

2018 President’s Budget  
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 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: 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, 2016, there were 1,536 full-time permanent employees funded by appropriated, (42) and working capital funds, (1,494).

### **OIG Reports – Completed**

#50401-0003-11	11/15/2012;	Department of Agriculture's Consolidated Financial Statements for Fiscal Year 2012 and 2011
#50024-0005-11	4/15/2014	FY 2013 Improper Payments Elimination and Recovery Act of 2010 Compliance
#50401-0007-11	12/18/2014	Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2014 and 2013
#50401-0009-11	2/12/2016	Department of Agriculture's Consolidated Financial Statement for Fiscal Years 2015 and 2014

### **OIG Reports - In Progress**

#50099-0001-23	9/18/2014	USDA's Controls over Economy Act and Greenbook Program Charges (DM/OCFO)
#50401-0011-11	12/06/2016	Department of Agriculture's Consolidated Balance Sheet for Fiscal Year 2016
#11601-0001-41	Pending Issuance	Departmental Oversight of Final Action on OIG Audit Recommendations

### **GAO Reports – Completed**

NO Recommendations – Data Act: Initial Observations on Technical Implementation (GAO-16-824R, code 100966)  
NO Recommendations – Agencies' Use of the Do Not Pay Initiative (GAO-17-15, code 197248)  
NO Recommendations – Data Act Standards Implementation (GAO-16-261, code 451146)  
NO Recommendations – Enterprise Risk Management Practices (GAO-17-63), code 451159)  
RECS for USDA – Improper Payments: CFO Act Agencies Need to Improve Efforts to Address Compliance Issues (GAO-16-554)

OFFICE OF THE CHIEF FINANCIAL OFFICER

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

Item	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
<b>Salaries and Expenses:</b>								
Discretionary Appropriations.....	\$6,028	42	\$6,028	42	\$6,017	36	\$5,836	35
Transfers Out.....	-	-	-	-	-	-	-	-
Total Available.....	6,028	42	6,028	42	6,017	36	5,836	35
Lapsing Balances.....	-61	-	-105	-	-	-	-	-
Obligations.....	5,967	42	5,923	42	6,017	36	5,836	35
<b>Working Capital Fund:</b>								
National Finance Center.....	82,198	404	59,378	317	60,071	265	36,359	260
Controller Operations.....	-	-	-	-	-	-	-	-
Corporate Systems.....	-	-	-	-	-	-	-	-
Financial Management Services.....	136,604	374	112,977	370	103,820	416	97,465	416
Internal Control Services.....	2,620	10	2,589	10	3,005	11	3,020	11
Financial Management.....	2,816	19	2,976	20	2,968	20	3,120	20
Capital Equipment.....	32,855	-	27,000	-	33,276	-	20,000	-
Purchase Card Rebate.....	1,888	-	8,500	-	13,723	-	10,000	-
Management, Oversight, and Administrative Services (provided to WCF Activities).....	3,640	16	3,093	14	3,916	19	3,597	20
NFC (Non-USDA).....	94,487	465	104,419	557	112,020	642	116,403	659
Financial Management Services (Non-USDA).....	36,045	99	68,772	225	59,990	290	63,727	290
Subtotal, WCF.....	393,153	1,387	389,704	1,513	392,789	1,663	353,691	1,676
Unobligated Bal Exp.....	6,723	-	-	-	-	-	-	-
Total, WCF.....	399,876	1,387	389,704	1,513	392,789	1,663	353,691	1,676
Total, OCFO.....	405,843	1,429	395,627	1,555	398,806	1,699	359,527	1,711

OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff Year Summary

Item	2018 President's			
	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimate a/</u>	<u>Budget</u>
	Wash. D.C.	Wash. D.C.	Wash. D.C.	Wash. D.C.
ES.....	2	2	3	3
GS-15.....	5	5	4	4
GS-14.....	8	8	6	6
GS-13.....	16	16	15	14
GS-12.....	5	5	2	2
GS-11.....	3	3	4	4
GS-10.....	1	1	0	0
GS-9.....	0	1	2	2
GS-7.....	1	1	0	0
GS-6.....	0	0	0	0
GS-5.....	1	0	0	0
Total Permanent Positions .....	42	42	36	35
Unfilled, EOY.....	0	0	0	0
Total, Perm. Full-Time				
Employment, EOY.....	42	42	36	35
Staff Year Est.....	42	42	36	35

a/ Positions shown are appropriated only. For Working Capital Fund (WCF) financed positions, refer to the WCF Explanatory Notes for details.

The estimates include appropriation 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~~] \$5,836,000.

Lead-Off Tabular Statement

Budget Estimate, 2018.....	\$5,836,000
2017 Annualized Continuing Resolution.....	<u>6,017,000</u>
Change in Appropriation.....	<u>-181,000</u>

OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Office of the Chief Financial Officer.....	\$6,028	-	-\$11	-\$181	\$5,836

Project Statement

Adjusted Appropriations Detail and Staff Years (SYs)

(Dollars in thousands)

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Office of the Chief Financial Officer.....	\$6,028	42	\$6,028	42	\$6,017	36	-\$181 (1)	-1	\$5,836	35
Lapsing Balances.....	-61	-	-105	-	-	-	-	-	-	-
Total Obligations.....	5,967	42	5,923	42	6,017	36	-181	-1	5,836	35

Project Statement

Obligations Detail and Staff Years (SYs)

(Dollars in thousands)

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Office of the Chief Financial Officer.....	\$5,967	42	\$5,923	42	\$6,017	36	-\$181 (1)	-1	\$5,836	35
Lapsing Balances.....	61	-	105	-	-	-	-	-	-	-
Total Appropriation.....	6,028	42	6,028	42	6,017	36	-181	-1	5,836	35

OFFICE OF THE CHIEF FINANCIAL OFFICER

Justification of Increases and Decreases

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 achieving the mission of USDA.

- (1) A net decrease of \$181,000 for OCFO (\$6,017,000 and 36 staff years available in 2017).

The funding change is requested for the following items:

- a. An increase of \$76,000 for pay costs (\$18,000 to annualize the 2017 pay increase and \$58,000 for the 2018 pay increase.)

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

- b. A decrease of \$160,000 and 1 staff year to meet budget restrictions.

OCFO will not fill a vacancy position in the budget area. The functions of the position will be performed by onboard employees.

- c. A decrease of \$97,000 for the elimination of an administrative contract.

OCFO will not renew an administrative service contract. Staff hired through this contract serve the OCFO front office and provide all administrative work for Division Directors within the agency. The elimination of this contract will result in shifting responsibilities to the OCFO staff, which includes taking on responsibilities of the front office and taking on the administrative functions of the day to day operations within OCFO.

Geographic Breakdown of Obligations and Staff Years

(Dollars in thousands and Staff Years (SYs))

State/Territory	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$5,967	42	\$5,923	42	\$6,017	36	\$5,836	35
Lapsing Balances.....	61	-	105	-	-	-	-	-
Total, Available.....	6,028	42	6,028	42	6,017	36	5,836	35

OFFICE OF THE CHIEF FINANCIAL OFFICER

Classification by Objects

(Dollars in thousands)

	2015	2016	2017	2018	
	Actual	Actual	Estimate	President's Budget	
<b>Personnel Compensation:</b>					
11	Total personnel compensation.....	\$3,454	\$3,654	\$4,108	\$4,101
12	Personal benefits.....	911	1,067	1,223	1,220
	Total, personnel comp. and benefits.....	4,365	4,721	5,331	5,321
<b>Other Objects:</b>					
21.0	Travel and transportation of persons.....	58	50	50	43
23.1	Rental payments to GSA.....	2	2	2	2
23.3	Communications, utilities, and misc. charges..	52	139	140	140
24.0	Printing and Reproduction.....	40	18	13	10
25.2	Other services from non-Federal sources.....	719	86	57	52
25.3	Other purchases of goods and services				
	from Federal sources.....	686	785	317	180
26.0	Supplies and materials.....	27	95	85	75
31.0	Equipment.....	9	24	19	11
42.0	Insurance claims and indemnities.....	9	3	3	2
	Total, Other Objects.....	1,602	1,202	686	515
99.9	Total, new obligations.....	5,967	5,923	6,017	5,836
<b>Position Data:</b>					
	Average Salary (dollars), ES Position.....	\$183,300	\$183,300	\$183,300	\$183,300
	Average Salary (dollars), GS Position.....	\$102,900	\$98,289	\$104,000	\$106,000
	Average Grade, GS Position.....	13.5	13.3	13.4	13.4

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Shared Funding Projects

(Dollars in thousands)

	2015	2016	2017	2018
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's</u>
				<u>Budget</u>
<b>Working Capital Fund:</b>				
Administration:				
Financial Management Support Services.....	-	-	-	\$62
HR Enterprise System Management.....	-	\$12	\$12	13
Integrated Procurement System.....	\$258	256	254	231
Mail and Reproduction Services.....	95	85	97	78
Material Management Service Center.....	33	42	84	72
Procurement Operations.....	1,958	1,998	1,918	1,929
Subtotal.....	2,344	2,393	2,365	2,385
Administration:				
ASC - Office of the Chief Financial Officer Oversight.....	1,385	781	1,053	1,020
ASC - Working Capital Fund Controller.....	1,154	881	1,057	967
Subtotal.....	2,539	1,662	2,110	1,987
Communications:				
Creative Media & Broadcast Center.....	219	248	201	219
Finance and Management:				
Financial Management Services.....	768	835	1,052	990
Internal Control Support Services.....	395	271	311	315
National Finance Center.....	28,751	25,643	27,780	1,876
Subtotal.....	29,914	26,749	29,143	3,181
Information Technology:				
Client Technology Services.....	653	688	1,373	1,282
NITC/USDA.....	4,440	4,178	4,346	3,611
Enterprise Network Services.....	383	464	1,159	1,233
Subtotal.....	5,476	5,330	6,878	6,126
Correspondence Management.....	26	30	36	32
Total, Working Capital Fund.....	40,518	36,412	40,733	13,930

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	2015	2016	2017	2018
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
<b>Department-Wide Reimbursable Programs:</b>				
1890's USDA Initiatives.....	41	49	62	56
Classified National Security Information.....	15	11	12	11
Continuity of Operations Planning.....	31	31	35	31
Emergency Operations Center.....	33	36	39	35
Facility and Infrastructure Review and Assessment.....	7	6	7	7
Faith-Based Initiatives and Neighborhood Partnerships.....	6	6	6	6
Hispanic-Serving Institutions National Program.....	27	27	33	29
Honor Awards.....	1	1	1	1
Human Resources Transformation.....	25	24	29	26
Identity and Access Management HSPD-12.....	99	104	111	100
Medical Services.....	4	5	18	16
People's Garden.....	11	10	11	10
Personnel Security Branch.....	30	21	27	24
Preauthorizing Funding.....	56	57	61	55
Retirement Processor/Web Application.....	9	9	10	9
TARGET Center.....	20	22	24	22
USDA 1994 Program.....	11	11	13	11
Virtual University.....	29	30	33	29
Total, Department-Wide Reimbursable Programs.....	455	460	532	478
<b>E-Gov:</b>				
Budget Formulation and Execution Line of Business.....	1	1	1	1
Enterprise Human Resources Intigration.....	31	30	32	32
E-Rulemaking.....	12	5	2	2
E-Training.....	41	44	-	-
Financial Management Line of Business.....	2	2	1	1
Human Resources Line of Business.....	4	4	4	5
Integrated Acquisition Environment - Loans and Grants.....	28	-	-	-
Integrated Acquisition Environment.....	10	45	76	77
Total, E-Gov.....	129	131	116	118
Agency Total.....	41,102	37,003	41,381	14,526

OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance

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 improved delivery and assurance of contributions to the Secretary’s Strategic Goals.

The Department will be revising the USDA Strategic Plan later in the spring and expects to release it with the FY 2019 President’s Budget.

Key Performance Measures:

Funds recovered through payment recapture auditing.							
	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual	Target	Target
Amount	N/A	\$100	\$656	\$2,050	\$9,850	\$10,000	\$11,000

\*Dollars in thousands

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- USDA expanded our recovery audit program to cover recovery activities occurring in several programs.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- Full compliance with recovery audit requirements.
- Increased distributions of recovered funds in accordance with Improper Payments Elimination and Recovery Act guidance.

Reduce Travel Card Misuse.							
	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	N/A	3%	3%	3%	6%	3%	3%

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- Drive cardholder behavior with required annual training via AgLearn and quarterly newsletter.
- Maximized use of Visa Intellilink tools to improve identification and disposition of questionable charges.
- Improved information sharing with agency/staff office points of contact.

Meet Budget and Performance timelines for submission of data requirements.							
	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	N/A	98%	98%	100%	100%	100%	100%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- Met all of General Services Administration, Treasury, OIG, OMB, and USDA’s Office of Budget and Program Analysis time frames for submission of data requirements.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- Continue to meet deadlines for data requirements for all external agencies and internal agencies within USDA.

Timely production of required Agency Financial Reports.							
	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	N/A	100%	100%	100%	100%	100%	100%

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Selected Past Accomplishments toward Achievement of the Key Outcomes:

- USDA has successfully reported on time for the years this metric has been tracked.
- In FY 2015, USDA was granted an extension and met the extension due date.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- USDA will meet the target in 2018.

Reduction of open audits.							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Percent	N/A	5%	13%	3%	10%	15%	15%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- Inventory of open audits decreased by 10 percent over the prior fiscal year, from 97 to 87.
- Closed 36 audits in 2016.
- Number of audits one or more years without final action decreased from 58 to 56, a 3 percent decrease compared to 2015.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- Meet or exceed the target to reduce the total percentage of open audits.

USDA Federal Financial Assistance programs consistent with DATA Act requirements.							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Percent	N/A	N/A	N/A	N/A	89%	89%	96%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- The DATA Act repository was completed on April 26, 2017.
- Agency file testing began in January and continued through April, 2017.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- USDA expects to meet a target of 96 percent in 2018.

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### 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, Financial Management Services – Shared Services, Internal Control Support Services, and Financial Management Support Systems.

#### Current Activities:

Departmental Financial Statements: USDA received an unmodified opinion on its 2016 Balance Sheet. OCFO maintains continuous process improvement for 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; and
- Fully researching and correcting abnormal balances.

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 management and review board by conducting reviews and making resource recommendations to the Assistant Secretary for Administration, and the CFO in setting funding levels and priorities for approval by the Secretary.

Fiscal Policy Division (FPD): Assist USDA agencies and staff offices by establishing policies related to financial management and accountability. In part, FPD, conducts Department-wide data calls, performs analysis, quality reviews, and provides feedback to agencies on debt, cash, improper payments, and/or travel. FPD also, plans and communicates with established working and/or Departmental users 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 challenges.

Specifically, Fiscal Policy manages, debt, improper payments, management challenges, and travel policies as follows:

- Provides oversight over the implementation of Digital Accountability and Transparency Act (DATA Act) changes to debt referral requirements;
- Reviews and updates Departmental regulations for debt and travel;
- Reports Departmental travel and improper payments including the Senior Federal Travel Report, Premium Class Travel report, Travel Card Management Plan, High Dollar Report, and improper payment appendix of the Agency Financial Report; and
- Fully cooperates as the Department's primary auditee in Office of Inspector General (OIG's) three mandatory audits over travel card controls, high dollar reporting and improper payment compliance.

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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. The OCFO also provides policy guidance and assistance to agencies on technical matters related to the 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 OIG that shows open audit recommendations by agency and highlights audits that are pending disposition of funds, audits that are one year past the management decision date, audits that are on-time or late based on the audit's estimated completion date as well as recommendations that are open and closed;
- 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 corrective actions are tracked to achieve final action by the estimated completion dates and are on schedule;
- Reviewing and analyzing, the progress by USDA agencies in achieving corrective actions for audits one year or more past the management decision date, and have not achieved 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. For FY 2016, the Department's inventory of open audits decreased by 10 percent from 97 (FY 2015) to 87 (FY 2016) and USDA agencies closed 36 audits;
- Reviewing and analyzing the progress by USDA agencies in achieving corrective actions for audits one year or more past the management decision date, and have not achieved final action;
- Reviewing status of audits without management decision at USDA agencies, as needed. As of September 30, 2016, there were two 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;
- Maintaining a SharePoint site and automated Management Information Tracking System/Audit Tracking Module for tracking audit recommendations; and
- Conducting semiannual meetings with USDA agencies to discuss the status and prompt resolution of OIG open audit recommendations.

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), the Federal Financial Management Improvement Act (FFMIA), and the 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, 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, and Heads of Staff Offices, requesting a certification statement on compliance with laws and regulations, FMFIA, and FFMIA. Each submission is reviewed to compile the Secretary's Annual Assurance Statement;
- Follows-up and coordinates with USDA agencies on the resolution or mitigation of auditor identified material deficiencies, system non-conformances; and
- Works with USDA agencies, staff offices and the OIG on identifying and reporting non-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 approximately \$108 billion. OCFO has additional policy and oversight responsibilities for USDA agencies' debt, credit 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;

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- 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 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, 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;
- Conducting analyses of agency plans to become compliant with IPERA;
- Monitoring 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;
- 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; and
- Assisted agencies in developing recovery audit activities that resulted in over \$1 billion in collections in fiscal year 2016.

Management Challenges: OIG is required by the Reports Consolidation Act of 2000 to report annually on the most serious management challenges USDA and its agencies faces. 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. The OCFO is required to:

- Notify USDA agencies of the Management Challenges OIG has identified for the Department;
- Work with the agencies to develop corrective action plans that will resolve the issues;
- Report 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;
- Require agencies to submit quarterly status reports on the accomplishments of planned corrective actions as outlined in the AFR and OIG audits. The status reports should show incremental progress on resolving the management challenge by year-end; and
- Distribute agencies quarterly status reports to OIG.

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 34 percent in FY 2016, as compared to the FY 2010 travel spending. Current activities include:

- Minimizing inappropriate use of the travel card through the use of training and monthly data mining activity;
- Supporting relocation improvement efforts as part of the government-wide Relocations Working Group;
- Conducting Agency data calls to ensure various reports to outside entities are submitted on time; and
- Reviewing and analyzing conference proposals to ensure responsible use of government time, resources, and Senior Executive approval.

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 and Recovery Act compliance. OCFO provides Department oversight of Federal financial assistance policy which includes Suspension and Debarment policy and Prizes and Challenges policy. 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. 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

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achieves efficiencies by reducing multiple unique reports and deadlines and standardizing the data required to be reported. OCFO coordinates quarterly reporting required by the foreign assistance dashboard managed by the U.S. Agency for International Development and updates the Agency foreign assistance profile on the dashboard annually.

In FY 2016, OCFO continued to lead on a variety of Sandy Disaster Relief Appropriations Act reporting requirements. OCFO built and maintained a centralized website for reporting financial and performance data on a monthly basis. The reporting requirements were completed and met at the end of FY 2016.

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 has been central to its initial implementation plans, sitting on multiple committees and advising Federal partners. The Department's CFO is a member of the Interagency Advisory Committee. 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. The DATA Act data repository will house all USDA data and data from its FSSP clients. The repository will go live in FY 2017.

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 (CFR) Part 200. OCFO continues to support the policy by developing and issuing Departmental Regulations to clarify requirements for certain part of the Uniform guidance. OCFO also leads a department working group on Federal Financial Assistance, Suspension and Debarment as well as Prizes and Challenges.

OCFO continued to work closely with the FAS 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 also coordinates the annual reporting on the President Management Agency Financial management benchmarks. This entails reporting financial management metrics so that USDA may be compared with other Federal agencies to compare and assess Federal government reporting on financial performance.

OCFO provides annual reports to Congress, OIG and OMB on USDA employee conference attendance.

OCFO also provided several ad hoc reports to assist with managerial decision making. These include monthly travel reports for agencies to monitor travel spending, and unliquidated obligations reports. OCFO is also responsible for publishing the USDA Agency Financial Report annually.

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.

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 Treasury (Treasury) and OMB in developing DATA Act policy.

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), which OCFO co-chairs with the Department of Health and Human Services. OCFO's

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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 other Federal Financial Assistance-related policy including Suspension and Debarment, Indirect Costs, Grants Terms and Conditions and supporting the policy side of the Department's grants system called EzFedGrants.

OCFO is also responsible for implementing the Grants, Oversight, and New Efficiency (GONE) Act of 2016. OCFO has issued guidance on GONE Act compliance which begins in FY 2017 and deals with ensuring timely grants closeouts.

OCFO also leads the Prizes and Challenges policy for the Department. OCFO developed a Departmental Regulation on Prizes and Challenges and produces the Annual Prizes report to the Office of Science and Technology Policy at OMB as required by the America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science (COMPETES) Act.

### Selected Examples of Recent Progress:

#### Budget Services:

The Budget Division provides budgetary services for 20 staff office appropriation accounts throughout the year. During FY 2016, the following budget services were achieved:

- Preparation of the FY 2017 President's Budget which was presented to Congress in February;
- Developed the FY 2018 Agency Estimates, and Department Estimates;
- Successfully loaded FY 2016 actual spending and outlays for the FY 2018 budget in the OMB MAX entry system;
- Entered the FY 2017 budgetary apportionments for over 20 appropriated accounts including the continuing resolution shares at the start of the fiscal year;
- Developed the FY 2017 operating spend plans for the Office of the Secretary's appropriation and reimbursable accounts; and
- Conducted reviews and recommendations for the Assistant Secretary for Administration and the CFO regarding funding decisions and recommendations to the Secretary for the Departmental Central Cost Services reimbursable levels.

Management Accountability and Control: In lieu of an audit opinion on the USDA's consolidated financial statements for FY 2016, the OIG expressed an unmodified opinion of the consolidated balance sheet of USDA as of September 30, 2016. Balance Sheet audit reports were also reported for two USDA component agencies: Commodity Credit Corporation (CCC) and NRCS; which also resulted in an unmodified opinion. The Department lacked compliance with FFMIA requirements, IPERA, and the Anti-Deficiency Act.

For FY 2016, the Department had two existing material weaknesses from FY 2015. These weaknesses were identified in USDA's financial management, and information technology (IT) security program. The weakness related to financial management was comprised of the CCC and NRCS. Two components of USDA's financial reporting (CCC and NRCS) were unable to support certain transactions and balances. The FY 2015 material weakness for Rural Development's credit reform subsidy model was reassessed as a significant deficiency for FY 2016. In addition, the Risk Management Agency (RMA) corrected the prior year material weakness related to controls over estimated losses on insurance claims.

For FY 2016, 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 FFMIA, FFMIA and FISMA requirements. In its *FMFIA Report on Management Control* for 2016, the Department reported a system nonconformance for CCC's reporting of obligations at the transaction level. CCC will continue to modernize and improve program and financial systems in order to record obligations at the transaction level. CCC plans to complete corrective actions during fiscal year 2019.

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Other accomplishments include:

- Internal Control Support Services (ICSS) implemented task orders for the Governance, Risk and Compliance (GRC) and Continuous Controls Monitoring (CCM) tool implementation projects. The implementations allow 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 (FMFIA);
- Launched a series of Internal Control Division trainings for major assessment activities in AgLearn for agencies and staff offices participating in the Department's OMB Circular A-123, Appendix A assessment;
- Provided 9 training sessions on 9 topics related to documenting and assessing Business Process and General Computer Controls;
- Developed and deployed a new Entity Level Control Assessment tool in the A-123 Document Tracking System, to enable USDA components to comply with the revised Government Accountability Office's (GAO) Green Book. The tool aligns to the five components and seventeen principles of internal control;
- Achieved closure rates of 71 percent for both Corrective Action Plans (CAPs) and Plans of Actions and Milestones (POA&Ms). Both closure rates exceeded the target goals of 64 percent and 52 percent for CAPs and POA&Ms respectively, that were established by the Senior Assessment Team;
- Reduction in General Computer Controls (GCC) Deficiencies by Agency - Of the 14 agencies performing GCC testing, 10 of the 14 (71 percent) either experienced the same or lower numbers of deficiencies at the end of FY 2016. This represents a 14 percent increase from FY 2015 of 57 percent of in the number of agencies that reported decreases in new deficiencies;
- Of the agencies/staff offices required to assess their charge card monitoring controls, 100 percent of the agencies assessed and tested their controls for Fleet Card and 79 percent for Purchase Card, respectively. With the testing results, Internal Controls Division (ICD) was able to identify weaknesses within these processes and provide recommendations and best practices to the agencies;
- Improved compliance in following departmental POA&M closure procedures. In FY 2016, the compliance percentage for proper segregation of duties between individuals requesting POA&M closures and individuals approving the requests was 100 percent, which is a 5 percent increase compared to FY 2015. Also, the compliance rate for closed POA&Ms where approval requests were appropriate and validly supported remained steady at 100 percent; and
- Improved compliance with business process testing guidance. In FY 2016, there was only one instance where the ICSS staff did not agree with the agencies' conclusions, which is an 88 percent reduction from last year.

Debt Policy: USDA's gross receivables were \$108 billion. Through effective OCFO debt management policy and coordination efforts, USDA's accomplishments as of the 4<sup>th</sup> quarter of FY 2016 included:

- Collecting \$25 billion in receivables; and
- Referring 90 percent to the Treasury Offset Program which contributed to Treasury collecting over \$48 million in delinquent debt for USDA.

Departmental policies have led to the high referral rates, low delinquencies and high collections. USDA continues to fully support government-wide debt collection efforts.

Improper Payments: During FY 2016, OCFO achieved the following:

- Greatly expanded recovery efforts resulting in over \$1 billion in improper payment collections;
- Significantly reduced improper payment error rates for NRCS and RMA; and
- Enrolled over 1,600 new users in the Do Not Pay portal.

Travel Policy: Travel policy team members and the travel system program managers participated in weekly meetings with the travel system vendor to discuss system issues, request system corrections or enhancements, and improve traveler experience with the system. The travel policy team took action to implement several new requirements within the electronic travel system, as directed by the General Services Administration Category Wide Management initiatives. To improve centrally billed account reconciliation, the travel policy team led the efforts to get identifying payment information included on the travel charge issuer monthly statements. This project is

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ongoing. The travel policy team is currently updating the government travel charge card regulation; the draft copy will be routed for approval in FY2017.

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

- Published a Departmental Regulation on Indirect cost Rates;
- Co-Chaired the monthly Federal Assistance Committee for government (FACE) meetings and stood up the Forms Standardization workgroup;
- Updated grant forms to align with the latest general provisions in the last Appropriations bill regarding the disclosure of suspension, debarment, and tax liabilities;
- 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, OMB 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 repository for Federal Financial Assistance, procurement and financial data required by the DATA Act. 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. OCFO has prototyped data act reporting readiness for USDA agencies using the Department's grants system as well as extracting data sets from the Department's General Ledger system. A DATA Act working group was set up including representation from all USDA agencies. The group meets regularly to address emerging DATA Act issues and work on data element mapping. OCFO also started working on developing a USDA DATA Act data mart to collect all the financial assistance and procurement data as well as account level data. OCFO submitted a DATA Act implementation plan and an update to OMB as well. OCFO helped OMB craft guidance on Loans reporting under the DATA Act and is working closely with OMB to develop further guidance and instruction for program activity reporting under the DATA Act.

OCFO issued Departmental regulations to supplement the OMB Uniform Guidance, one on Indirect Costs and another on General Terms and conditions. OCFO also issued a Departmental Regulation for conducting Prizes and challenges. OCFO continues to work with OMB to develop Frequently Asked Questions for the Uniform Guidance to further clarify aspects of the guidance.