audits that are one-year past the management decision date;
- Following up with USDA agencies' management and agency audit liaison officers to ensure that corrective actions in response to audits are appropriate and achievable, are cost effective, and that milestones are tracked to achieve estimated completion dates on schedule;
- Increasing the closure rate for OIG audits. The Department's inventory of open audits decreased in FY 2014 by 24 percent from 106 to 81;
- Providing useful and timely information on the status of audits to management and the Congress for decision-making and resource allocation purposes;
- Reviewing, analyzing, and reporting quarterly on progress in achieving corrective actions for audits one year or more past management decision but without final action; and
- Reviewing status of audits without management decision at USDA agencies, if needed. As of October 28, 2014, there were 6 audits without management decision more than 6 months after audit issuance. The Department will continue to work with agencies to ensure audits reach management decision on a timely basis.

Management Accountability and Control and Compliance with Laws and Regulations: The OCFO is responsible for management accountability and control under the CFO Act, the Federal Managers' Financial Integrity Act (FMFIA), and the Federal Financial Management Improvement Act (FFMIA). OCFO establishes policy and guidance to ensure that USDA agencies comply with the requirements of FMFIA and FFMIA, and report on material weaknesses, financial system non-conformances in the Performance and Accountability Report to the Congress and the President.

Additionally, the Internal Control Division oversees the annual assessment of internal controls over financial reporting in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control, Appendix A - Internal Control Over Financial Reporting*. The OCFO continues to work with agencies to establish an ongoing process for the annual assessment in order to improve financial reporting and to maintain compliance with the laws and regulations. Current efforts include:

- Continuing the Department-wide Assessment Implementation Team to conduct the assessment of internal control over financial reporting;
- Continuing to expand the process-level risk-based approach to conduct the internal controls over financial reporting assessment;
- Providing a recommendation to the Secretary of Agriculture on the type of assurance to be provided regarding the effectiveness of USDA's internal control over financial reporting as of June 30th for the FMFIA Annual Assurance Statement to OMB and Congress;
- Increasing USDA's awareness of internal control through Department-wide training;
- Establishing accountability for and continuously monitoring the status of open material deficiencies and

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encouraging timely correction;

- Reviewing, analyzing, and reporting monthly progress in achieving major corrective action milestones during the reporting period;
- Improving the closure rate of CAP and POA&Ms;
- Developing standardized control objectives and test plans to maximize efficiencies and eliminate redundancies; and
- Responding to changing demands in the internal control environment to aid in Departmental and Government-wide compliance with laws and regulations.

Debt Policy: OCFO is responsible for developing Departmental policy, and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act (DCIA). USDA is one of the largest credit agencies within the Federal Government with total receivables of \$116 billion. OCFO has additional policy and oversight responsibilities for USDA agency debt, credit and cash management activities required by regulations, circulars, manuals and directives. Current activities include:

- Leading agencies by providing policy expertise and consultation services to increase collection of debt and reduce delinquent debt;
- Documenting and improving debt collection activities in USDA's loan programs; and
- Developing and/or coordinating numerous Departmental, government-wide and commercial reporting requirements.

Improper Payments: OCFO leads the Department by issuing implementation policy and guidance to USDA agencies on carrying out the Improper Payments Information Act (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and Improper Payments Elimination and Recovery Improvement Act of 2012 to intensify efforts to eliminate payment errors, waste, fraud and abuse in Federal programs.

Current activities include:

- Providing expertise services, assisting agencies with and conducting oversight of risk assessments, statistical sampling, improper payment rate reporting, corrective actions that address root causes of improper payments, and recovery/recapture auditing;
- Conducting analyses of agency plans for becoming compliant with IPERA;
- Monitoring the USDA agencies' corrective actions plans for development of internal controls, systems enhancements and payment recapture/recovery of identified improper payments, providing assurance of program integrity, and the prevention of future improper payments; and
- Coordinating Departmental preparation and reporting of required improper payments and payment recapture/recovery auditing accomplishments in the USDA Agency Financial Report, providing standardization in report content.
- Implementing Treasury's Do Not Pay portal initiative.

Travel Policy: OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services and the travel card program. Under OCFO leadership USDA reduced travel spending by 45 percent in 2014, as compared to the 2010 travel spending. Current activities include:

- Minimizing inappropriate use of the travel card through the use of training and monthly data mining activity;
- Supporting the implementation of the new electronic travel system;
- Reporting USDA conference travel activity;
- Reviewing conference proposals to ensure responsible use of government time and resources; and
- Supporting USDA's disaster recovery planning.

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Grants Policy: OCFO leads the Department in Federal financial assistance policy and oversight, and regularly convenes the Federal Financial Assistance Committee (FFAC). The FFAC consists of agency representatives that aid in the implementation of government-wide Federal financial assistance initiatives and USDA guidance. Through this Committee, USDA decides on policy matters that affect the Department's programs and serves as a crucial communication channel to conduct outreach and provide input on new and emerging issues for grants government-wide. The Committee provided input for a revised OMB circular, suspension and debarment regulations, human trafficking regulations and many others. The Committee is central to providing innovative solutions to grants reporting improvements.

USDA is a member on the Council on Federal Assistance Reform (COFAR) and on the COFAR principals' workgroup. The council is in charge of updating OMB Circulars, setting priorities in grants management policy across the government and ensuring greater accuracy and transparency in grants reporting. USDA also participates in government-wide Federal financial assistance initiatives such as Grants.gov and the Federal Assistance Committee for government (FACE). OCFO's leadership in these initiatives is helping to ensure simplification and streamlining of Federal financial assistance activities. OCFO maintains Departmental policy by ensuring improved efficiency in grants management and consistency of regulations across government for the public.

OCFO coordinates USDA debarment and suspension (D&S) actions and regulations including making USDA entries to the Excluded Parties List System (EPLS). OCFO maintains USDA's portion of the Catalog of Federal Domestic Assistance (CFDA) and ensures the consistency and completeness of its program data. OCFO serves on the Interagency Suspension and Debarment Committee. OCFO also maintains the Federal Financial Assistance Intranet website, and provides agency oversight for audit responses and legislative reports. OCFO plans to complete its update of suspension and debarment as well as drug free workplace certification forms in 2015. This will standardize and streamline the certification process required prior to awarding Federal financial assistance.

In 2014, OCFO developed and published a Department Regulation on the Department's Prize policy. Awarding prizes as described in the America Competes Act of 2010 allows USDA to use a prize instrument to encourage innovators to address issues outlined in the prize competition and receive financial or other types of awards. OCFO plans to update the delegation of authority in 2015 to allow for prize policy review to occur at the agency instead of having the Secretary review every prize competitions. A workgroup will be set up to coordinate prize activities and promote their use in the department.

Transparency and Accountability Reporting: OCFO leads the Department's efforts to provide greater information sharing and transparency of data at USDA, focusing on Transparency Act and Recovery Act compliance. OCFO continues to support and improve these requirements.

OCFO leads the initiative to consolidate Foreign Assistance reporting required by OMB Bulletin 12-01. In 2013, OCFO developed a process that leverages Transparency reporting to USAspending.gov to report to the Foreign Assistance Dashboard. This effort ensures that data is more consistent across reporting platforms. OCFO is also working on consolidating multiple foreign assistance reporting requirements so data is reported more consistently and achieves efficiencies by reducing multiple unique reports and deadlines and standardizing the data required to be reported.

In 2014, OCFO continued to lead on a variety of Sandy Disaster Relief Appropriations Act reporting requirements. OCFO built and maintains a centralized website for reporting financial and performance data on a weekly and monthly basis. OCFO support the Secretary's office on Sandy related matters and offered financial and performance insights based on the data collected. The reporting requirements are expected to wind down in fiscal year 2015.

OCFO developed a reconciliation process which reconciles obligations incurred, with total Federal financial assistance and contracts data. OCFO provides monthly reports on data from the Financial Statements Data Warehouse and data downloaded from the USAspending.gov website and allocates the data, by agency. Agencies take this reconciliation schedule and report back to the OCFO with a certification and any planned actions to address shortcomings in the agency data. OCFO works with the agencies to implement the reconciliation report. In 2014,

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OMB rescinded this requirement, but USDA continues to do this exercise quarterly requirement in order to provide internal controls and help agencies achieve higher data quality. It is an important exercise that supports the implementation of the Digital Accountability and Transparency (DATA) Act.

On May 9, 2014 the DATA Act was signed into law. This Act furthers the requirements of the Federal Financial Accountability and Transparency Act of 2006 and imposes new reporting requirements. OCFO is a government leader on DATA Act implementation and is has been central to the DATA Act's initial implementation plans, sitting on multiple committees and advising Federal partners. The Department CFO is a member of the Interagency Advisory Committee. Fiscal year 2015 will be an important year for the DATA Act implementation. OCFO contracted with Deloitte to help with the implementation. OCFO anticipates system changes and policy changes as a result of this Act and that it will be the primary focus of the Transparency and Accountability Division in OCFO until 2017.

OCFO continued to work closely with the Foreign Agricultural Service in the implementation of their Grants module called Grantor. OCFO ensured that the grants system aligns with OCFO's and the Department's vision for a Department-Wide Grants Business Process. OCFO provides monthly data tables to the Grantor system so the system can comply with Transparency Act Reporting.

Selected Examples of Recent Progress:

Financial Systems: COD performed research and analysis for agencies converted to the new FMMI accounting system that affect the accuracy and integrity of the financial statements. Over 760 Intra-governmental Payment and Collection (IPAC) bills totaling \$142 billion were corrected.

COD pioneered development of Reporting of IPAC Transactions for Agriculture (RITA) which will replace Online Tracking and Reconciliation System (OTRS), Reporting Center and IPAC Tracking Access Program (ITAP) in Fiscal Year 2015. This program will be utilized for agency reporting and assignment of bills.

COD provided assistance with the implementation of the MetTel to FMMI interface. 80,000+ telephone invoices totaling \$50,047,291.31 have been processed via this interface since December 2013.

COD provided assistance with the implementation of the Ameresco to FMMI interface. 146,000+ utility invoices totaling \$54,990,591.20 have been processed via this interface since January 2014.

COD conducted 20,000+ GovTrip post-payment audits to ensure validity of temporary duty travel payments/reimbursements from GovTrip. COD also took corrective actions, as appropriate, to include recovery of overpayment or issuance of a supplemental payment.

COD represented the Department in developing requirements for system modifications and configurations of the Government wide Treasury Accounting Symbol (GTAS), phase two, which requires component Treasury Account Symbol for federal trading partner activity in compliance with Federal reporting requirements.

Financial Systems processed over 766 billion general ledger postings with disbursements totaling in excess of \$39 billion. Financial Systems developed, with agencies, over 700,000 master data fields to track budget and expenses and developed over 51 financial reports. The core financial system currently has approximately 7,000 users.

Financial Systems continues to enhance the Business Objects (BOBJ) reporting tool. This technologically advanced reporting system delivers an ad-hoc financial reporting tool and a comprehensive dashboard delivery tool. This implementation continues to provide a foundation for future plans to support real-time reporting. BOBJ currently has approximately 4,000 users and growing. Financial Systems completed a system upgrade of the BOBJ system that significantly improved the look of the agency reports. The Business Objects system is configured to work efficiently with HANA to enable delivery of high performance reports.

Financial Systems also developed 8 main financial reports, as well as 27 drilldown reports, in HANA delivering significant performance improvements and providing a real-time analytic solution to end users, and reducing the

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reporting load in ECC so that more processing power is devoted to transaction processing. Financial Systems has established a stable SAP HANA platform with controls for efficient use of HANA space.

Financial Systems represented the Department during SAP's design and testing of the Government wide Treasury Accounting Symbol (GTAS). The Financial Systems completed the software modifications and procedural changes to implement GTAS reporting from the Financial System Data Warehouse (FSDW). GTAS reporting replaces the functionality of FACTS I, FACTS II, IFCS, and IRAS reporting systems as the primary means of reporting agency trial balance data.

Financial Systems completed efforts to establish an SAP Center of Excellence for the Department, and was awarded Primary SAP COE certification. This effort included the strengthening of service delivery, process controls, governance and customer advocacy.

USDA was designated a Financial Shared Service provider for SAP by OMB and the Department of Treasury. The OCFO hosted the Treasury FIT team to participate in Financial Services Benchmarking activities. Financial Systems developed an extensive catalogue of services that will be offered to customers. Financial Systems delivered presentation to DHS, ICE and DOC outlining the financial shared services that OCFO can provide to other agencies.

Financial Systems successfully configured and implemented the Research, Education and Economics (REE) Mission area comprising of 4 USDA agencies: Agriculture Research Service (ARS), Economic Research Service (ERS), National Agriculture Statistics Service (NASS), and the National Institute of Food and Agriculture (NIFA) into the new E-government Travel Service (ETS2) Concur Government Edition (CGE.) This begins the transition of USDA off of the current ETS1 travel system. USDA is scheduled to complete the migration to the new CGE system by March 2015.

Management Accountability and Control: USDA's 2014 and 2013 Consolidated Financial Statements received an unmodified and unqualified audit opinion, respectively from the OIG. The auditor's Report on Compliance with Laws and Regulations also disclosed that the Department was not substantially compliant with FFMIA requirements, IPERA, and the Anti-Deficiency Act.

The Department currently has three material weaknesses. The first is related to two information technology areas, which include logistical access controls /personnel security and configuration management. This material weakness is a result of pervasive deficiencies in internal control design and operating effectiveness. The second is related to the calculation of estimated losses on insurance claims by the Risk Management Agency.

The Commodity Credit Corporation has one outstanding deficiency related to financial system non-conformance in Funds Control Management; and the NRCS has various outstanding financial system non-conformance deficiencies for failing to support certain transactions and account balances in their 2013 and 2014 financial statements. USDA will continue monitoring progress on plans to improve internal controls and financial systems to comply fully with FFMIA, FFMIA and FISMA requirements.

Performance Management: OCFO executed USDA performance management activities, such as conducting Department-wide planning team meetings to draft the performance management documents for the Department and the Performance and Accountability Report for 2013; met with other Federal agencies, external groups, and representatives from foreign countries to discuss USDA performance management efforts and results; and participated in USDA and Federal inter-agency forums related to GPRA and performance management.

Debt Policy: USDA's gross receivables are \$116 billion. Through effective OCFO debt management policy and coordination efforts, USDA's accomplishments as of 3rd Qtr 2014 include:

- Referring 99.2 percent to the Treasury Offset Program compared to the government-wide referral rate of 62.9 percent;
- Referring 98.5 percent to the Treasury Cross-Servicing Program compared to the government-wide referral rate of 93.4 percent; and

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Departmental policies have led to the high referral rates, providing greater potential for increased collections of delinquent debt through voluntary remittance, offset or commercial collection practices. USDA continues to fully support government-wide debt collection efforts and is fully compliant with fifteen of sixteen items on Treasury's Agency Assessment Scorecard on Delinquent Debt Collection.

Improper Payments: During FY 2014, OCFO achieved the following:

- In FY 2014, USDA had three programs removed from the IPIA list of program susceptible to significant improper payments.
- Eight USDA high-risk programs reported improper payment rates for FY 2014 that met the programs' reduction targets for FY 2014.
- Recovered \$656,000 through USDA's recovery auditing initiatives.
- Reviewed and began implementation of the revised OMB Circular A-123, Appendix C, dated October 20, 2014.

Travel Policy: USDA updated its relocation regulation in August 2013 and submitted updated home sales caps in 2014. Travel card usage training was updated and made available to all Departmental travel card holders. USDA also transitioned the first agencies to the new travel system during fiscal year 2014.

Grants Policy: The following are OCFO's recent accomplishments:

- Met quarterly with the Debarment & Suspension (D&S) Council and monthly with the D&S Coordinators committee;
- Worked with OIG to revise its monthly report of USDA indictments and convictions; the report's current version will provide actionable D&S data to the agencies; and
- Provided extensive guidance to agencies, OBM and other Federal partners with grants policy interpretation on a wide range of matters.

Transparency and Accountability Reporting: OCFO is a government leader in grants transparency reporting and developed a reconciliation of the Status of Budgetary Resources and Federal Financial Assistance. OCFO plays a role in developing data reporting accuracy guidance for the Federal government. Outreach and training was conducted for all agencies to ensure that reporting errors were further reduced. OCFO staff worked with OMB to develop the data quality guidance for Federal agencies. OCFO staff developed un-liquidated obligations reports. OCFO implemented a new initiative required by OMB Bulletin 12-1 on foreign assistance reporting. OCFO collaborated with the Department of State and OMB to develop report standardization that will yield immediate benefits. OCFO also designed the reporting process to integrate with existing reporting needs, thus reducing the reporting burden on USDA agencies as well as other Federal agencies.

OCFO is a government leader on DATA Act implementation and serves on multiple committees involved with the implementation including the FACE, described above, the Award Committee for eGovernment, The Data Standards workgroup and the DATA Act Blueprint workgroup. Within USDA, OCFO has begun data analysis, made presentations to Agency CFOs and other interested stakeholders. OCFO has a contract in place with Deloitte to help with the implementation. Work has begun to map agency systems in enterprise architecture and identify the source for each data element to be reporting on in accordance with the DATA Act. OCFO will also develop a data dictionary and schema for DATA Act reporting in 2015 with the contract support from Deloitte.

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Summary of Budget and Performance
Statement of Goals and Objectives

The Office of the Chief Financial Officer (OCFO) was established in 1995, when the Secretary of Agriculture established it under authority provided in Reorganization Plan Number 2 of 1953 (7 U.S.C. 2201) to comply with the Act of 1990. The activities of OCFO are focused on the Department’s financial and performance management to improve delivery and assurance of contributions to the Secretary’s Strategic Goals.

USDA Strategic Goal 5: Create a USDA for the 21st century that is high performing, efficient, and adaptable.

USDA Strategic Objective: Develop a customer-centric, inclusive, and high-performing workforce by investing in and engaging employees to improve service delivery. (Objective 5.1)

USDA Strategic Objective: Build a safe, secure, and efficient workplace by leveraging technology and shared solutions across organizational boundaries. (Objective 5.2)

USDA Strategic Objective: Maximize the return on taxpayer investment in USDA through enhanced stewardship activities and focused program evaluations. (Objective 5.3)

<u>Agency Strategic Goal</u>	<u>Agency Objectives</u>	<u>Programs that Contribute</u>	<u>Key Outcomes</u>
USDA becomes a leader in financial management through strong leadership, policy and oversight.	<p>The Department and USDA agencies receive clean audits.</p> <p>Strengthen compliance with financial management laws, regulations, and best practices.</p>	<p>OCFO gathers financial statements for the annual audits of the USDA consolidated financial statements.</p> <p>OCFO participates in the Department's assessment of internal control structure and compliance with laws and regulations.</p> <p>OCFO monitors agency obligations and expenditures throughout the fiscal year and works with fund holders to help them avoid ADA violations.</p> <p>OCFO issues implementation policy and guidance on the carrying out of the Improper Payments Information Act.</p> <p>OCFO provides technical assistance as the OIG conducts various audits of USDA's Financial Systems.</p>	<p>Achieve USDA-wide unqualified audit opinion on financial statement audits.</p> <p>Compliance with A-123, Appendix A testing.</p> <p>No Anti-Deficiency Act (ADA) violations.</p> <p>Compliance with the improper payments reporting requirements.</p> <p>Down-grade existing material weaknesses to significant deficiency status.</p>

Key Performance Measures:

OCFO gathers financial statements for the annual audits of the USDA consolidated financial statements. OCFO participates in the Department's assessment of internal control structure and compliance with laws and regulations. OCFO monitors agency obligations and expenditures throughout the fiscal year and works with fund holders to help them avoid ADA violations. OCFO issues implementation policy and guidance on the carrying out of the Improper Payments Information Act. OCFO provides technical assistance as the OIG conducts various audits of USDA's Financial Systems.

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Funds recovered through supplier credit auditing.							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Units	N/A	N/A	Est. Baseline	\$100,000	\$656,000	\$1,300,000	\$1,000,000

Maintain the number of Anti-Deficiency Act Violations to zero.							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Units	2	0	0	1	3	0	0

Meet OBPA and OMB time frames for submission of data requirements.							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Units	N/A	N/A	Est. Baseline	98%	98%	100%	100%

Timely production of required Agency Financial and Performance Reports.							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Units	N/A	N/A	Est. Baseline	100%	100%	100%	100%

Reduction of open audits by making decisions within 6 months for issued audits.							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Units	N/A	N/A	Est. Baseline	91%	95%	96%	96%

Percentage of Federal assistance and contract programs compliant with DATA Act Reporting requirements.							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Units	N/A	N/A	N/A	N/A	N/A	Est. Baseline	80%
Dollars (in thousands)	\$6,462	\$6,087	\$5,426	\$5,576	\$5,483	\$6,028	\$9,154

Selected Past Accomplishments toward Achievement of the Key Outcome:

- OCFO has complied with A-123, Appendix-A testing.
- Achieved clean audits for all agencies of USDA on a consolidated basis.

Selected Accomplishments Expected at the 2016 Proposed Resource Level:

- Achieve clean audits for all agencies of USDA on a consolidated basis.
- Full compliance with A-123, Appendix-A testing.
- To reach Zero Anti-Deficiency Act violations.
- All programs meet improper payments reporting requirements.
- Zero material internal control weaknesses.
- To increase the compliance of DATA Act Reporting.

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Strategic Goal Funding Matrix
(Dollars in thousands)

Program/ Program Items	2013 Actual	2014 Actual	2015 Enacted	Increase or Decrease	2016 Estimate
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Department Strategic Goal 5: Create a USDA for the 21st century that is high performing, efficient, and adaptable.

Department Objective 5.1: Develop a customer-centric, inclusive, and high-performing workforce by investing in and engaging employees to improve service delivery

Office of the Chief Financial Officer.....	\$5,667	\$5,813	\$6,028	+\$3,126	\$9,154
Staff Years.....	43	42	42	+3	45

Full Cost by Strategic Objective
(Dollars in thousands)

Department Strategic Goal 5: Create a USDA for the 21st century that is high performing, efficient, and adaptable.

Program/ Program Items	2013 Actual	2014 Actual	2015 Enacted	2016 Estimate
Administrative costs (direct).....	\$4,158	\$4,004	\$5,488	\$6,013
Indirect costs.....	1,418	1,479	540	3,141
Total Costs.....	5,576	5,483	6,028	9,154
FTEs.....	43	42	42	45
Performance Measures:				
Funds recovered through supplier credit auditing.....	\$100,000	\$656,000	\$1,300,000	\$1,000,000
Maintain the number of Anti-Deficiency Act violations to zero.....	1	3	0	0
Meet OBPA and OMB time frames for submission of data requirements.....	98%	98%	100%	100%
Timely production of required Agency Financial and Performance Reports.....	100%	100%	100%	100%
Performance Measure:				
Reduction of open audits by making decisions within 6 months for issued audits.....	91%	95%	96%	96%
Performance Measure:				
Percentage of Federal assistance and contract programs compliant with DATA Act Reporting requirements.....	N/A	N/A	Est. Baseline	80%