

2020 USDA Explanatory Notes – OFFICE OF THE CHIEF FINANCIAL OFFICER

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AGENCY-WIDE

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 achieving the mission of USDA.

OCFO operations are led by the Chief Financial Officer (CFO), who is assisted by the Deputy CFO, three Associate CFOs for: Shared Services, 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 the Department’s 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, 2018, there were 1,421 full-time permanent employees funded by appropriated funds (30) and working capital funds (1,391).

OIG and GAO Reports

Table OCFO-1. Completed OIG Reports

ID	Date	Title
11401-0003-31	09/24/2018	Agreed-Upon Procedures; Employee Benefits, Withholdings, Contributions, and Supplemental Semi-Annual Headcount Reporting Submitted to the Office of Personnel Management, FY 2018
11401-0004-12	09/21/2018	Statement on Standards for Attestation Engagement No. 18 Report on Controls at National
11601-0001-22	11/01/2017	Finance Center for October 1 2017-July 31, 2018
11601-0001-41	09/06/2017	USDA’s 2017 Compliance with the Digital Accountability and Transparency Act of 2014
50024-0013-11	05/10/2018	Departmental Oversight of Final Action on OIG Audit Recommendations
50401-0011-11	12/06/2018	USDA’s Fiscal Year 2017 Compliance with Improper Payment Requirements
50401-0017-11	11/16/2018	Department of Agriculture’s Consolidated Balance Sheet for Fiscal Year 2016 U.S. Department of Agriculture’s Closing Package Financial Statements for Fiscal Year 2018

Table OCFO-2. In-Progress OIG Reports

ID	Title
50401-0013-11	U.S. Department of Agriculture’s Consolidated Balance Sheet for Fiscal Year 2017
50016-0001-23	Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture
50601-0007-31	USDA WebTA Expense Reimbursement
50401-0016-11	USDA’s Consolidated Financial Statements for FY 2018

Table OCFO-3. Completed GAO Reports

ID	Date	Title	Result
None			

Table OCFO-4. In-Progress GAO Reports

ID	Title
102946	USDA’s National Financial Center Cost-Benefit Analysis
102729	DATA ACT: Shared Services Provider’s Implementation
102138	Shared Services
102476	Additional Guidance Needed to Improve Oversight of Agencies with Noncompliant Programs
102505	Improper Payments: Selected Agencies Need Improvement in their Assessments to Better Determine and Document Risk Susceptibility

AVAILABLE FUNDS AND STAFF YEARS

Table OCFO-5. Available Funds and Staff Years (thousands of dollars, staff years (SY))

Item	2017		2018		2019		2020	
	Actual	SY	Actual	SY	Estimate	SY	Budget	SY
Salaries and Expenses:								
Discretionary Appropriations	\$8,028	31	\$6,028	30	\$6,028	34	\$13,500	34
Transfers Out.....	-	-	-225	-	-	-	-	-
Total Available.....	8,028	31	5,803	30	6,028	34	13,500	34
Lapsing Balances.....	-93	-	-102	-	-	-	-	-
Subtotal Obligations, OCFO.....	7,935	31	5,701	30	6,028	34	13,500	34
<u>Working Capital Fund a/:</u>								
Financial Management Services ...	361,553	1,493	328,680	1,391	316,087	1,477	319,886	1,476
Total, OCFO.....	369,488	1,524	334,381	1,421	322,115	1,511	333,386	1,510

a/ This section includes OCFO managed Working Capital Fund (WCF) activities. Please refer to the WCF Explanatory Notes for more details about the WCF.

PERMANENT POSITIONS BY GRADE AND STAFF YEARS

Table OCFO-6. Permanent Positions by Grade and Staff Years

Item	2017 Actual Wash. D.C.	2018 Actual Wash. D.C.	2019 Estimate Wash. D.C.	2020 Budget Wash. D.C.
SES.....	2	2	3	3
GS-15	3	3	5	4
GS-14	5	3	4	6
GS-13	13	16	14	12
GS-12	5	4	5	5
GS-11	1	1	2	3
GS-9	1	-	-	-
GS-7	-	-	1	1
GS-5	1	1	-	-
Other Graded	-	-	-	-
Ungraded	-	-	-	-
Total Permanent	31	30	34	34
Unfilled, EOY	-	-	-	-
Total Perm. FT EOY	31	30	34	34
Staff Year Est	31	30	34	34

SHARED FUNDING PROJECTS

Table OCFO-7. Shared Funding Projects (dollars in thousands)

Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
Working Capital Fund:				
Administration:				
Material Management Service	\$84	\$72	\$44	\$50
Mail and Reproduction Services	97	78	132	126
Integrated Procurement Systems	254	218	233	249
Procurement Operations Services	1,918	1,929	2,230	2,363
Human Resources Enterprise Management Systems	12	13	14	16
Subtotal	2,365	2,310	2,653	2,804
Communications:				
Creative Media & Broadcast Center	201	192	154	245
Finance and Management:				
National Finance Center.....	27,780	5,480	2,719	2,773
Financial Shared Services	4,552	1,080	1,098	1,086
Internal Control Support Services	312	317	350	350
Financial Management Support Services	-	62	83	140
Subtotal	32,644	6,939	4,250	4,349
Information Technology:				
National Finance Center.....	-	-	-	-
Client Experience Center	1,373	1,300	3,192	3,201
Digital Infrastructure Services Center.....	4,346	3,609	4,974	4,974
Enterprise Network Services.....	1,159	1,272	3,203	3,077
Subtotal	6,878	6,181	11,369	11,252
Correspondence Management	36	32	49	49
Total, Working Capital Fund	42,124	15,654	18,475	18,699
Department-Wide Shared Cost Programs:				
1890's USDA Initiatives	60	-	-	-
Agency Partner Outreach.....	-	125	124	124
Classified National Security Information.....	12	-	-	-
Continuity of Operations Planning.....	33	-	-	-
Emergency Operations Center	38	-	-	-
Facility and Infrastructure Review and Assessment	7	-	-	-
Faith-Based Initiatives and Neighborhood Partnerships ...	7	-	-	-
Hispanic-Serving Institutions National Program.....	32	-	-	-
Honor Awards.....	-	-	1	1
Human Resources Self-Service Dashboard.....	10	10	9	10
Human Resources Transformation.....	27	15	-	-
Identity Access Management	109	-	-	-
Intertribal Technical Assistance Network	-	-	-	-
Medical Services.....	14	13	16	16
Office of Customer Experience.....	-	32	50	60
People's Garden	10	8	-	-
Personnel and Document Security	-	41	38	38
Personnel Security Branch	26	-	-	-
Security Detail	55	74	73	73
Security Operations.....	-	174	168	168
TARGET Center	24	22	18	18
USDA 1994 Program.....	13	-	-	-
USDA Enterprise Data Analytics Services	-	-	-	85
Virtual University	33	17	-	-
Total, Department-Wide Reimbursable Program.....	510	531	497	593

E-Gov:

Budget Formulation and Execution Line of Business.....	1	1	1	1
Enterprise Human Resources Integration.....	30	30	30	30
E-Rulemaking.....	2	2	2	-
Financial Management Line of Business.....	1	1	1	1
Human Resources Line of Business.....	4	5	5	5
Integrated Acquisition Environment.....	76	77	84	-
Total, E-Gov.....	114	116	123	37
Agency Total.....	42,748	16,301	19,095	19,329

ACCOUNT 1: SALARIES AND EXPENSES

LEAD-OFF TABULAR STATEMENT

Table OCFO-8. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution.....	\$6,028,000
Change in Appropriation.....	+7,472,000
Budget Estimate, 2020.....	<u>13,500,000</u>

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

Office of the Chief Financial Officer

For necessary expenses of the Office of the Chief Financial Officer, \$13,500,000.

PROJECT STATEMENT

Table OCFO-9. Project Statement (thousands of dollars, staff years (SY))

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Discretionary Appropriations:											
Office of the Chief Financial Officer.....	\$8,028	31	\$6,028	30	\$6,028	34	+\$7,472	(1)	-	\$13,500	34
Transfers Out:											
Working Capital Fund.....	-	-	-225	-	-	-	-	-	-	-	-
Total Available.....	8,028	31	5,803	30	6,028	34	+7,472		-	13,500	34
Lapsing Balances.....	-93	-	-102	-	-	-	-	-	-	-	-
Total Obligations.....	<u>7,935</u>	<u>31</u>	<u>5,701</u>	<u>30</u>	<u>6,028</u>	<u>34</u>	<u>+7,472</u>		<u>-</u>	<u>13,500</u>	<u>34</u>

Base funds will continue to allow OCFO to carry out its statutory responsibilities. Continuing the base funding is crucial to maintain the Department’s financial and performance management activities, to improve program delivery, and to ensure maximum contribution and efficiency to achieving the mission of USDA.

The numbered justification items are keyed to the Change Key (Chg Key) column on the Project Statement:

- (1) An increase of \$7,472,000 and no staff years (\$6,028,000 and 34 staff years available in 2019).

The funding change is requested for the following item:

- A) An increase of \$7,500,000 and no staff years for the NewPay Initiative.

The funding increase of \$7,500,000 is needed to implement the first phase of the USDA employee payroll migration to the NewPay Software as a Service, which is managed by the General Services Administration. The National Finance Center currently administers payroll applications through legacy systems for both USDA and non-USDA employees. USDA employees will be migrated to the new system first, followed by non-USDA employees in the outyears. Specifically, this funding will cover the first

phase, which includes migration of approximately 24,000 USDA employees. The benefits to the USDA of such migration will be user friendly self-service options, future cost savings, and increased efficiency in a secure environment.

B) A decrease of \$28,000 for non-personnel costs.

This funding decrease will be absorbed through reductions in travel, printing, supply purchases and equipment.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table OCFO-10. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory/Country	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
District of Columbia.....	\$7,935	31	\$5,701	30	\$6,028	34	\$13,500	34
Lapsing Balances	93	-	102	-	-	-	-	-
Total, Available	8,028	31	5,803	30	6,028	37	13,500	34

CLASSIFICATION BY OBJECTS

Table OCFO-11 Classification by Objects (thousands of dollars)

Item No.	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
Personnel Compensation:					
	Washington D.C.	\$3,508	\$3,447	\$3,883	\$3,938
11	Total personnel compensation	3,508	3,447	3,883	3,938
12	Personal benefits	1,065	1,100	1,196	1,214
13.0	Benefits for former personnel	122	64	-	-
	Total, personnel comp. and benefits.....	4,695	4,611	5,079	5,152
Other Objects:					
21.0	Travel and transportation of persons	33	48	45	38
23.1	Rental payments to GSA	2	2	6	6
23.3	Communications, utilities, and misc. charges.....	121	143	145	147
24.0	Printing and reproduction	22	15	15	10
25.1	Advisory and assistance services	-	201	202	187
25.2	Other services from non-Federal sources	53	36	50	7,500
25.3	Other goods and services from Federal sources...	2,925	277	206	206
25.4	Operation and maintenance of facilities	-	277	200	187
25.5	Research and development contracts	-	13	-	-
26.0	Supplies and materials	47	48	49	40
31.0	Equipment	37	30	31	27
	Total, Other Objects	3,240	1,090	949	8,348
99.9	Total, new obligations.....	7,935	5,701	6,028	13,500
	DHS Building Security Payments (included in 25.3)	\$2	\$2	\$5	\$5
Position Data:					
	Average Salary (dollars), ES Position	\$184,000	\$182,218	\$184,951	\$187,726
	Average Salary (dollars), GS Position.....	\$107,133	\$110,000	\$111,650	\$113,325
	Average Grade, GS Position.....	13.5	13.5	13.5	13.5

STATUS OF PROGRAMS

The Office of the Chief Financial Officer (OCFO) has Department-wide leadership and 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, and Financial Management Services, which includes Shared Services, Internal Control Support Services, and Financial Management Support Systems.

Current Activities

Departmental Financial Statements

USDA received an unmodified opinion on its 2018 financial statements. OCFO maintains continuous process improvement for financial management and information technology security. USDA will continue to make improvements to USDA's internal controls regarding 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 the Federal Information Security Management Act (FISMA); and
- Effectively monitoring, reviewing, and certifying un-liquidated obligations.

Budget Services

A wide variety of budgetary services are provided by the Budget Division to the Office of the Secretary and the Departmental staff offices. These services include: (1) the preparation of detailed exhibits and tables and supporting justification for the budget requests submitted to the Office of Management and Budget (OMB) and the Congress as required by OMB Circular A-11; (2) establishment of budgetary amounts and financial controls in the Department's financial system; and (3) providing financial advice and assistance to policy and program officials relating to ongoing operating programs, including analysis of issues, monitoring of resource utilization via status of funds reporting, and development of alternatives and recommended courses of action for resources allocation, development, and budget execution. This service covers over 20 appropriation accounts, which encompass diverse functions, programs and activities, each of which require technical service at a level equivalent to the operation of a separate appropriation. The Budget Division also provides services to the Departmental Shared Cost Program Advisory Committee by conducting reviews and making resource recommendations to the Advisory Committee in setting funding levels and priorities for decision by the Secretary.

Fiscal Policy Division (FPD)

FPD assists USDA agencies and staff offices by establishing policies related to financial management and accountability. In part, FPD provides for a Department-wide consolidated response to laws, guidance, and audits by coordinating Department-wide data calls, analyzing submissions, and providing feedback to agencies regarding:

- Cash management and debt collection;
- Improper payments and recovery as required by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERA) and OMB Circular A-123; and
- Conference, relocation, and travel matters.

FPD also, plans and communicates with established working and/or Departmental user groups to track, monitor, and coordinate the preparation of assigned Departmental issues related to government-wide financial policy and planning initiatives, including corrective action plans and management challenges. Specifically, FPD provides for these requirements by maintaining up-to-date and relevant guidance and policy such as:

- Providing oversight over the implementation of Digital Accountability and Transparency Act (DATA Act) changes to debt referral requirements;
- Reviewing and updating Departmental Regulations for imprest fund cash management, debt collection, and IPERA requirements;
- Satisfying reporting requirements associated with Departmental conferences, relocation, travel, including the Senior Federal Travel Report, Premium Class Travel Report, Travel Card Management Plan, IPERA and OMB Circulars, and the Agency Financial Report; and

- Functions as the Department’s primary auditee in the Office of Inspector General’s (OIG’s) mandatory audits over travel card controls, high-dollar reporting, and IPERA compliance.

Audit Follow-up

As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to the 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.

Specifically Addressed Areas

OCFO also provides policy guidance and assistance to agencies on technical matters related to the OIG and Government Accountability Office audits. Specific efforts by OCFO related to the OIG audits are focused on:

- Monitoring open audits that are not completed timely;
- Coordinating with USDA’s OIG on a monthly basis to share the status of open audit recommendations by agency and highlighting audits that are pending disposition of funds, audits that are one-year or more past the management decision date, audits that are on-time or late based on the estimated completion date, and recommendations that are open and closed;
- Following-up with USDA agencies’ management and/or agency audit liaison officers to ensure corrective action responses to audit findings and recommendations are: appropriate and achievable, cost-effective, and tracked to achievement of final action by the estimated completion dates;
- Reviewing and analyzing USDA agencies’ progress in completing corrective action for audits one-year or more past the management decision date, and without final action;
- Providing useful and timely information on the status of audits to USDA management and Congress for decision-making and resource allocation purposes;
- Increasing the closure rate for OIG audits;
- Reviewing the status of audits without management decision, as requested;
- Replacing the current/legacy SharePoint site and the automated Management Information Tracking System/Audit Tracking Module for tracking audit recommendations with the new Audit Follow-up Tracking and Reporting (AFTR) system;
- Increasing the closure rate for GAO audits; and
Tracking the number of audits open one or more years without final action and behind schedule.

Management Accountability and Control and Compliance with Laws and Regulations

The OCFO is responsible for management accountability and control under the: CFO Act; Federal Managers’ Financial Integrity Act (FMFIA); Federal Financial Management Improvement Act (FFMIA) and OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*. OCFO establishes policy and guidance to ensure that USDA agencies comply with the requirements of FMFIA and FFMIA, and report on material weaknesses and financial system non-conformances in the Agency Financial Report to the Congress and the President.

Additionally, OCFO prepares the annual data call memorandum to the Under and Assistant Secretaries, Heads of staff offices, USDA Agency Chief Financial Officers, Financial Reporting and Assessment Team Members, and Management Control Officers, requesting a certification statement on compliance with laws and regulations, FMFIA, and FFMIA. The Certification Statement was as of June 30, 2018 and an addendum (Bridge Memo) was required that covered the period July 1 through September 30, 2018. Each submission was reviewed to compile the Secretary’s Annual Assurance Statement. Additionally, OCFO is responsible for the following:

- Following-up and coordinating with USDA agencies on the resolution or mitigation of auditor identified material deficiencies, system non-conformances, and FFMIA non-compliances;
- Reviewing and providing feedback to agencies and staff offices on their Entity Level Control assessments; and
- Working with USDA agencies, staff offices and the OIG to identify and report non-compliances with laws and regulations.

Debt Policy

The OCFO is responsible for developing Departmental policy and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act. USDA is one of the largest credit agencies within the Federal Government with total receivables of approximately \$100 billion. OCFO has policy and oversight responsibilities for USDA agencies' debt and cash management activities required by regulations, circulars, manuals, and directives. OCFO has oversight responsibility for implementing DATA Act changes related to debt referrals. 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;
- Developing and/or coordinating numerous Departmental, government-wide and commercial reporting requirements; and
- Communicating new referral and reporting requirements for the DATA Act.

Improper Payments

OCFO leads USDA's Departmentwide efforts by issuing policy and guidance to all USDA agencies and staff offices for meeting the requirements of the Improper Payments Information Act, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA). USDA leadership is committed to improving USDA's payment integrity and accuracy by addressing root causes of payment errors, continuing to pursue advances in antifraud efforts, and ultimately eliminate waste and abuse. Current activities include:

- Providing expertise, assisting agencies with risk assessments, statistical sampling, improper payment rate reporting, corrective actions that address root causes of improper payments, Do Not Pay, and recovery/recapture auditing;
- Guiding agencies and staff offices in their efforts and plan to comply with IPERA requirements;
- Monitoring USDA agencies' corrective action plans for development of internal controls, systems enhancements, and payment recapture/recovery of identified improper payments, providing assurance of program integrity, and the improvement of payment integrity rates; and
- Coordinating a consolidated Departmental response to IPERA reporting requirements for the USDA's Agency Financial Report which includes recapture/recovery auditing accomplishments.

Management Challenges

The OIG is required by the Reports Consolidation Act of 2000 to report annually on the most serious management challenges USDA and its agencies face. OIG's intent is to provide the Secretary and other policymakers with a document that responds more fully to their needs and explains more clearly how challenges are identified, addressed, and resolved. These issues hamper USDA's effectiveness in accomplishing its strategic goals. Specific efforts by OCFO included:

- Notifying USDA agencies of the Management Challenges identified by OIG for the Department;
- Working with the agencies to develop corrective action plans that will resolve the issues;
- Reporting annually, in the Agency Financial Report (AFR), corrective actions completed during the current fiscal year and/or planned corrective actions for the upcoming fiscal year;
- Requiring agencies to submit quarterly status reports on the accomplishments of planned corrective actions as outlined in the AFR and OIG audits; and
- Distributing agencies quarterly status reports to OIG.

Specifically Addressed Areas

For FY 2018, OIG issued a report on the following most serious management challenges faced by USDA and its agencies:

- Challenge 1: Management Needs To Improve Oversight And Accountability For Its Programs
- Challenge 2: Information Technology Security Needs Continuous Improvement
- Challenge 3: USDA Needs To Strengthen Program Performance And Performance Measures
- Challenge 4: USDA Needs To Strengthen Controls Over Improper Payments And Financial Management
- Challenge 5: USDA Needs To Improve Outreach Efforts

- Challenge 6: Food Safety Inspections Need Improved Controls
- Challenge 7: FNS Needs to Strengthen SNAP Management Controls

During FY 2019, OCFO will monitor planned actions by USDA agencies and staff offices to mitigate and resolve the challenges identified.

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. Current activities include:

- Minimizing inappropriate use of the travel card through the use of training and compliance/data mining activity;
- Conducting Agency data calls to ensure various reports to outside entities are submitted on time;
- Reviewing and analyzing conference proposals to ensure responsible use of government time, and resources; and
- Holding meetings with the USDA Charge Card Service Center (CCSC), electronic travel system provider, vendor bank, new card brand, and new compliance/data mining partners to plan/conduct Smart Pay 3 (SP3) transition activities.

Transparency and Accountability Reporting

OCFO leads the Department's efforts to provide greater information sharing and transparency of data at USDA, focusing on the DATA Act compliance. OCFO provides Department oversight of Federal financial assistance policy, which includes Suspension and Debarment policy and Prizes and Challenges policy. OCFO also supports conference transparency reporting, foreign assistance reporting and supplemental funding (disaster-related) reporting. OCFO continues to support and improve these requirements and policies.

OCFO leads the initiative to consolidate foreign assistance reporting required by OMB Bulletin 12-01. OCFO coordinates quarterly reporting required by the foreign assistance dashboard managed by the U.S. Agency for International Development (USAID) and updates the agency foreign assistance profile on the dashboard annually. OCFO provides analysis and baseline data for agencies to use in their reporting and reviews submissions for accuracy before submitting data to USAID. OCFO also coordinates annual updates to USDA agency and program files on the USAID website and advocates of the foreign assistance reporting community with USAID. USDA coordinates with the Department of State and the OMB for broader integration of domestic and foreign assistance reporting across mandated reporting platforms.

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 leads a DATA Act committee charged with implementing the Act and ensuring that all Federal financial assistance is reported in addition to financial system and procurement data. The implementation resulted in the development of guidance on reporting awards and financial system changes to better track each grant's financial attributes. USDA is a leader in government in assisting the U.S. Department of the Treasury (Treasury) and OMB in developing DATA Act policy.

OCFO developed a DATA Act repository within the Department's financial system (Financial Management Modernization Initiative (FMMI)). The repository extracts accounting data from FMMI and imports data files from the Farm Service Agency, Rural Development, and Financial Shared Service Provider (FSSP) clients to create DATA Act files. Agencies and FSSP clients produce financial assistance data and submit that data to the repository. This was a significant achievement given the volume and complexity of the data. The DATA Act repository is compliant with the current version of Treasury's DATA Act Information Model Schema 1.3. USDA data quality improved in FY 2018. OCFO works closely with Agencies to ensure ever better data quality.

OCFO provides policy guidance for Federal financial assistance. This includes the implementation and promulgation of the OMB Uniform Guidance for grants and cooperative agreements found at Title 2 of the Code of Federal Regulation Part 200. OCFO continues to support the policy by developing and issuing Departmental Regulations to clarify requirements for certain parts of the Uniform guidance while addressing agency concerns and answering agency policy questions.

OCFO continued to work closely with the Foreign Agricultural Service and other USDA agencies in the implementation of their grants module called EzFedGrants. 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 EzFedGrants system so the system can comply with Transparency Act reporting.

OCFO provides annual reports to Congress, OIG, and OMB on USDA employee conference attendance. OCFO worked with the Office of the Chief Information Officer to develop a conference reporting tool. Over 50 percent of agencies are using the reporting tool, which provides work flow, edit checks, and validations.

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 is central to providing innovative solutions to grants reporting improvements.

USDA participates in government-wide Federal financial assistance initiatives such as Grants.gov and the Federal Assistance Committee for government (FACE), which OCFO co-chairs with the Department of Health and Human Services. 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 is also responsible for implementing the Grants, Oversight, and New Efficiency (GONE) Act of 2016. OCFO has issued guidance on the GONE Act compliance and reported all grants and cooperative agreements that remained open after two years from the project end date in the FY 2017 Agency Financial Report (AFR). OCFO issued guidance for reporting in FY 2018 as required by the Act and reported FY 2018 results in the FY 2018 AFR.

Selected Examples of Recent Progress

Budget Services

The Budget Division provides budgetary services for over 20 staff office appropriation accounts throughout the year. During FY 2018, the following budget services were achieved:

- Prepared the FY 2019 President's Budget for Departmental Administration and the staff offices, which was presented to Congress;
- Developed the FY 2020 Agency Estimates, and Department Estimates;
- Successfully loaded FY 2018 actual spending and outlays for the FY 2020 budget in the OMB MAX entry system;
- Entered the FY 2019 budgetary apportionments for over 20 appropriated accounts including the continuing resolution shares at the start of the fiscal year;
- Developed the FY 2019 operating spend plans for the Office of the Secretary's appropriation and reimbursable accounts; and
- Conducted reviews and recommendations for the Advisory Committee regarding funding decisions and recommendations to the Secretary for the Departmental Shared Cost Program reimbursements.

Management Accountability and Control

The Office of Inspector General issued an unmodified opinion on the U.S. Department of Agriculture financial statement as of September 30, 2018. A comparative financial statement audit was not performed since USDA received a Balance Sheet only audit in FY 2017. For Fiscal Year 2018, a Balance Sheet only audit was performed for one USDA component agency, NRCS, which also resulted in an unmodified opinion. The Department reported non-compliance with the following laws and regulations:

- Federal Financial Management Improvement Act;
- Federal Managers' Financial Integrity Act;
- Improper Payment Elimination and Recovery Act of 2010 as Amended; and the
- Anti-deficiency Act.

Please refer to the Management’s Discussion and Analysis Section of USDA’s 2018 Agency Financial Report for additional information on the Department’s plans to correct these non-compliances. In the prior fiscal year, the USDA was not compliant with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 and the DATA Act. USDA did not publish their civil monetary penalty initial catch-up inflation adjustments by December 31, 2016. However, during FY 2018, to comply with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, (the IAA), USDA published an initial catch-up inflation adjustment rule in the Federal Register. The Department is now compliant with the IAA. In addition, the Department also did not submit complete, accurate and timely files by April 30, 2017 as required by the DATA Act of 2014. USDA is now compliant with the DATA Act. USDA submitted DATA Act data each quarter in FY 2018. The data quality continues to improve in its submission of timely, accurate and complete data.

The Department has two existing material weaknesses for FY 2018. These weaknesses were identified in USDA’s financial management and information technology security programs. The weakness related to financial management involves deficiencies specific to the Commodity Credit Corporation (CCC) and NRCS. Both agencies have developed corrective action plans to remediate applicable deficiencies. NRCS is expected to improve its controls over obligations, undelivered orders, and expenses during FY 2019. CCC also anticipates that the material weaknesses related to accounting estimates and maintenance of accounting records will also be addressed during FY 2019.

For FY 2018, CCC had one agency-specific outstanding deficiency related to financial system non-conformance in Funds Control Management. USDA will continue monitoring progress on plans to improve internal controls and financial systems to comply fully with FMFIA, FFMIA and FISMA requirements. In its *FMFIA Report on Management Control* for 2018, the Department reported a system nonconformance for CCC’s reporting of obligations at the transaction level. While some progress has been made, CCC will continue to modernize and improve program and financial systems in order to record obligations at the transaction level. Both NRCS and CCC have plans to correct FFMIA non-compliances with federal accounting standards and U.S. Standard General Ledger at the transaction level.

OCFO deployed the A-123 Compliance and Reporting Tool (ACRT). ACRT is the Governance Risk and Compliance application that the Internal Control Division (ICD) procured and configured to replace the legacy A-123 Document Tracking System. The implementation allowed for enhanced automation and workflow in documenting, monitoring and reporting of the required controls to be assessed under the OMB Circular No. A-123, Appendix A, in compliance with the Federal Managers’ Financial Integrity Act of 1982. Agencies are able to perform continuous controls testing. At any given time during the assessment period, an agency can initiate a new design and operating effectiveness test result for a key control. Agencies can create/modify and save personal reports in the system. Corrective Action Plan (CAP) milestones can be modified any time up until the CAP is submitted for closure, even if a control fails validation testing. Users can view historical data on controls as the ACRT maintains a record of the historical test results.

Other accomplishments include:

- Provided training to all FRAT/SAT members on how to document, monitor, and report on key controls assessed under the OMB Circular No. A-123, Appendix A in ACRT;
- Delivered Business Process Controls and General Computer Controls trainings for the annual assessment to agency and staff office points of contact, and Management Control Officers;
- Utilized standard test plans for the Charge Card Monitoring processes, including Travel, Fleet and Purchase Card Monitoring; and found additional control gaps and deficiencies within Charge Card processes;
- Assisted agencies and staff offices in exceeding the Department’s Plans of Action and Milestones (POA&M) target closure goal of 53 percent by 29 percent;
- Achieved a 32 percent decrease in open POA&Ms at the end of the fiscal year, as compared to the prior year;
- Performed semi-annual spot testing of POA&Ms closed for in-scope financial management systems and related support systems. OCFO spot tested a sample of 18 closures out of 54 from seven agencies; and

- Performed annual spot testing of key controls for business processes that passed testing in FY 2018. Spot testing covered 8 processes (25 processes tested in FY 2017) that included 73 controls (71 controls tested in FY 2017).

Debt Policy

USDA's gross receivables were approximately \$100 billion. Departmental policies have led to the high-referral rates, low delinquencies, and improved collection activities. USDA continues to fully support government-wide debt collection efforts.

Improper Payments

USDA's estimated Payment Integrity rate improved from 90 percent in FY 2017 to 93.75 percent in FY 2018.

- USDA's Improper Payment Recapturing Initiatives include two recovery processes:
 - Recapture of payments outside of an audit program which realized a 97.53 percent recapture rate, or recovering \$371.59 million of the \$381.01 million identified; and
 - Recapture of payments through Payment Recapturing Audits, which realized recovery of an additional \$205.06 million.

USDA continued to expand its use of the Do Not Pay (DNP) portal in FY 2018 by onboarding more users from Rural Development (RD) and transitioned RD users from Treasury PKI Tokens to PIV card DNP portal access.

Travel Policy

- Continued oversight and customer assistance regarding the centrally billed accounts. Maintained a reduced delinquency rate of less than 1 percent;
- Established a Department-wide Relocation Blanket Purchase Agreement for Home Sales to improve compliance with applicable guidelines and reduce the amounts the USDA pays in fees;
- Utilized the Visa Intellilink system to create/revise monthly compliance rules used for individually billed accounts data mining research:
 - Performed data analysis on a monthly average of 99,600 transactions for misuse/abuse violations;
 - Improved agency/staff office feedback and response time; processed over 1,300 possible violation cases within 60 days, with 343 cases of actual misuse;
 - Helped the Department maintain a less than 0.01 percent fraud rate and a less than 0.4 percent delinquency rate; and
- In collaboration with the CCSC, participated in the following regarding SP3 transition:
 - Developed travel line of business requirements for the tailored task order;
 - Served on the technical and cost evaluation panels for selected vendors;
 - Co-authored the final cost evaluation report;
 - Provided input for the final combined report;
 - Met with the CCSC, electronic travel system provider, vendor bank, card brand, compliance/data mining partners to plan transition activities; and
 - Began activities for SP3 implementation.

Grants Policy

The following are OCFO's recent accomplishments:

- Led a working group to develop government-wide effort to have standard financial assistance terms and conditions in the System for Award Management which will reduce the burden on financial assistance receipts at USDA and across government;
- Was a key stakeholder in an OMB-led grants workforce initiative;
- Developed and oversaw GONE Act reporting for the Department;
- Co-Chaired the monthly FACE meetings and developed a DATA Act data quality plan template required by OMB memorandum 18-16;
- 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;

- Provided extensive guidance to agencies, OMB, and other Federal partners with grants policy interpretation on a wide range of matters; and
- Established an enhanced supplemental funding reporting tool for the Department.

Transparency and Accountability Reporting

OCFO is a government leader in grants transparency reporting and developed a repository for Federal Financial Assistance, procurement and financial data required by the DATA Act. OCFO implemented the DATA Act repository in March 2017 and submitted data for the first ever quarterly reporting window as of April 30. Since then, OCFO has reported each quarter, and data quality has improved significantly. USDA submitted third quarter data to the USAspending.gov Beta website in August 2018. USDA reported all Treasury symbols in File A, error-free. The Department was 99.9 percent accurate in reporting on Budget Object Classification Codes and Program Activity codes in File B. The awards financial attributes data in File C were 77 percent accurate, a significant improvement over the prior quarters. As of June 30, 2018, USDA reported 45,982 procurement award transactions in file D1 with a value of \$3.5 billion and 452,406 Federal financial assistance award transactions in File D2 with a value of \$74.6 billion.

OCFO published OCFO Bulletin 17-02 with guidance to address entry of award identification numbers in FMFI. This is a new requirement with the advent of the DATA Act, impacting transactions for the current fiscal year and the previous five unexpired years. OCFO conducted multiple trainings on this matter. In FY 2018, OCFO established enhanced edits to manually enter Funds Commitment, Purchase Orders and Financial Accounting Invoices to check for and require awards IDs, thus improving data reporting accuracy.

OCFO is currently updating its Prize policy to reflect new amendments to Prizes and Challenges legislation and is updating its Suspension and Debarment guidance as a result of an OIG audit. OCFO closed out two DATA Act audits in FY 2018.