

2018 President's Budget
Working Capital Fund

Contents

Purpose Statement	10-18
Available Funds and Staff Years	10-19
Permanent Positions by Grade and Staff Year Summary.. ..	10-20
Lead-Off Tabular Statement	10-21
Summary of Increases and Decreases	10-22
Project Statement	10-23
Justifications	10-26
Geographic Breakdown of Funding and Staff Years	10-28
Classification by Objects	10-30
Status of Programs	10-31

WORKING CAPITAL FUND

Purpose Statement

The USDA Working Capital Fund (WCF) was established in 1944 (7 U.S.C. 2235). The mission of the WCF is to provide an effective financing mechanism to support those services the Secretary, with the approval of the Director of the Office of Management and Budget, determines may be performed more effectively as central services making it unnecessary to maintain separate like services in the agencies of the Department. The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized, fee-for-service basis. The WCF has not received and does not receive funds as an individual discretionary account; it serves as a financing mechanism for which costs of operations are 100 percent reimbursable. Services to non-USDA agencies reduce USDA's share of fixed costs for WCF-supported services. Centrally-managed operations provide efficient, economical services through economies of scale, extensive management attention, and regular fund reviews. The WCF finances activity centers under five functional categories as follows:

Administration:

Material Management Service Center (MMSC)
Mail and Reproduction Services (MRS)
Integrated Procurement Systems (IPS)
Human Resources Enterprise Systems (HRES)
Procurement Operations (POD)

Communications:

Creative Media and Broadcast Center (CMBC)

Financial Management:

National Finance Center (NFC)
Financial Management Service (FMS)
Internal Control Support Services (ICSS)
Financial Management Support Services (FMSS)

Information Technology:

National Information Technology Center (NITC)
Client Technology Services (CTS)
Enterprise Network Services (ENS)

Correspondence Management (services provided by Office of the Executive Secretariat (OES))

Note: Administrative Support Costs are WCF-wide support charges paid to staff offices as reimbursement for services to or on behalf of the WCF; they are not billed directly to agencies but are recovered through activity center rates. Since these funds are accounted for under the WCF Treasury symbol, they are included here under the staff offices administering them.

Management of the WCF is through the Office of the Chief Financial Officer. As of September 30, 2016, there were 3,166 permanent full-time employees, including 521 in Washington, D.C., and 2,645 in field offices. By staff office, the permanent full-time employees were as follows: Office of the Chief Financial Officer: 1,918; Office of Communications: 23; Office of the Chief Information Officer: 1,022; Departmental Administration: 179; Office of the Executive Secretariat: 24.

WORKING CAPITAL FUND

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

Item	<u>2015 Actual</u>		<u>2016 Actual</u>		<u>2017 Estimate</u>		<u>2018 President's Budget</u>	
	Amount	Sys	Amount	SYs	Amount	SYs	Amount	SYs
USDA Fee for Service:								
Administration.....	\$43,430	141	\$45,864	155	\$44,628	198	\$43,623	199
Communications.....	5,228	16	4,171	15	5,184	26	7,325	28
Fin. Mgt.....	227,878	823	181,013	730	173,780	731	143,561	727
Info. Technology.....	415,915	844	453,375	841	436,427	952	410,030	952
Corresp. Mgt.	2,955	18	3,219	19	3,926	24	3,533	24
Intrafund Adj. a/	-57,215	-	-59,168	-	-51,973	-	-56,034	-
Subtotal.....	638,191	1,842	628,474	1,760	611,972	1,931	552,038	1,930
Purch of Equip.....	32,855	-	27,000	-	33,276	-	20,000	-
Purch. Card Rebate...	1,888	-	8,500	-	13,723	-	10,000	-
Unobl. Bal. Exp.....	10,029	-	0	-	0	-	0	0
Subtotal (USDA).....	682,963	1,842	663,974	1,760	658,971	1,931	582,038	1,930
Non-USDA Fee for Service:								
Administration.....	2,166	8	1,351	5	1,413	9	1,419	9
Communications.....	585	2	922	3	560	1	1,254	1
Fin. Mgt.....	130,532	564	173,191	783	172,010	932	180,130	949
Info. Technology.....	31,067	41	41,845	50	30,781	38	35,240	38
Subtotal (Non-USDA).....	164,350	615	217,309	841	204,764	980	218,043	997
Total, WCF.....	847,313	2,457	881,283	2,601	863,735	2,911	800,081	2,927

a/ Represents costs for service billed by one WCF activity to another; the amounts are provided so as not to misrepresent costs through double-counting (i.e., once as the costs are billed from one activity to another, a second time as those costs pass through the activity and are billed to service customers).

WORKING CAPITAL FUND

Permanent Positions by Grade and Staff Year Summary

Item	2015 Actual			2016 Actual			2017 Estimate			2018 President's Budget		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES	11	5	16	10	5	15	10	5	15	10	5	15
GS-15	38	55	93	38	55	93	37	54	91	38	54	92
GS-14	86	185	271	91	195	286	94	202	296	95	205	300
GS-13	116	633	749	117	637	754	116	629	745	116	633	749
GS-12	58	766	824	58	763	821	57	754	811	58	757	815
GS-11	43	397	440	45	417	462	44	408	452	44	407	451
GS-10	5	6	11	3	4	7	3	4	7	3	4	7
GS-9	29	132	161	24	108	132	24	109	133	23	105	128
GS-8	14	24	38	13	22	35	14	25	39	14	24	38
GS-7	27	313	340	27	314	341	26	304	330	26	302	328
GS-6	16	62	78	14	54	68	13	51	64	13	50	63
GS-5	50	82	132	41	67	108	35	58	93	35	58	93
GS-4	5	14	19	7	21	28	8	25	33	9	26	35
GS-3	1	-	1	1	-	1	1	-	1	1	-	1
GS-2	-	-	-	-	-	-	-	-	-	-	-	-
Other Graded Posns...	38	9	47	39	8	47	38	7	45	38	7	45
Total Perm Positions....	537	2,683	3,220	528	2,670	3,198	520	2,635	3,155	523	2,637	3,160
Unfilled, EOY.....	0	47	47	7	25	32	17	60	77	58	206	264
Total, Perm Full-Time Empl.EOY...	537	2,636	3,173	521	2,645	3,166	503	2,575	3,078	465	2,431	2,896
Staff Year. Est.....	318	2,139	2,457	350	2,247	2,597	433	2,478	2,911	414	2,513	2,927

Lead-Off Tabular Statement

<u>Recurring Operations</u> ^{1/}	
Budget Estimate, 2018	\$770,081,000
2017 Estimate	<u>816,736,000</u>
Change	<u>-46,655,000</u>
 <u>Capital Availability</u>	
Budget Estimate, 2018.....	20,000,000
2017 Estimate	<u>33,276,000</u>
Change	<u>-13,276,000</u>
 <u>Purchase Card Rebates Expended</u>	
Budget Estimate, 2018 ^{2/}	10,000,000
2017 Estimate	<u>13,723,000</u>
Change	<u>-3,723,000</u>
 <u>Unobligated Balances Expended</u>	
Budget Estimate, 2018 ^{3/}	-
2017 Estimate	<u>-</u>
Change	<u>-</u>
 <u>Total Working Capital Fund</u>	
Budget Estimate, 2018.....	800,081,000
2017 Estimate	<u>863,735,000</u>
Change	<u>-63,654,000</u>

^{1/} Net of intrafund transfers.

^{2/} Under 7 U.S.C. 2235a, refunds or rebates received on an on-going basis from a credit card services provider under the Department of Agriculture's charge card programs may be deposited to and retained without fiscal year limitation in the Department's Working Capital Fund to fund management initiatives of general benefit to the Department of Agriculture bureaus and offices as determined by the Secretary of Agriculture or the Secretary's designee.

^{3/} The Secretary has authority to transfer unobligated balances to the WCF for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department of Agriculture. The amount for 2018 (unobligated 2017 funds) will not be known until the end of FY 2017.

WORKING CAPITAL FUND
Summary of Increases and Decreases
(Dollars in thousands)

	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Recurring Operations:					
1. Administration:					
MMSC	\$8,800	+\$354	+\$112	-\$872	\$8,394
MRS.....	10,041	+429	-217	-306	9,947
Integrated Procurement Sys	16,106	-136	+164	-465	15,669
Procurement Operations.....	10,168	-527	-1,361	+483	8,763
Human Res. Enterprise Syst....	0	+1,447	+58	+200	1,705
Admin. Support Costs <u>1/</u>	481	+52	+70	-39	564
Subtotal	45,596	+1,619	-1,174	-999	45,042
2. Communications:					
Creative Med. & Broadcast Ctr.	5,813	-720	+651	+2,835	8,579
3. Financial Management:					
NFC.....	176,685	-12,888	+8,294	-19,329	152,762
Financial Management Service..	172,649	+9,100	-17,939	-2,618	161,192
Financial Mgt. Support Svcs.....	2,816	+160	-8	+152	3,120
Internal Control Support Svcs...	2,620	-31	+416	+15	3,020
Admin. Support Costs <u>1/</u>	3,640	-547	+823	-319	3,597
Subtotal.....	358,410	-4,206	-8,414	-22,099	323,691
4. Information Technology:					
NITC.....	159,547	+28,527	-34,007	+1,407	155,474
Client Technology Svcs.....	264,841	+17,125	-2,067	-24,753	255,146
Telecom. Services.....	21,701	+2,621	+7,796	+1,509	33,627
Admin. Support Costs <u>1/</u>	893	-35	+266	-101	1,023
Subtotal.....	446,982	+48,238	-28,012	-21,938	445,270
5. Correspondence Management ...					
Intrafund Adjustment <u>2/</u>	-57,215	-1,953	+7,195	-4,061	-56,034
Total Recurring Operations.....	802,541	+43,242	-29,047	-46,655	770,081
Capital Availability.....	32,855	-5,855	+6,276	-13,276	20,000
Purchase Card Rebate Proceeds....	1,888	+6,612	+5,223	-3,723	10,000
Unobligated Balances Expended...	10,029	-10,029	-	-	-
Total, Change.....	847,313	+33,970	-17,548	-63,654	800,081

1/ Administrative Support Costs are costs of providing service to or on behalf of WCF activity centers. Since these costs are accounted for under the WCF Treasury symbol (as of 2014) they are included under the staff offices administering them.

2/ Intrafund adjustments are estimated costs of service provided by one WCF activity to another.

WORKING CAPITAL FUND
Project Statement
Program Activity Detail and Staff Years (SYs)
(Dollars in thousands)

Service Category	<u>2015 Actual</u>		<u>2016 Actual</u>		<u>2017 Estimate</u>		<u>Inc. or Dec.</u>		<u>2018 President's Budget</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC.....	\$8,800	33	\$9,154	31	\$9,266	44	-\$872	0	\$8,394	44
MRS	10,041	64	10,470	61	10,253	87	-306	0	9,947	87
IPS	16,106	12	15,970	12	16,134	18	-465	-2	15,669	16
Proc. Oper....	10,168	37	9,641	46	8,280	46	+483	+2	8,763	48
HRES.....	-	-	1,447	7	1,505	9	+200	+1	1,705	10
Adm. Supp...	481	3	533	3	603	3	-39	-	564	3
Subtotal ...	45,596	149	47,215	160	46,041	207	-999	+1	45,042	208
2. Commun.:										
CMBC	5,813	18	5,093	18	5,744	27	+2,835	+2	8,579	29
3. Fin. Mgt.										
NFC.....	176,685	869	163,797	873	172,091	907	-19,329	+12	152,762	919
FMS.....	172,649	473	181,749	596	163,810	706	-2,618	0	161,192	706
FMSS.....	2,816	19	2,976	20	2,968	20	+152	0	3,120	20
ICSS	2,620	10	2,589	10	3,005	11	+15	0	3,020	10
Adm. Supp...	3,640	16	3,093	14	3,916	19	-319	+1	3,597	20
Subtotal...	358,410	1,387	354,204	1,513	345,790	1,663	-22,099	+13	323,691	1,676
4. Info. Tech.										
NITC	159,547	209	188,074	213	154,067	256	+1,407	0	155,474	256
CTS	264,841	650	281,966	651	279,899	697	-24,753	0	255,146	697
Tele. Svc....	21,701	22	24,322	22	32,118	28	+1,509	0	33,627	28
Adm. Supp.	893	4	858	5	1,124	9	-101	0	1,023	9
Subtotal...	446,982	885	495,220	891	467,208	990	-21,938	0	445,270	990
5. Corr. Mgt...										
Intra. Adj....	-57,215	-	-59,168	0	-51,973	0	-4,061	0	-56,034	0
Tl. Rec. Oper.	802,541	2,457	845,783	2,601	816,736	2,911	-46,655	+16	770,081	2,927
Cap. Equip.	32,855	-	27,000	0	33,276	0	-13,276	0	20,000	0
Pur. Card Reb.	1,888	-	8,500	0	13,723	0	-3,723	0	10,000	0
Unob. Bal.	10,029	-	0	0	0	0	0	0	0	0
Total	847,313	2,457	881,283	2,601	863,735	2,911	-63,654	+16	800,081	2,927

WORKING CAPITAL FUND
Project Statement
 USDA Program Activity Detail and Staff Years (SYs)
 (Dollars in thousands)

Service Category	<u>2015 Actual</u>		<u>2016 Actual</u>		<u>2017 Estimate</u>		<u>Inc. or Dec.</u>		2018 <u>President's Budget</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC.....	\$6,634	25	\$7,803	26	\$7,853	35	-\$878	-	\$6,975	35
MRS	10,041	64	10,470	61	10,253	87	-306	-	9,947	87
IPS	16,106	12	15,970	12	16,134	18	-465	-2	15,669	16
Proc. Oper.....	10,168	37	9,641	46	8,280	46	+483	+2	8,763	48
HRES.....	-	-	1,447	7	1,505	9	+200	+1	1,705	10
Adm. Supp.	481	3	533	3	603	3	-39	-	564	3
Subtotal	43,430	141	45,864	155	44,628	198	-1,005	+1	43,623	199
2. Commun.:										
CMBC	5,228	16	4,171	15	5,184	26	+2,141	+2	7,325	28
3. Fin. & Mgt.										
NFC.....	82,198	404	59,378	316	60,071	265	-23,712	-5	36,359	260
FMS.....	136,604	374	112,977	370	103,820	416	-6,355	-	97,465	416
FMSS.....	2,816	19	2,976	20	2,968	20	+152	-	3,120	20
ICSS	2,620	10	2,589	10	3,005	11	+15	-	3,020	11
Admin. Supp.	3,640	16	3,093	14	3,916	19	-319	+1	3,597	20
Subtotal.....	227,878	823	181,013	730	173,780	731	-30,219	-4	143,561	727
4. Info. Tech.										
NITC.....	128,481	168	147,876	167	123,386	218	-3,052	-	120,334	218
CTS	264,840	650	280,319	647	279,799	697	-24,753	-	255,146	697
Telecom. Svc.	21,701	22	24,322	22	32,118	28	+1,509	-	33,627	28
Adm. Supp.	893	4	858	5	1,124	9	-101	-	1,023	9
Subtotal....	415,915	844	453,375	841	436,427	952	-26,397	-	410,030	952
5. Corr. Mgt.....										
Intrafund Adj.....	-57,215	-	-59,168	-	-51,973	-	-4,061	-	-56,034	-
Tot. Rec. Oper.	638,191	1,842	628,474	1,760	611,972	1,931	-59,934	-1	552,038	1,930
Cap. Avail.....	32,855	-	27,000	-	33,276	-	-13,276	-	20,000	-
Purch. Card Reb.	1,888	-	8,500	-	13,273	-	-3,723	-	10,000	-
Unob. Bal. Exp...	10,029	-	-	-	-	-	-	-	-	-
Tot., Avail/Est..	682,963	1,842	663,974	1,760	658,971	1,931	-76,933	-1	582,038	1,930

WORKING CAPITAL FUND
Project Statement
 Non-USDA Program Activity Detail and Staff Years (SYs)
 (Dollars in thousands)

Service Category	<u>2015 Actual</u>		<u>2016 Actual</u>		<u>2017 Estimate</u>		<u>Inc. or Dec.</u>		<u>2018 President's Budget</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC.....	\$2,166	8	\$1,351	5	\$1,413	9	+\$6	-	\$1,419	9
2. Commun.:										
CMBC	585	2	922	3	560	1	+694	-	1,254	1
3. Fin. & Mgt.										
NFC.....	94,487	465	104,419	557	112,020	642	+4,383	+17	116,403	659
FMS.....	36,045	99	68,772	226	59,990	290	+3,737	-	63,727	290
Subtotal.....	130,532	564	173,191	783	172,010	932	+8,120	+17	180,130	949
4. Info. Tech.										
NITC.....	31,066	41	40,198	46	30,681	38	+4,459	-	35,140	38
CTS.....	1	-	1,647	4	100	-	-	-	100	-
Subtotal.....	31,067	41	41,845	50	30,781	38	+4,459	-	35,240	38
Tot., Avail/Est...	164,350	615	217,309	841	204,764	980	+13,279	+17	218,043	997

Justification of Increases and Decreases

- (1) A net decrease of \$46,655,000 and a net increase of 16 staff years (\$816,736,000 and 2,911 staff years available in 2017) for recurring operations in support of program-related costs in response to agency demand for financial management, administrative support, information technology, communications, and executive secretariat services.

The reduction reflects estimates of costs in response to anticipated reductions in service demand from USDA agencies for WCF-supported services, given expected reductions in USDA agency budgets. Amounts shown for 2018 are estimates of costs only, and USDA and non-USDA agencies will be billed their share of actual costs. The increase in staff years represent activity centers' best estimate of the most economical use of human resources to deliver expected demand for goods and services. The estimates include the value of services to support the financial management Federal Shared Services Program for which USDA participation is administered by OCFO.

Under the Federal Shared Services Program, USDA is in discussions with the Department of Veterans Affairs (VA) to provide financial and related services to VA. The costs of the agreement are not known specifically at the current stage of discussion, but a preliminary estimate of \$64 million in FY 2017 and \$98.6 million in FY 2018 is under consideration. All costs associated with the agreement will be reimbursed by VA; USDA agencies will not pay any expenses associated with services under this agreement, if implemented. USDA is in the discovery phase to determine the level of effort and associated costs. The costs for this potential agreement are not included in this budget.

- (2) A decrease of \$13,276,000 for capital equipment (\$33,276,000 available in 2017):

Capital availability reflects availability of investment funds (apart from recurring operations) for the purchase of equipment and other capital investments. Capital is allocated among activity centers up to the limit of availability based on their respective equipment and capital needs. Such allocations are not based on any prior year allocation that might have been made to activities. Requests for capital must be justified to and reviewed by the WCF Controller before final allocations are made. In evaluating capital requests, the primary principles governing allocations are whether it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset and where a lease alternative exists) and (for large-scale corporate software applications) whether investments will improve performance and mission support. Where it is less advantageous to do so, equipment and other assets are leased (lease costs are reflected in operating costs for activity centers). In all cases, acquisitions (purchase or lease) are made in response to anticipated demand for service with a focus on minimizing unit costs of service. Further, acquisitions will be made in a manner consistent with requirements set forth by the Office of the Chief Information Officer for information technology investments.

Allocations of capital funds will be made based on activity center needs and benefits to the government based on a number of factors, including: amount of capital available for allocation, activity-need for capital investments, availability of lease options for capital equipment, and prioritization of investments by WCF and Department-level management. Allocations are limited to amounts available.

(3) A net reduction of \$3,723,000 in purchase card rebates availability (\$13,723,000 available in 2017).

Under 7 U.S.C. 2235a, refunds or rebates received on an on-going basis from a credit card services provider under USDA's charge card programs may be deposited to and retained without fiscal year limitation in the Department's WCF and used to fund management initiatives of general benefit to the Department of Agriculture bureaus and offices as determined by the Secretary of Agriculture or the Secretary's designee, subject to language set forth in appropriations language approved by Congress limiting activities to be funded and requiring notification to the Committees on Appropriations of Congress in advance of obligations under this authority. The budget proposes to eliminate these limitations and requirements.

Expenditures under this section are estimated as follows:

	<u>2017</u>	<u>2018</u>
<u>Amount Available:</u>	\$13,723,000	\$10,000,000
Allocated	8,500,000	0
Unallocated	5,223,000	10,000,000

Investments for which notification is herein provided to the Committees on Appropriations and a request made to obligate funds transferred to the Working Capital Fund in FY 2017 include the following allocations (\$8,500,000):

Information Technology Services Facility Upgrade.....	\$8,500,000
---	-------------

USDA's Washington D.C. headquarters complex is the management nerve center for mission delivery across the Department and throughout the field. To successfully fulfill USDA's vital mission, it is essential that information technology services are effective, reliable, and secure.

The critical shared information technology services that support the daily workflows in the headquarters complex are hosted in the South Building of the D.C. Buildings Complex. These services include interagency and Internet communications, the monitoring and securing of those communications, and telecommuting services. Any disruption to these shared services will result in substantial productivity losses among thousands of USDA staff that will have significant negative impacts among USDA programs and service delivery. Such losses could total in the billions of dollars per year in the absence of improvements and investments in more effective, reliable, and secure technologies.

The South Building location that currently hosts these information technology services is supported by aging facility services that place the availability of our shared services at elevated risks to successful program management. To minimize these risks, the shared information technology services must be transitioned to an alternate South Building location appropriately engineered to meet security, storage, and processing needs.

The proposed investment would be directed toward this need. The USDA's Office of Operations, Office of the Chief Financial Officer, and the Office of the Chief Information Officer are in agreement on this critical need and have gained USDA Executive Information Technology Investment Review Board approval to move forward.

With regard to unallocated amounts, some or all of these funds may be used, within the limitations enacted, to support National Finance Center recovery from damage sustained from tornadoes in the Greater New Orleans, Louisiana, area in February 2017. Work continues to determine short and long term needs.

WORKING CAPITAL FUND
Geographic Breakdown of Funding and Staff Years
(Dollars in thousands and Staff Years (SYs))

State/Territory	<u>2015 Actual</u>		<u>2016 Actual</u>		<u>2017 Estimate</u>		<u>2018 President's Budget</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Alabama	\$3,540	9	\$3,098	7	\$2,974	8	\$2,449	8
Alaska	747	2	832	2	799	2	700	2
Arizona	2,617	6	2,079	4	1,996	5	1,749	5
Arkansas	3,365	8	4,160	9	3,993	10	3,498	10
California	4,487	11	4,160	9	3,993	10	3,498	10
Colorado	72,849	139	86,751	160	83,277	179	77,374	181
Connecticut	747	2	832	2	799	2	700	2
Delaware	1,496	4	1,664	4	1,597	4	1,399	4
District of Columbia	173,179	359	151,014	389	157,890	435	140,200	437
Florida	2,243	5	3,539	7	3,397	8	3,045	8
Georgia	2,992	7	4,160	9	3,993	10	3,498	10
Guam	374	1	416	1	399	1	350	1
Hawaii	747	2	832	2	799	2	700	2
Idaho	3,365	8	4,160	9	3,993	10	3,498	10
Illinois	5,609	13	6,239	13	5,989	15	5,248	15
Indiana	4,860	11	4,991	11	4,791	12	4,198	12
Iowa	6,730	16	8,319	18	7,986	20	6,996	20
Kansas	5,235	12	6,239	13	5,989	15	5,248	15
Kentucky	4,113	10	4,575	10	4,392	11	3,848	11
Louisiana	315,161	1,069	274,655	1,126	263,655	1,260	255,438	1,272
Maine	1,122	3	1,248	3	1,198	3	1,050	3
Maryland	20,080	52	27,974	66	26,854	74	25,553	74
Massachusetts	747	2	832	2	799	2	700	2
Michigan	2,992	7	3,744	8	3,594	9	3,149	9
Minnesota	5,982	14	6,656	14	6,389	16	5,597	16
Mississippi	3,739	9	3,744	8	3,594	9	3,149	9
Missouri	172,613	393	215,703	423	207,064	473	199,955	473
Montana	4,113	10	4,160	9	3,993	10	3,498	10
Nebraska	5,609	13	6,239	13	5,989	15	5,248	15
Nevada	1,122	3	1,248	3	1,198	3	1,050	3
New Hampshire	374	1	416	1	399	1	350	1
New Jersey	747	2	416	1	399	1	350	1
New Mexico	1,496	4	1,664	4	1,597	4	1,399	4
New York	2,992	7	2,496	5	2,396	6	2,099	6
North Carolina	4,860	11	5,823	12	5,590	14	4,898	14
North Dakota	3,739	9	2,912	6	2,795	7	2,449	7

WORKING CAPITAL FUND

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

State/Territory	<u>2015 Actual</u>		<u>2016 Actual</u>		<u>2017 Estimate</u>		<u>2018 President's Budget</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Ohio	4,113	10	5,408	12	5,191	13	4,548	13
Oklahoma	4,113	10	4,160	9	3,993	10	3,498	10
Oregon	3,365	8	3,744	8	3,594	9	3,149	9
Pennsylvania	2,992	7	3,327	7	3,194	8	2,799	8
Puerto Rico	1,122	3	1,248	3	1,198	3	1,050	3
South Carolina	2,243	5	2,496	5	2,396	6	2,099	6
South Dakota	3,365	8	4,575	10	4,392	11	3,848	11
Tennessee	4,113	10	4,991	11	4,791	12	4,198	12
Texas	12,128	115	33,381	113	32,044	127	30,706	127
Utah	4,487	11	4,575	10	4,392	11	3,848	11
Vermont	1,496	4	1,248	3	1,198	3	1,050	3
Virginia	2,243	5	2,079	4	1,996	5	1,749	5
Washington	2,992	7	2,496	5	2,396	6	2,099	6
West Virginia	2,243	5	2,079	4	1,996	5	1,749	5
Wisconsin	4,860	11	4,575	10	4,392	11	3,848	11
Wyoming	1,870	4	2,079	4	1,996	5	1,749	5
Total, Available or Estimate a/	904,528	2,457	940,451	2,601	915,708	2,911	856,115	2,927

a/ Totals do not include adjustments for intrafund transfers – those costs of service provided by one WCF activity to another. Such costs are identified and reported in other exhibits to avoid the double counting of expenses.

WORKING CAPITAL FUND

Classification by Objects
(Dollars in thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	Actual	Actual	Estimate	President's Budget
Personnel Compensation:				
Washington, D.C.	\$30,211	\$32,207	\$36,578	\$34,974
Field	<u>182,423</u>	<u>194,480</u>	<u>209,333</u>	<u>212,292</u>
11 Total personnel compensation	212,634	226,687	245,911	247,266
12 Personnel benefits	67,955	75,550	81,886	83,486
13.0 Benefits for former personnel	169	143	58	58
Total personnel comp. & benefits	<u>280,758</u>	<u>302,380</u>	<u>327,855</u>	<u>330,810</u>
Other Objects:				
21 Travel	3,722	3,859	5,039	4,873
22 Transportation of things	732	715	869	872
23.1 Rental payments to GSA	7,868	7,847	7,076	7,717
23.2 Rental payments to others	6,361	6,427	7,171	7,577
23.3 Communications, utilities, and misc. charges	93,672	105,596	101,321	100,967
24 Printing and reproduction	361	360	387	442
25.1 Advisory & Assistance Services	536	606	643	25
25.2 Other services from non-Federal sources .	238,663	270,888	260,321	233,726
25.3 Purchases of goods and services from Federal sources	84,457	75,288	54,773	45,065
25.4 Operation and maintenance of facilities	7,519	3,068	2,360	2,678
25.7 Operation and maintenance of equipment	81,055	89,703	87,110	79,891
26 Supplies and materials	13,362	5,785	4,597	4,346
31 Equipment	<u>85,462</u>	<u>67,929</u>	<u>56,186</u>	<u>37,126</u>
Total Other Objects	<u>623,770</u>	<u>638,071</u>	<u>587,853</u>	<u>525,305</u>
Total, Working Capital Fund <u>1/</u>	<u>904,528</u>	<u>940,451</u>	<u>915,708</u>	<u>856,115</u>
Position Data:				
Average Salary, ES Position	\$164,000	\$164,000	\$164,000	\$164,000
Average Salary, GS Position	\$82,000	\$77,000	\$79,000	\$84,000
Average Grade, GS Position	12.2	12.1	11.7	11.9

1/ Totals include all intrafund transfers

WORKING CAPITAL FUND

Status of Programs

The Working Capital Fund (WCF) is a financing mechanism that provides support to financial, administrative, and information technology activity centers across five Departmental organizations. The Office of the Chief Financial Officer (OCFO), in addition to its responsibilities in financial policy and operations, is responsible for the administration of the WCF. The staff attached to the Chief Financial Officer supports the OCFO in fulfilling this mission.

ADMINISTRATION

Current Activities:

Activities under this heading are managed under the Assistant Secretary for Administration and include the following (all activities in Washington, D.C., unless otherwise noted):

- Material Management Service Center (MMSC) (Washington, DC and Landover, MD);
- Mail and Reproduction Management Division (MRMD);
- Integrated Procurement Systems (IPS);
- Procurement Operations Division (POD); and
- Human Resources Enterprise System Management (HRESM).

MMSC provides on-demand customer services to all USDA agencies and activities. It also provides services to several non-USDA agencies and activities for basic services, and it acts as a service provider for the National Capital Area's Cooperative Administrative Support Program. Services are provided in: forms and publications acquisition, management, warehousing and world-wide distribution; excess personal property accountability, reuse, sales and disposal; and office and general supply acquisition, receipt and shipment of parcels, warehousing and sales.

MRMD is responsible for managing and directing programs for analysis, development, evaluation, and promotion of improvements in the policies, plans, methods, procedures and systems of the USDA Mail Management Program; administering and operating the Departmental Mailing List System; and managing and operating copier/duplicating, printing and mailing operations. MRMD has responsibility for basic and accountable mail services, directing centralized printing and copier/duplicating systems, automated systems providing mailing list services, divisional automated data processing support and a staff support system in the areas of divisional financial management, program analysis, and administration. MRMD has established effective mail management and print on-demand programs through the implementation of technology and has improved operations through postal discount programs and centralized services.

IPS provides modern, integrated procurement automation tools to the USDA acquisition community through the Integrated Acquisition System (IAS). IAS serves as the enterprise-wide administrative procurement system for the Department and continues to prove its value on a daily basis. The Credit Card Service Center (CCSC) has responsibilities to plan, develop, and implement its charge card program under SmartPay2 and to provide consolidated, department-wide governance in this program to help further USDA's mission.

POD provides a wide range of contract support services to agencies and staff offices of the Department.

HRESM provides Human Resources (HR) Enterprise System Management in support of USDA's strategic goals and is aligned with the Office of Personnel Management's (OPM) Human Resources Line of Business (HR LOB). The vision of OPM's HR LOB is to create government-wide, modern, cost effective, standardized, and interoperable HR solutions providing common core functionality to support the Strategic Management of Human Capital. To realize this vision, USDA has moved to a Shared Service Center delivery model where HR information system operations reside. The vision of HRESM is to improve mission delivery through the deployment of an integrated workforce system which facilitates strategic and advisory HR service delivery and streamlined HR transaction execution.

Selected Examples of Recent Progress:

Under MMSC:

The Centralized Excess Property Operation (CEPO) completed its eighth full year as a Federal Asset Sales Center. A total of 21 sales were conducted in Fiscal Year (FY) 2016 rendering proceeds of \$797,000. Additionally, there were 1,833 pieces of furniture and equipment reissued (original cost of \$733,707).

The Consolidated Forms and Publications Distribution Center (CFPDC) implemented new cloud-based web ordering and inventory management systems. At various stages of inventory control, the new system eliminated redundancies; improved service delivery and the customer experience; and streamlined operational processes. The new system reduced the number of backordered items by 30 percent through improved requirements forecasting, assignment of reorder levels and prevention of duplicate orders; improved accountability reduced processing time for controlled/serialized forms times by 20 percent; and system downtime has been near zero.

MMSC's recycling and re-use programs fully supported Executive Order (EO) 13514, Federal Leadership in Environmental, Energy, and Economic Performance, dated October 5, 2009. This EO establishes an integrated strategy towards sustainability in the Federal Government and to make reduction of greenhouse gas emissions a priority for Federal agencies. MMSC's staff tracks the reduction of greenhouse gases by using the EPA waste reduction models (WARM) and Greenhouse Gases (GHG) Emissions Analysis Reports. MMSC recycling efforts in support of the EO include paper recycling, furniture reuse and scrap metal recycling. In 2016, 221 metric tons of carbon equivalents were reduced, which reduces GHG released into the environment.

CEPO contributed over 50 tons of recyclable electronics that have no reuse or re-sale value to UNICOR, Federal Prison Industries, Inc. recycling program managed by the Department of Justice. Agencies are encouraged under the Federal Electronics Challenge to: purchase greener electronic products; reduce impacts of electronic products during use; and manage obsolete electronics in an environmentally safe way. Additionally, 272 tons of scrap metal was sold for revenues over \$9,800. CFPDC staff recycled 28 tons of obsolete forms, publications, and mixed paper in support of USDA environmental objectives.

Excess supply support was provided to USDA and 13 non-USDA agencies in the Washington, D.C. metropolitan area to ensure proper accountability and disposal for over 55,000 units of excess personal property. In FY 2016 income from all non-USDA agencies exceeded \$500,000. Income from non-USDA agencies helps reduce overall costs to USDA agencies for CEPO services by distributing operating costs over a larger population of users.

CFPDC staff oversaw timely distribution of over 17,197 orders of supplies, forms and publications to USDA customers nationwide and supported \$2.2 million in sales of administrative supplies to USDA customers in the Washington, D.C. metropolitan area and to Food Safety and Inspection Service (FSIS) inspectors nationwide.

CEPO continued to provide USDA agencies with reusable excess flat screen monitors. Monitors are tested, adjusted and cleaned. CEPO makes these monitors available for transfer at no cost to USDA agencies (agencies outside the Washington DC area pay shipping costs). In FY 2016, 1,024 monitors were reused, resulting in a cost avoidance of over \$153,600.

CEPO worked closely with the USDA Outreach Program to provide information technology to universities and small townships supported by the 1890 and 1990 School Programs and the Stevenson Wilder Act. CEPO also supported the Outreach Program efforts under the 2014 Farm Bill to small townships throughout the United States. In FY 2016, CEPO transferred 155 units (acquisition value \$125,612) of excess property to support outreach efforts.

CEPO's Central Receiving function effectively received, inspected and delivered 19,105 pieces of property. All property was received and delivered within the allotted time and without damage or discrepancy, ensuring headquarters staff had essential materials and supplies to complete their respective mission. Prompt delivery

of assets also provided a safe working environment for all building tenants.

Under MRMD:

MRMD, Copier and Duplicating Services (CDS) Branch, Copier Leasing Program expanded its business portfolio and has become the service provider to USDA agencies nationwide. As a result, CDS has increased the number of copiers and now manages a fleet of approximately 475 copiers, which include 78 new copiers operating in national offices. As previously reported, CDS transitioned from a cost-per-copy model to a fixed rate cost methodology that includes all-inclusive services and consumables. Agencies welcomed the overdue change and more importantly, appreciated the new streamlined approach to forecast annual spending. CDS witnessed a change in how agencies are now taking a proactive approach to consolidate resources/spending and thus striving to reduce the need for multiple agendas and transactions. CDS believes that providing agencies with a platform of all-inclusive services has proven to be the most cost effective and efficient solution for USDA and its agencies.

MRMD, CDS Branch, Printing Services generated approximately \$1.5 million of income in FY 2016, earning an additional \$291,000 more than FY 2015. The revenue increase was a product of Printing Services' commitment to continuously marketing its services, improving technology, and keeping machinery in a state of operational readiness. In addition, Printing Services successfully secured capital funding and acquired a new fully automated industrial folding system. The investment has proven beneficial that showed an increase in demand, better finished quality, and reduced processing time.

MRMD, CDS Branch, launched a new supply system application designed to alert customers' via email confirmations that the CDS Solutions Hotline is in receipt of their request, and services are in progress to be fulfilled. The application can also report performance data in addition to other measureable attributes (paper and consumables) delivered and other attributes. 2016 data shows that the CDS Solutions Hotline received 1,873 customer requests, resulting in CDS staff delivering 4,346 boxes of paper and 782 consumables.

MRMD, Mail Services Branch, terminated its contractual support for mail services scanning operations. Through ending this contract, Mail Services was able to improve operational efficiencies, eliminate redundant processes, and reduce operating cost by transferring this service to the Office of the Executive Secretariat, which saved \$100,000.

MRMD, Mail Services Branch upgraded the SC Logic Accountable Mail Tracking System in the Accountable Mail Unit and the Transportation Operations Unit. This tracking system tracks all incoming and outgoing accountable mail such as Express International Express Mail, Certified, Registered, and Delivery Confirmations to USDA's internal customers. It safeguards processes for capturing, tracking, and reporting data relating to customer usage and services. The system is integrated with USPS, UPS, and FedEx bar-coding systems, allowing for transparency in data collection. The tracking system also has the capability to print barcodes, improving efficiency further. The system supported by the MRMD Transportation Operations Unit with courier/messenger services requests, while tracking and delivering packages for USDA customers.

MRMD, Mail Services Branch, was instrumental in implementing and maintaining USDA's Fleet Management Initiative. Transportation Operations Unit worked hand in hand with the Office of Operations (OO) to assist in implementing this for many USDA agencies. This initiative continues to address building a safe, secure, and efficient workplace while maximizing the return on the taxpayers' investment by installing GPS Tracking Systems in OO's leased motor vehicles. Under this initiative, MRMD is collecting accurate vehicle usage data necessary to manage, control, and report utilization and fuel usage. The data ensures the acquisition and optimal fueling of light duty and mid-sized alternative-fueled vehicles; maximize fuel efficiency and reduce greenhouse gas emissions; optimize vehicle sharing, reduce fleet size, minimize miles traveled; and maintain greater accountability and use of government assets. In addition to the Fleet Management Initiative, the Transportation Operations Unit also requisitioned USDA's first hybrid vehicle to add to USDA's transportation fleet.

Under IPS:

The IAS program successfully processed 318,149 total transactions in FY 2016, accounting for \$2.3 billion in obligations. The IAS program also achieved \$1.3 million in hosting cost savings in FY 2016—a reduction from \$4.7 million to \$3.4 million—and these funds were reinvested to improve the overall operations of IPS (IAS and CCSC) programs.

The IAS program underwent a Security Assessment and Accreditation (SA&A). The Office of Procurement and Property Management (OPPM) has a requirement for a Risk Management Framework, SA&A of IAS. The purpose of this requirement is to secure an Authority to Operate (ATO). The renewed IAS program ATO will be valid till November 2019.

The IAS program team provided user training to over 500 employees in six distinct USDA locations. The team also implemented a customized solution, at no additional cost, to manage IAS Help Desk tickets. This solution enabled the IAS program to transition from the existing ticketing system that needed replacement due to insufficient functionality, security compliance, and excessive maintenance resulting from a hosting provider hardware upgrade.

The IAS program team satisfied the OCFO mandate to phase out receipt documents. The associated system modifications eliminated the need for manual IAS receipt creation and three-way matching on IAS invoices, the benefit of which is reduced invoice processing times, which helps USDA comply with prompt pay regulations, reduces interest paid by USDA, and benefits vendors awaiting payment.

The IAS program team implemented enhancements associated with warrant validations, the selection of Invoice Processing Platform invoice approvers, and segregation of duties surrounding the award and invoice approval process. Other enhancements included split and multi-requisition functionality, updated Bio-Based fields, and the capture of Acquisition Approval Request (AAR) information on requisition and awards. The program team also optimized the message queuing middleware architecture to increase system interface reliability to the Financial Management Modernization Initiative (FMMI). The Strategic Sourcing Spend Cube database was implemented to aid USDA/OPPM in identifying purchasing power opportunities via analyzing USDA spend data. Additionally, the team supported the federally-mandated Address Activity Code implementation to replace contracting office and funding codes in the Federal Procurement Data System-Next Generation. The team made changes to clearly identify department-wide Blanket Purchase Agreements and Indefinite Delivery Contracts to facilitate their use, potentially resulting in cost-savings for USDA.

The IPS program completed FY 2016 A-123 Internal Controls testing for the procurement management business processes, as well as General Computer Control testing, and received the FY 2016 OPPM Certification Statement in August 2016. IAS received a green status and a score of 5 on the Office of Management and Budget IT Dashboard for the sixth consecutive year.

The IPS Purchase Card program effectively supported 13,156 open cards with a volume of 1,052,742 transactions and a total spend of \$404.8 million in FY 2016. The program team also completed the successful launch of the initial annual refresher training, including the development of a semi-automated tracking process that resulted in a 99 percent compliance rate among program participants. The program team successfully completed the Purchase Card Program Business Process Improvement (BPI) Initiative assessment phase, as well as required actions for Audit 50024-001-13 “Review of the Department’s US Bank Purchase Card and Convenience Check Data.” Additionally, the program team revised the Business Process Control (BPC) narratives for the Monitoring, Accounts Payable, Card Issuance, and User Access controls to address gaps and process changes. The Purchase Card program remediated its sole A-123 Control Deficiency for program activities found during the fiscal year, and this item has been closed and removed from the OCFO BP Deficiency Consolidated Detail Report. The Fleet Card Program completed 2016 A-123 monitoring BPC.

Under POD:

POD continued its work leading USDA’s Strategic Sourcing Initiative (AgSSI). This year’s work focused on expanding the efforts launched in FY 2015, as well as strengthening the institutionalization of the AgSSI

Structure. POD, in coordination with Procurement Systems Division, implemented the USDA's Spend Cube, which is a collection of the data from various USDA systems that is categorized to align with General Services Administration's 10 Common Government Spend Categories.

POD also led the AgSSI Team to the identification of savings and cost avoidance in Real Property Area. The AgSSI Real Property Team worked vigorously with the agency identified real property representatives to focus on reduction, colocation, consolidation, or disposal of properties that do not have an identified current or mission need. This effort included five years of information with projections on the space planning. Analyzing both the savings from rent and the avoidance of maintenance, the five-year potential for savings and/or avoidance is approximately \$76 million. For FY 2016 alone, the projections based on the changes to the Real Property portfolio are in excess of \$18 million.

In the Information Technology Category Team, POD led negotiations for the Geospatial Software Licensing Agreement, resulting in a Department-wide agreement, saving approximately \$800,000 over the previous contract this year. POD also awarded a Department-wide catalog for ActivClient software and software renewal services utilizing the National Aeronautics and Space Administration Solutions for Enterprise-Wide Procurement contract. This provides one consolidated contract vehicle for ordering across USDA with an expected average savings of 54 percent over previous pricing. Another successful contract action for POD in support of AgSSI was the transition of USDA's VMware Licenses to vCAN subscription. Usage metering and program comparison had been complete to determine the cost savings and flexibility of a consumption based model offered by a vCAN subscription compared to traditional licensing agreement. Use by the five initial agencies is expected to save about 33 percent, or about \$975,000, of their historical spend on software maintenance over three years (FY 2016-2018). In addition, agencies will have better access to VMware products and be able to pilot test and transition to newer products without the financial burden of one-time perpetual licensing costs.

POD's efforts were recognized by the Secretary of Agriculture as the AgSSI Team was awarded the Abraham Lincoln Honor Award in the category of Management Excellence.

POD, in tandem with the OCFO, participated in the pre-discovery phase for the Department of Veterans Affairs (VA) move of Federally Shared, Financial Operations and Services to USDA. This was a late FY 2016 decision, in which POD swiftly provided approximately \$9 million in contract actions within a few days' time. The addition of the VA to OCFO's portfolio is a projected increase of \$400 million. In taking over these services, USDA-OCFO is able to grow its portfolio as a leader in financial services and operations for the Federal Government.

POD has also increased its customer base, taking on additional agencies to support, including the Farm Services Agency (FSA) and FSIS during FY 2016. POD was sought out for its expertise and efficiency in providing high level acquisition support.

Under HRESM:

HRESM designed and deployed OneUSDA, which supports flexible service delivery capabilities and is aligned with the needs of a geographically dispersed workforce. The integrated technology suite is intuitive, user-friendly and provides seamless access to all HR applications and services. In April 2016, HRESM introduced the onboarding application to the OneUSDA suite of services, and now all agencies have a centralized, electronic system to bring new USDA employees on board.

HRESM was awarded a 2016 Abraham Lincoln Honor Award by the Secretary of Agriculture for the successful implementation of the OneUSDA eRecruit system. This effort shifted the paradigm of information technology, reducing costs while increasing workforce flexibility opportunities and providing better customer service to all USDA employees.

OneUSDA ensures uniform HR policies and standardizes business processes across USDA. The integration of systems and one time data entry drastically improved data quality and integrity.

HRESM provided oversight of USDA's Electronic Official Personnel File (eOPF) program impacting over 95,000 USDA personnel dispersed across the country. Monitored access controls and Tier I and Tier II assistance ensure that USDA users' and Agency eOPF administrators had the required accesses to view and manage their eOPF.

HRES developed and is managing two blanket purchase agreements for HR system training, greatly improving USDA's ability to obtain critical HR systems training and ensuring that HR specialists obtain training required to gain necessary skills.

HRES developed and implemented a Change Control Board (CCB) establishing a unified USDA Department-level review body under the auspices of the Office of Human Resources Management (OHRM) Directorate. The CCB is a collaborative forum, with representatives from all USDA agencies, chaired and facilitated by the Deputy Director of OHRM. The CCB establishes an enterprise level governance board providing strategic oversight, analysis, evaluation and recommendations for prioritizing, approving, planning, and integrating requests for changes to USDA HR systems. The CCB thoroughly reviews all submitted change requests with the goal of building a collaborative consensus and ensuring investments align with strategic initiatives.

COMMUNICATIONS

Current Activities:

Activities under this heading are managed by the USDA Office of Communications. The Creative Media and Broadcast Center (CMBC) provides centrally managed creative design, webinar and audio conferencing services, high definition video and multimedia production studios creating cost efficiencies and access to a variety of technologies. Agency users can reduce travel costs while still providing mission outreach and training between headquarters and field offices, program participants, and the public. CMBC produces information and training videos, television and radio public service announcements, media conferences, video and audio webinars using interactive conferencing tools, multimedia products such as live and on-demand streaming media, DVD, podcasts, telecasts, and satellite media interviews.

CMBC provides centralized resources to improve the flow and coordination of visual communication projects. CMBC offers complete services in communications planning for all media and collateral materials, including print, interactive media, marketing, production art, specialized contracting, and exhibit fabrication.

CMBC Core Services provides enterprise wide benefits with maintenance and support of www.USDA.gov web portal and a variety of Department websites, social media tools, and platform accounts, such as USDA Facebook, USDA YouTube, USDA Twitter, USDA Instagram, etc.

CMBC helps ensure the USDA brand value and the concept of "One USDA" with agencies by providing creative and production resource support. CMBC promotes the integrated use of media in the growth of social media outreach. CMBC's creative services include: publication layout, illustrations, content marketing and public service outreach development, posters, brochures, websites, social media infographics, banners, trade-show exhibits, visitor centers, special media events, and coordination of information campaigns.

Selected Examples of Recent Progress:

USDA Results Medium Project is a new progressive, year-long, multimedia storytelling effort that showcases how USDA has invested in and achieved results for farmers, ranchers, rural communities and every American. It tells the story of how our work has impacted American lives through a visual and dynamic engagement platform using facts and statistical data of our achievements over the past eight years.

CMBC reduced contracting development time and costs for agencies by managing task orders against our blanket purchase agreement for communications strategies and tactics. The number of task orders increased to nine for a total of \$2.6 million.

CMBC helped FSA reduce travel related training costs by \$90,000 using our webinar service.

CMBC provided services and production of materials including video and radio, graphic design and webcasting in support of USDA mission areas including: Cultural Transformation, Bridges to Opportunity, Food Safety, and Rural Development outreach efforts.

CMBC coordinated implementation of “Ask the Expert,” a web based customer relations management system for USDA.gov. Questions submitted to the service totaled 500,170. The service responded with answers to 491,709 questions for a self-service rate of 98.3 percent. The balance of 8,461 submitted questions were referred to appropriate agencies for responses.

CMBC completed the first phase of the USDA.gov Drupal migration, a Department-wide collaborative effort to improve the usability and design of USDA.gov and migrate the website to the open source lower cost Drupal Enterprise platform.

FINANCIAL MANAGEMENT

Current Activities:

In addition to its responsibilities for administration of the WCF, OCFO manages the following WCF activities (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (NFC) (New Orleans, LA; Denver, CO);
- Associate CFO Shared Services (Washington, DC; New Orleans, LA);
 - Financial Management Services (FMS);
 - Pegasys Financial Services (PFS);
- Internal Control Support Services; and
- Financial Management Support Services.

NFC, along with FMS, continues to play a central role in the reengineering and operation of financial management and administrative systems in USDA. NFC and FMS administer and operate over 20 financial and administrative service systems in support of all agencies of USDA and over 140 non-USDA customers. These systems include such services as: payroll/personnel, central accounting, billing and collections, and travel. Systems development, implementation, and maintenance activities are performed in the context of ongoing customer requirements, while developmental efforts are underway at the NFC as important elements of the Department’s broader efforts to modernize financial and administrative systems.

Payroll is processed for over 650,000 Federal employees on a bi-weekly basis. Additionally, NFC provides back-end processing and reconciliation for Office of Personnel Management (OPM) government programs including temporary continuation of health care coverage, balancing Federal employees’ election of health benefits with insurance carriers, and providing back-end processing of insurance elections allowed under the Health Care Reform Act. NFC is an OPM-designated Human Resources Shared Services Provider and continues to support Federal initiatives by fully participating with OPM in executing its shared services role providing human resources, payroll, and data center services to Federal agencies.

FMS administers FMFI, implementation of which was completed for USDA in November 2012. Having improved its capabilities in financial management and operations, USDA sought to leverage its investment by offering its services outside of USDA. To do so, USDA applied for selection by the Department of the Treasury to serve as a shared services provider for financial management services. The shared services concept stems from an Office of Management and Budget (OMB) memorandum directing agencies to move from agency-specific financial systems to Federal Shared Services Providers (FSSP), consolidate financial management systems, and use existing FSSP operations and maintenance teams to support systems and infrastructures.

This designation served as the basis for a close examination of activity center organization in OCFO under the WCF. The result of this effort was to consolidate the Controller Operations and Financial Systems activity centers into a single Financial Management Service (FMS) organization to provide the most effective means to

service both the USDA agency community and to fulfill its new roles and responsibilities as a FSSP. FMS continued to be in active discussions with other Federal agencies and departments to pursue opportunities for shared services by leveraging current USDA shared platforms and service delivery.

FMS is responsible for providing accounting services, administrative payments processing and disbursement certification, standard financial systems, Intragovernmental Payment and Collection (IPAC) Suspense Clearing, Property Suspense Clearing and Inventories, Fund Balance with Treasury (Net), and Treasury reporting. FMS maintains the Department-wide master data file for vendor payments and issues Internal Revenue Service Form 1099 to government contractors. FMS continued to provide support to the agencies for the operation of FMFI. FMS also manages the administrative and financial management systems for USDA.

FMS, through its administration of financial management systems, does and will have significant benefit to USDA agencies. For example, to facilitate the development of small and emerging private business enterprises, USDA awarded grants to public bodies, private non-profit corporations and federally-recognized Indian tribal groups through the deployment of SAP Grantor. To achieve this goal, OCFO provided an automated workflow to link the agency grant process directly to FMFI. To link the grant process to the financials from award through closeout, OCFO has partnered and entered into agreements with USDA agencies including:

- Foreign Agricultural Service (FAS) to build a corporate grants management solution including agreement, amendment, claim execution, automated obligation creation, financial reporting, grant close-out and recipient dashboard portal for its domestic and foreign financial assistance programs;
- Food and Nutrition Service (FNS) for the transition of its entitlements grants which include the Supplemental Nutrition Assistance Program (SNAP), the Women, Infants and Children Program and the National School Lunch program from its legacy systems to USDA Grantor. As the largest program in the domestic hunger safety net, SNAP offers nutrition assistance to millions of eligible, low-income individuals, families, and provides economic benefits to communities;
- National Resource Conservation Service (NRCS) to automate the processing of its federal financial assistance grants using USDA Grantor for its Agricultural Management Assistance Program, Conservation Stewardship Program, Environmental Quality Incentives Program and Water Bank Program; and
- Agricultural Marketing Service (AMS) to deploy USDA Grantor and enhance its capabilities by implementing an automated application peer review solution for its competitive grants business.

FMS also 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. FMS 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).

Pegasys Financial Management Services (PFS) was established to serve the financial management needs of multiple agencies as a shared service provider with the General Service Administration (GSA) as the first client. PFS currently operates the Enterprise Financial Management Systems for GSA. This includes Pegasys Financials, Financial Management Information System (FMIS), Central Contractor Registry Connector (CCRC), Vendor Customer Self Service (VCSS), and 20 support applications. In addition, PFS also maintains 40 interfaces to GSA managed systems that feed transactions to the core financials. The systems that PFS supports and maintains currently process 100 percent of the collections, and record 100 percent of the disbursements for GSA.

Internal Control Support Services (ICSS) promotes and supports the USDA's internal control program by assisting USDA agencies in 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.

Financial Management Support Services (FMSS) provides financial management administration, fiscal reporting and budget execution services to WCF activity centers and staff offices. It provides a combination of timely, reliable, and relevant funds execution, financial analysis, financial advice, status of funds reporting, budget formulation and forecasting as well as being responsive to ad hoc requests that allows its customers to make sound fiscal decisions in managing and maximizing their own resources.

Selected Examples of Recent Progress:

Under NFC:

NFC continues to implement new customers into its products and services. The Architect of the Capital (AOC) was implemented into EmpowHR, NFC's human resources information system solution in FY 2016. Additionally, NFC implemented AOC into Monster's Non-Core Staffing Acquisition product. Throughout the year, several customers were implemented into Paycheck8 and WebTA 3.8 time and attendance (T&A) solutions. NFC successfully implemented OPM and legislative changes including the annual pay raise.

NFC successfully transitioned the OCFO into WebTA 4.2 in pay period 15 of FY 2016. NFC continues to work on the installation and testing of WebTA 4.2 and is planning the implementation activities for Department of Justice and Department of Homeland Security.

As part of NFC's cyber security efforts, a partnership was initiated with the local Federal Bureau of Investigations (FBI) to leverage their skillsets for deep-dive analysis of cyber trends impacting both public and private sector entities. Utilizing signatures from FBI on a monthly basis, NFC has remained free of known viruses. In addition to its year-round efforts protecting the information of hundreds of thousands of government employees, NFC underwent a 100-day Cyber Security Initiative, identifying and completing multiple projects to improve the security of sensitive information. Some of the accomplishments of this 100 day initiative include:

- Evaluating NFC's mainframe platform against thirteen Security Technical Implementation Guides (STIGs) of the Defense Information Systems Agency. NFC was found to be 100 percent compliant;
- Enhancing NFC's email filtering system, ensuring all emails are scanned and determined if the content is suspicious or malicious. This reduced overall cyber incidents within NFC's infrastructure;
- Reducing mainframe administrative authority to only ten user accounts and
- Improving network segmentation and adhering to Agriculture Security Operations Center (ASOC) guidance and Enterprise Active Delivery best practices.

NFC's Data Center instituted several initiatives to increase efficiency and to reduce costs:

- NFC replaced three existing tape subsystems with one significantly cheaper and more efficient tape subsystem. This new virtual tape subsystem removed the need for physical tape handlers, eliminated the need for a tape storage contract, and allowed for data encryption. This solution reduces annual costs for tape management by over \$700,000.
- NFC reduced the online print subsystem that resulted in performance improvement and reduced costs for system maintenance.
- NFC replaced an old, expensive, end-of-life storage area network in less than two months which increased storage capacity, reduced total power usage by 25 percent, and reduced ongoing maintenance costs.

In FY 2016, with the assistance of its Insight application, NFC enhanced the Equal Employment Opportunity Commission (EEOC) reporting capabilities by incorporating the Relative Civilian Labor Force statistics into the EEOC reporting tables, expanded reference table accessibility, and developed over 520 customized user functions for enhanced reporting and analytics. Executive overviews were created utilizing advanced system

tools to focus on areas such as Organizational Demographics, Hiring and Separation Trends, and Succession Planning including Retirement Eligibility and Workforce analytics. Insight has over 1,900 users that submitted over 230,000 reports since October 1, 2015. Through Insight, customers created over 71,000 reports and dashboards that effectively provide key business intelligence supporting strategic decision making.

The NFC Contact Center (NCC) re-arranged supported lines of business into mini help desks combining agents and Subject Matter Experts (SMEs) in close proximity in an effort to foster communication, improve cross training and increase first call resolution rates for all customers. As a result of this initiative, NCC improved the First Call Resolution rate from 91.21 percent to 93.58 percent. Along with providing help for existing systems and functionality, NCC supports new functionality and newly implemented customers. Further, NCC continues to assist in the planning and testing for upcoming implementations such as the USDA-wide implementation of WebTA 4.2.

NFC accomplished the following:

- Issued 693,869 Form W-2s before the January 31 deadline;
- Complied with the Affordable Care Act and issued Form 1095-C for the first time;
- Issued 636,020 Form 1095-Cs before the January 31 deadline;
- Processed over 178,600 manual payments in 506 daily payment schedules totaling more than \$178 million;
- Processed 31.9 million biweekly salary payments in 1,024 payment schedules totaling more than \$73 billion in gross salary payments; and
- Updated the January 2016 pay increase for Federal employees that included the addition of 13 new locality areas and approximately 450 Agency unique pay requirements.

NFC conducted a Customer Satisfaction and Outreach Campaign to collect direct feedback from customers, identify customer-driven areas of improvement, develop an action plan for each identified area of improvement, and share NFC strategic initiatives with customers. The campaign consisted of a series of customer focus group discussions and face-to-face customer meetings. The campaign was well received and appreciated by customers and resulted in NFC receiving candid feedback and identifying specific target areas for improvement. NFC developed and implemented an action-plan for each area of improvement and shares progress with customers on a routine basis.

NFC reinstated the NFC Orientation training for customers of NFC systems. This training provided an introduction to the various NFC systems and support services that are utilized to accomplish human resource and payroll processing. Two sessions were held in June and one in September to meet the overwhelming interest of our customers. There were over 190 attendees representing over 60 customer agencies. In addition to the training, attendees had the opportunity to meet with key NFC personnel who shared information about the services provided by their organization. NFC received overwhelming positive comments regarding the return and effectiveness of the NFC Orientation. All sessions had waiting lists and demand is still up for attendance.

NFC continues to provide back office human resources services for benefits processing, pay and leave administration, performance management, training, staffing, recruitment, classification, and employee relations. Services were enhanced across its customer base by leveraging best practices and shared automated services. NFC successfully collaborated joint HR Skills Enhancement training with the Army Corps of Engineers, the Department of Interior and the Department of Energy from June 2016 to August 2016. The trainings consisted of Basic Pay Setting, Federal Staffing and Placement, Job Analysis, Qualifications Determination and Delegated Examining Unit Certification. In FY 2016, NFC implemented ServiceNow for the human resource workflow tracking and management.

NFC continued to support customer agencies in conducting background investigations. Specifically, NFC constructed a Tiger Team to manage the accessions of almost 300 Federal Emergency Management Agency (FEMA) temporary employees. Members of the team worked to ensure that all onboarding procedures were

followed and that every case file was successfully closed. This project was handled by Federal employees and avoided potential contract costs of over \$75,000.

In its role as an OPM-designated Human Resources Shared Services Provider, NFC continued to support Federal initiatives by fully participating with OPM in executing its shared services role providing human resources, payroll, and data center services to Federal agencies. Actions taken in this area included:

- Tribal Insurance Processing System (TIPS) - NFC partnered with OPM to support the extension of Federal Employees Health Benefits (FEHB) to the Tribal and Urban Indian organizations as set forth in the Patient Protection and Affordable Care Act of 2010. TIPS is a web-based system of records maintained by NFC that processes FEHB enrollment data, processes monthly billing for each tribe, and processes automated monthly collection through pre-authorized debits. Currently, NFC has over 19,100 enrollees in the Tribal FEHB program. In FY 2016, NFC continued to support the functionality in TIPS to further enhance health insurance enrollment, reporting, and billing processes, including: data edits added for future transactions, processing terminations due to death, open season processing and sequential order of multiple transactions. The TIPS billing adjustment report was enhanced with capabilities for documenting additional notes and a new report was developed to capture Tribal Employer EIN numbers in conjunction with mandated IRS reporting requirements. New functionality has been added to allow OPM to adjust administrative fees and to reduce the amount of manual updates made to Tribal profiles each year for premium conversion participation; and
- Direct Premium Remittance System Web (DPRW) - NFC continued to support a Web Portal for agencies to enter FEHB enrollments for Temporary Continuation of Coverage (TCC) enrollees and Direct Pay Annuitants. In FY 2016 more than 878 agency officials successfully certified their FEHB elections and FEHB change documents through the DPRW web portal, thus expediting FEHB enrollment processing. NFC also continued to support functionalities which enhanced health insurance enrollment and reporting processes, including the addition of the functionality to allow administrative users to establish initial Pre-Authorized Debit requests on certified enrollments. In addition, a new report for system administrators was added to capture Non-Sufficient Fund payment information received from Treasury. The Direct Premium Remittance System services approximately 39,500 active enrollees and has historically provided enrollees a 12-page customized Open Season Booklet each year with FEHB plan information and rates. In FY 2016, NFC discontinued the production of the customized booklet and direct enrollees to an online portal containing Open Season information. This initiative reduced internal costs for production and mailing of the booklet. This enhancement also makes information available to enrollees immediately following OPM's online posting of the new Open Season plan information.

NFC currently has a long-term lease for office space in Shreveport, Louisiana, to serve as a dedicated Alternate Work Site for emergency deployments. During June and July 2016, NFC entered into a rental agreement with FEMA to use the facility to provide disaster assistance and emergency relief to areas recently impacted by flooding. The successful temporary use of the facility proved that limited, short-term uses by other organizations can generate revenue to offset the lease costs while not impacting NFC's ability to implement continuity of operations (COOP) plans.

Under Associate Chief Financial Officer- Shared Services (ACFO-SS)

On September 23, 2016, USDA/Pegasys Financial Systems (PFS) was designated by the OMB as a Federal Shared Services Provider (FSSP) of the Momentum software solution for Financial Management, allowing PFS to expand its current client base. PFS has also completed the pre-discovery phase with the Department of Veterans Affairs (VA) in July, and signed an engagement agreement with the VA in September 2016.

In February 2016, as part of its enterprise-wide modernization efforts, PFS standardized Phase 3 of the General Services Administration (GSA) Billing and Accounts Receivable (BAAR) business processes and technology for GSA Federal Acquisition Service (FAS) business lines, including Assisted Acquisition Services (AAS),

Networx, and Local Telecom. This modernization effort allowed PFS to decommission GSA's decades-old, custom-built COBOL mainframe legacy system, with 2,000,000 lines of code, 192 modules known as National Electronic Accounting and Reporting (NEAR).

PFS also completed the implementations of the final subsystem (Accounts Receivable) of GSA's financial system of record, Pegasys, and the Vendor and Customer Service (VCSS) website in FY 2016. Completion of the VCSS allowed GSA to:

- Reduce its environmental impact by discontinuing the printing and mailing of paper bills
- Give GSA's customers timely access to their bills, within hours after the bills are generated in the Pegasys Accounts Receivable subsystem; and
- Provide customers with the ability to: view status payment of bills online, export data in PDF and CVS format, and correspond online with USDA Pegasys Financial Services (PFS) staff.

Financial Management Services (FMS) enhanced the Foreign Agricultural Service (FAS)'s grant management solution to include foreign advance payments, fixed amount awards, compliance with 2 CFR Part 200, and assessment of the Unified Export Strategy and Food Aid Information System to promote FAS export programs and streamline the application review process for stakeholders.

FMS also implemented a new web-based Financial Statements Data Warehouse (FSDW) system. The FSDW creates USDA's Consolidated Financial Statements as well as meets the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting requirements. FSDW consists of three major components: data integration; user interface; and reporting. These three components provide the full functionality USDA requires to produce financial statements and supporting reports, GTAS bulk files, and footnotes.

FMS successfully developed and implemented the Reconciliation of IPAC Transactions for Agriculture (RITA). This new web-based system serves a tracking, reconciliation, management, and reporting tool for Intragovernmental Payment and Collections (IPAC). In total, FMS successfully processed approximately 37,220 IPAC activity bills totaling \$16.362 billion. It provides agencies with up-to-date information on IPAC transactions that have processed and or are in suspense awaiting their attention. As a result, FMS has significantly improved the timeliness and accuracy of agency IPAC reporting.

FMS also successfully developed and implemented the Corporate Property Automated Information System (CPAIS) for personal property. This personal property tracking and management system supports all agencies within the Department. There were 345 property managers actively utilizing the system to track over 178,000 property items valued at over \$3.8 billion. This personal property system interfaces with the Department's financial system to record the value of property procured, disposed, and transferred within the Department.

FMS implemented the first of three planned phases of the new Automated Cash Reconciliation Worksheet (ACRW) to reconcile the Department's cash balance with Treasury. The first phase included import functionality for 18 data files into a reconciliation process. As a result, the cash reconciliation staff can now perform a high level comparison of data in the financial system with data reported by Treasury Symbol to the Treasury Department. The new system is able to generate matched and unmatched items for research and reconciliation.

FMS leveraged the capabilities of the Department's corporate financial system to implement a direct monthly customer account statement file to the print vendor for processing, printing and mailing. This direct process generates monthly account statements for the Marketing and Regulatory Programs agencies and eliminates a mainframe legacy system (Billing Collection Account Statement) that previously formatted the information for printing.

FMS fulfilled an audit recommendation to record the financial impact of interagency agreements on both the servicing and requesting agency's financial records simultaneously, regardless of which agency initiates the agreement. This new process facilitates automatic off-setting of Sales Orders and Purchase Orders across USDA agencies.

Under ICSS:

In FY 2016, through the use of capital investment funding, ICSS implemented task orders for the Governance, Risk and Compliance (GRC) and Continuous Controls Monitoring (CCM) tool implementation projects. ICSS contracted with PricewaterhouseCoopers LLP (PwC) to implement the new GRC and CCM tools, and Accenture, LLP to configure the new CCM tool in USDA's Financial Management and Modernization Initiative System's (FMMI) - GRC - Process Controls (PC) Module. The implementations allow for enhanced automation and workflow in documenting, monitoring and reporting of the required controls to be assessed under the Office of Management and Budget Circular No. A-123, Appendix A in compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

ICSS developed 17 automated process controls and associated business rules to configure in the FMMI-GRC-PC module. A total of 15 process controls were deployed by year-end. Additionally, workflow was developed to initiate notifications when exceptions to business rules occur, corrective action plans are developed and assigned, or when escalation is necessary. User roles were also established for exception oversight and control and for remediation owners.

ICSS made significant progress in the implementation of its GRC application (also known as the A-123 Compliance and Reporting Tool (ACRT)). This effort is being carried out through the combined efforts of ICSS staff, agency/staff office stakeholders, project team members from NFC and National Information Technology Center (NITC), and our contractor PricewaterhouseCoopers. The ACRT application is scheduled to "Go-Live" in December 2017. Key activities that have been completed toward accomplishing the implementation of this tool include:

- Successfully solicited bids, and awarded contracts to perform the development and implementation and to conduct both phases of the Security Assessment and Authorization (SA&A) process for the new system in accordance to USDA and National Institute of Standards and Technology requirements;
- Conducted an initial stakeholder meeting to engage user feedback on current system and manage expectations of the new system;
- Installed, configured, and tested all environments for the new RSA Archer software application, including 6 servers for development, test and production ;
- Conducted a series of meetings with the contractor to review requirements, develop and approve design flows, discuss user roles, notifications and reports and review field-level design requirements; and
- Obtained approval from the Office of the Chief Information Officer's Integrated Acquisition Board to include the ACRT tool as a minor investment for OCFO, and provided required information for OMB reporting.

ICSS 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.

ICSS developed and deployed a new Entity Level Control (ELC) Assessment tool in the A-123 Document Tracking System (ADTS) which aligns to the five components and seventeen principles of internal control in the revised Government Accountability Office (GAO) Green Book. This tool enabled USDA agencies and Staff offices to demonstrate compliance with the internal control standards and guidance as revised by GAO and the Office of Management and Budget (OMB). ICSS also developed and facilitated three training sessions for assessment team members, Management Control Officers (MCOs), and other staff office personnel. The trainings provided guidance in completing the ELC Assessment by year end, which allowed agencies and Staff office sufficient time to incorporate findings in their annual certification statements.

At the beginning of FY 2016, the Senior Assessment Team established ambitious target closure goals of 64 percent and 52 percent for Corrective Action Plans (CAPs) and Plans of Action and Milestones (POA&Ms), respectively. Both closure goals were successfully met and exceeded by a comfortable margins. The final closing percentages at the end of FY 2016 were 71 percent for CAPs and, 71 percent for POA&Ms. These figures represent a significant increase in the CAP and POA&M closures when compared to the prior year, in which the CAP and POA&M remediation rates were 36 percent and 46 percent, respectively. Additionally, over 60 percent of the agencies that had open CAPs at the beginning of FY 2016 either met or exceeded their own agency's CAP closure goals, and 100 percent of these Agencies also met or exceeded their POA&M closure goals, as well. In addition to its significant accomplishments in FY 2016 for CAPs and POA&Ms remediation efforts, ICSS also achieved similar success in a number of other deficiency mitigation-related sub-categories, including:

- Reducing the average difference in days between the Create Date and the Actual Start Date of closed POA&Ms from 98.23 days in 2015 to 88.11 days in FY 2016, a decrease of over 10 percent in the amount of time to begin remediation efforts for newly created POA&Ms;
- Reducing the average cost associated with POA&M mitigation from \$10,913.13 per POA&M in FY 2015 to \$9,209.67 in FY 2016, a reduction of 15.61 percent; and
- Reducing the number of open CAPs. At the end of FY 2015, there were 220 open CAPs. By the end of FY 2016, of the 156 CAPs closed, 39 of them (25 percent) were 1 year old or less, and 81 of the closures (52 percent) were only 2 years old or less. These mitigation rates surpassed those achieved in FY 2015, in which 17 percent of the CAPs closed at the end of the year were 1 year old or less, and 47 percent of the CAPs closed at the end of the year were 2 years old or less.

ICSS developed control objectives and test plans for the Charge Card Monitoring processes, Fleet and Purchase, for agencies and staff offices to qualitatively scope in these processes for testing. 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. ICSS was able to identify specific areas of weaknesses within these processes for the purpose of providing recommendations and best practices.

Under FMSS:

FMSS provided a combination of timely, reliable, and relevant funds execution, financial analysis, financial advice, fiscal reporting, budget formulation and forecasting for Departmental Administration (DA), Office of Advocacy and Outreach (OAO), Office of the Chief Information Officer (OCIO), OCFO, Office of Homeland Security and Emergency Coordination (OHSEC), Office of the Secretary (OSEC) and Office of the Executive Secretariat (OES) to make sound fiscal decisions in support of the Departments strategic goals. FMSS executed in FY 2016 over \$280 million in budget authority across 14 appropriated accounts, 17 shared services program accounts, 192 program reimbursement accounts, 6 working capital fund accounts, 19 business lines, 2 administrative support cost accounts, 2 Farm Bill accounts, and 7 no-year accounts.

FY 2016 saw the conversion from the prototype Status of Funds on the Microsoft Access reporting system to the robust FMMI environment which allows for much better and thorough analysis and lays the groundwork for a fully integrated budget status and forecasting capability that is both timely and accurate. After Departmental Management's pilot this year, other agencies are being encouraged to host theirs on the platform as well and will permit the merger of the WCF Microsoft Access system in to finally present a complete picture of funding/projections/comments and analysis using the common BeX language. It also provides the portal to using Business Objects for dynamic daily status on demand reporting for better decision making with less risk. Future plug-in interfaces from Concur for travel and IAS for contracts will employ a bolt-on process allowing for analysis not unlike the Payroll and HR module currently does. It's ability to scale permits monthly budgeting when necessary and it is very flexible yet accountable for Continuous Resolution reporting as the year progresses. Its transparency and dynamic reporting allows for exporting to other tools, such as Excel, for further analysis and presentation graphically with adjustments and commentary alongside transforming the

information from a financial reporting system to a business process system with actionable timely daily information.

Also in FY 2016, FMSS implemented and executed for the first time in the EZ Grants system the OAO 2501 grant program. FMSS executed \$8.9 million in grant budget authority across 55 grant programs, which made it possible for USDA to provide outreach to communities not normally reached through a grant process.

INFORMATION TECHNOLOGY

Current Activities:

The following activities under this heading are managed by the Office of the Chief Information Officer (OCIO) and are managed in Washington, D.C., unless otherwise noted:

Activity Centers:

- National Information Technology Center (Kansas City, MO and Beltsville, MD);
- Client Technology Services (Washington, DC and field operations nationwide); and
- Enterprise Network Services (Fort Collins, CO)

The Enterprise Data Center Operations/National Information Technology Center (EDCO/NITC) activity center specializes in enterprise information technology solutions, which include: products, services, and resources. The USDA Enterprise Data Centers managed by EDCO/NITC are located in the following locations: Kansas City, Missouri; St. Louis, Missouri; and Beltsville, Maryland. EDCO/NITC services are operated seven days a week, twenty-four hours a day, every day of the year and are categorized as follows:

- Hosting Services business line – Encompasses cloud, managed, and collocation data center hosting services as well as key professional and security services to provide cost-effective enterprise class hosting solutions. Cloud services include standardized Software, Platform, and Infrastructure-as-a-Service offerings that are delivered via secure, fully managed infrastructure that include ongoing technology refresh, key inheritable operational controls, and are competitive to the marketplace.
- The Workforce Development (AgLearn) business line includes among its primary services application and database hosting and maintenance services, licensing and help desk support for end users and agency administrators. AgLearn provides support for testing and implementation of custom agency mission critical training, administration and delivery of mandatory training programs such as Cyber Security, Ethics, and Civil Rights, and acquisition, integration and promotion of available training opportunities within AgLearn. In addition, this program created and manages the award-winning IT Fellows program to promote the development of senior-level staff.
- The Identity, Credential, and Access Management (ICAM) business line partners with USDA's ASOC and OHSEC to deliver identity, credential, and access management services for USDA employees, contractors, volunteers, affiliates, and customers. The most visible component of the service is eAuthentication, which provides logical access control to all USDA web applications. Other services include public key infrastructure certificate management, and automated account provisioning and de-provisioning; and
- Application Development business line provides program management and software engineering services across USDA agencies and non-USDA agency customers. It leverages employee expertise in software application development and integration of information technology resources to provide high quality, cost-effective results in partnership with project stakeholders. In addition, it provides innovative IT solutions that support the mission of USDA. It leverages employee expertise in software application development and integration of IT resources to provide high quality, cost-effective results in partnership with project stakeholders.

Client Technology Services (CTS), under the OCIO, provides comprehensive, fee-for-service information technology associated operations, security, and technical support services to a fully-supported customer base of more than 43,000 USDA end-user workstations in nearly 2,700 field, state, and headquarters offices located across the United States, its territories, and protectorates around the globe, incorporating the full end-user IT services infrastructure roles of the FSA, NRCS, Rural Development (RD), NITC, and ASOC. Additionally, CTS continues to implement and manage enterprise IT solutions for over 122,000 users Department-wide, which offer large scale benefits to all agencies including reduced overall IT expense, heightened security posture, and a robust and responsive infrastructure that continues to increase productivity and efficiencies. These enterprise service offerings include robust cloud-based Messaging Services, Active Directory, Virtual Private Network (VPN), Mobility Management, Video Conferencing, Workstation Image Management, Managed Print Services, and Fax2Mail.

CTS continues to pursue modernization efforts, innovation, and enhanced IT Service Management (ITSM) aimed at optimizing IT resources, reducing costs, improving availability, tuning capacity and throughput, strengthening scalability, and improving the quality of IT services delivery, addressing the needs of stringent data security requirements and the evolving USDA computing environment. Moving customers from a decentralized to a centralized architecture provides added protections to secure confidence on the part of farmers and rural communities that USDA is trustworthy with personally identifiable information and financial data, and to protect the larger Federal community from cyber security attacks and penetrations by rogue nations and others. To that end, CTS will continue to provide the latest in IT advances to create an improved enterprise architecture while delivering enhanced customer satisfaction.

CTS also plans, acquires, implements, and manages IT resources, including software licensing and technical support. It provides file and print, remote access, desktop support, wireless messaging and agency application services for the Office of Secretary and OCIO. It maintains and administers the USDA telecommunications equipment and services inventory in the D.C. Headquarters Complex, provides USDA locator and automated telephone directory employee locator services, administers the Departmental voice mail system service and maintains and operates the USDA Secretary continuity of operations (COOP) site. CTS also provides technical and operations assistance on data networking telecommunications systems, design, installation, operation, and management of shared services provided on Departmental Headquarters networks and platforms.

The Enterprise Network Services (ENS) office in OCIO provides a wide variety of Department-wide telecommunications management support, enterprise services and an integrated information system for inventory management, billing, reporting, and validation. This enterprise system is used for engineering and streamlining the Department-wide telecommunications network environment and ensuring that agency telecommunications network solutions are compliant with Departmental program goals and objectives. ENS provides services to all USDA agencies to ensure the acceptable performance of applications on the USDA enterprise network, network access to the public Internet network and partner networks for mission delivery, and to allow application owners to manage risk and achieve cost avoidances.

Selected Examples of Recent Progress:

Under NITC:

NITC supported the Federal Data Center Optimization Initiative under which:

- Forest Service (FS) virtual data center (vDC) is complete, and Forest Service is migrating in business applications;
- WebFarm migrations were supported for RD, NRCS, and FSA;
- The S100 Alternatives Analysis to determine the best approach for renovation or relocation was completed. Three customers remain that need migration plans. Construction planning is underway. Leadership was provided to standup a cross functional working group comprised of ENS, ASOC, and CTS to successfully complete the first phase of the S100 Project – ensuring all parties were engaged with critical service related activities and tasks;

- Agreements were established to allow USDA's Economic Research Service and National Agricultural Statistics Service (NASS) to reposition their critical IT services from USDA's S100 Data Center to the USDA's George Washington Carver Center and Kansas City/St. Louis hosting locations respectively; and
- Management of the Data Center Consolidation Office (DCCO) was established, which exceeded the DCOI policy target (greater than or equal to 65 percent) for the Core to Non-Core OS Ratio, improving from 62 percent to 81 percent, for the FY 2016 second quarter submission to OMB. This goal was exceeded due to improved EDC co-location server inventory through close collaboration with the following agencies: ASOC, CTS, FS, FSIS, NASS, OCFO, and Office of Inspector General (OIG). USDA data center closures improved to a rate of 83 percent as FSA migrated 541 AS400 servers to the Kansas City EDC.

NITC completed the submission of an Expression of Interest to achieve the GSA-OGP Interagency Shared Services Provider designation. NITC responded to 50 requests for hosting information with the following non-USDA agencies and others:

- General Services Administration (GSA);
- Department of Labor (DOL);
- Food and Drug Administration (FDA) hosting agreement valued at \$163,00;
- Federal Emergency Management Administration (FEMA);
- Health and Human Service (HHS);
- U.S. Marine Corps (USMC);
- U.S. Air Force (USAF), U.S. Army, nearing agreement phase for NITC to write and possibly host a major Air Force application and
- Housing and Urban Development (HUD).

NITC participated in the CIO Council Cloud Working Group/Azure GovCloud Dev/Test Environment and performed the following:

- Developed the Commercial Cloud Deployment and Delivery presentation for CIO Council;
- Oversaw staff resources providing business and technical leadership to the Cloud Working Group (CWG) from the outset of this initiative;
- Provided staff resources and leadership to develop the Commercial Cloud Deployment Guide, which will be used to aid agencies with their understanding of the rules of behavior and technical deployment of the USDA Commercial Cloud;
- Provided staff resources and leadership to develop the Commercial Cloud Deployment Checklist. This guide will be used as a step by step process for agencies with their enrollment into the commercial cloud;
- Provided staff resources and leadership to develop the Agency Commercial Cloud Transition Plan. This plan will be used to assist the agencies with a cost and benefits analysis based on their particular "system" and what that system may look like deployed in the commercial cloud;
- Provided staff resources and leadership to develop the Agency Migration Analysis presentation. This presentation was used to determine the ROI benefits and costing analysis for transitioning the NITC's Enterprise Data Center services to a commercial cloud alternative;
- Achieved Authority to Test and Authority to Operate;
- Developing Level 2 managed cloud services along with rate development and appendices for September 2016: EDC domain connectivity, DNS, integration into CMDB, auto-provisioning using Kinetic into Azure GovCloud;
- Worked on Level 3 managed cloud services for end of year 2016 delivery; and
- Brokered agency use of commercial cloud services.

NITC supported the department's Multi-Factor Authentication Cyber Sprint and performed the following:

- Received the 2016 Abraham Lincoln Honor Award for the OCIO Cyber Sprint accomplishments;

- Completed PIV compliance for elevated privilege users going through the NITC NAG using LincPass;
- Established an Agency waiver process for staff not able to use LincPass and issued Entrust tokens for use;
- Ongoing assessment of infrastructure components support of native PIV;
- Created two service offerings: PaaS persistent elevated privileges and Active Directory Federated Services; and
- Completed the replacement of FortiGate firewalls in St. Louis and Kansas City for carrier-class service delivery and stability; assisted new customers with FISMA/FedRamp Security Control inheritance, and managed ongoing PVG and Vulnerability assessments for over 12,000 assets and over 1,000 monthly reports.

NITC Enterprise Data Center Operations completed the following during FY 2016:

- Data center POD 1 renovation underway in Kansas City and planned raised floor consolidation in St. Louis;
- Completed 90 percent Phase 1 - ACE Migration to the Next-Gen Network and decommissioning of legacy networks;
- Completed Windows Server 2003 retirement;
- Worked with FSA to establish an application monitoring capability in addition to a DR capability in St. Louis;
- Upgraded core network Nexxus gear and added additional capacity to all tiers of storage;
- Upgraded enterprise-wide, system monitoring using BPPM;
- Onboarded a new customer, US Air Force, and conducted a DOD Level 4 certification of the data center;
- Delivered the customer portal to view system health, enter self-service requests, and track requests which has significantly reduced the number of email messages and phone calls into the Tier 1 Service Desk; and
- Implemented CDM Phase 1 - Hardware/Software-Inventory Management, Vulnerability Scanning, and Whitelisting.

NITC continued efforts to improve financial reporting for all product owners identifying the source of expense transactions and relating those expenses to all revenue streams, including the following:

- Implemented cost savings/avoidance activities worth \$863,000 in operational areas including Cable reuse and decommissioning of network equipment (\$119,000), Microsoft Server Cloud Enrollment for SQL Server license maintenance (\$106,000), leveraging VMware license fees via enterprise agreement (\$225,000), consolidating RedHat Linux clusters to save licensing fees (\$165,000), Mainframe software reductions (\$92,000), and renegotiating IBM and USDA Connect license fees (\$156,000);
- Collaborated with industry and OPPM to achieve cost efficiency on a 5-year contract for Computer Associates products saving 31 percent off list pricing (\$2.3 million), implemented an Enterprise Licensing Agreement for VMware products saving 70 percent for one year (\$1.1 million), completed a product review of RedHat services saving 38 percent (\$1 million) over 5 years, and secured an Uninterruptible Power Supply award resulting in \$663,000 savings over 5 years; and
- Executed two Deloitte consulting services tasks for strategic planning and independent verification and validation; procurement of consulting services and execution of study for S100 within short timeframes, procurement consulting services and progress toward NITC realignment study, within short timeframe, and procurements for Fortinet security solutions, IBM hardware maintenance, and storage hardware maintenance.

NITC Enterprise Application Services (EAS) completed FY 2016 with over 100 application development agreements in addition to the following:

- Accepted responsibility for Digital Services Center (DSC) activities, and now provides CRM platform and services support for USDA's Salesforce and Microsoft Dynamics CRM services;
- Established new pricing model for DSC services, increasing transparency and agencies' flexibility to scale up or down based on services needed, and more closely aligning the prices with the DSC's actual costs;
- Marketed DSC services by meeting with USDA agency CIOs, USDA OCIO leadership, and other senior staff to review DSC services and get feedback on DSC program. Was able to negotiate agreements with the three largest DSC customers well ahead of schedule, with more anticipated to sign;
- Worked with DSC support contractors, Salesforce representatives, third-party application providers, USDA CIO's, security experts, GSA labs, and many other stakeholders, the USDA Salesforce environment has grown to include approximately 16,000 users, eleven agencies and staff offices, and 41 distinct applications;
- Ensured USDA benefited from tiered pricing offered by Salesforce by coordinating the USDA-wide license renewal and keeping senior leadership informed of progress. Tiered pricing saved USDA agencies over \$1.1 million in FY 2016; and
- Streamlined the ATO process for Salesforce applications, reducing the time and cost of getting applications' security documentation completed. This significantly reduced the time and effort it takes to get an ATO for Salesforce applications.

NITC EAS automated the GSA Network Services Ordering and Billing System operation processes. EAS provided accurate estimates for the Network Services Future Systems in support of the Regional Infrastructure Solution contract and the Network Hosting Center.

Under CTS:

In FY 2016, CTS continued with the financial merger of the former International Technology Services (ITS), Washington Communications and Technology Services (WCTS), and Identity Credential and Access Management (ICAM). The Computer Services Unit (CSU) consolidated with CTS services to continue to provide robust end-user/workstation services efficiently to a combined customer base. The Telecommunications Customer Services Center (TCSC) and Network Services (NS) business lines, each previously components of the WCTS, are also consolidated into the CTS activity center. The Identity, Credential, and Access Management (ICAM) business line was realigned to CTS in FY 2016 as another operational service to USDA agencies.

CTS partnered with USDA's ASOC and OHSEC to deliver identity, credential, and access management services for USDA employees, contractors, volunteers, affiliates, and customers. The most visible component of the service is eAuthentication, which provides logical access control to all USDA web applications. Other services include public key infrastructure certificate management, and automated account provisioning and de-provisioning.

CTS successfully managed 334,480 incidents and 159,925 change requests during FY 2016. Compared to FY 2015, this represents an 18 percent increase in incidents and a 22 percent increase in change requests. CTS continues to support its customers in as an efficient way as possible by managing the increasing upward trend of incidents and change requests while utilizing the same level of work force. Access Management is the process of granting our customer's authorized users the right to use a service, while preventing access to non-authorized users. Access Management requests totaled 35,587 in FY 2016. A total of 4,700 workstations and 3,300 non workstations were added to the asset inventory. Additionally, through the end of August, over 14,000 above base software installations were completed.

CTS replaced outdated physical servers in Service Center Agency (SCA) field locations with virtual server technology. New equipment was deployed to approximately 2,000 Field Service Centers, replacing end-of-life

file and print servers. As part of this deployment, enterprise infrastructure support was engineered and deployed, providing the framework for a centralized data protection solution within the SCAs. Storage was procured and installed within CTS data center infrastructure in Kansas City and St. Louis. A full backup solution is in place to protect customer data as the server refresh deployment continues into FY 2016. CTS also optimized infrastructure storage solution to support field operations, which expanded bandwidth and increased security, and implemented a large office refresh of servers and devices.

CTS performed a wide range of activities, examples of which include:

- Implemented AT&T cloud-based voice services in Washington DC facilities;
- Utilized Voice over Internet Protocol (VoIP) technology to replace and modernize field office phone systems at 670 sites ;
- Deployed new Ethernet bandwidth solution to the approximately 1035 sites identified in the Network Modernization Road Map;
- Transitioned SCA customer base at South and Whitten Building in WDC to CTS eVoIP (1,300 phones).
- Completed Session Initiated Protocol (SIP) architecture and design to allow for UC-VOICE service subscribers to be transitioned to a true VoIP solution in FY 2016;
- Implemented Multi-Factor Authentication (MFA) on all UC-VOICE systems to meet USDA departmental mandates;
- Implemented improved access controls to better ensure service delivery for UC-VTC service subscribers;
- Executed a procurement to expand the VTC infrastructure and replace legacy VTC services; and
- Implemented Multi-Factor Authentication on all UC-VTC systems to meet USDA departmental mandates.

CTS expanded the use of desktop virtualization, by completing deployment of the eVPN for core customers and worked with several other Department agencies on piloting its use. This improved the service by adding technical capabilities such as Global Load Balancing and increased WAN optimization and increased eVPN users by 59 percent.

CTS also deployed an architecture for virtual offices and expanded use of desktop virtualization to facilitate removal of end-of-life file and print servers in sites deemed capable of supporting remote desktop technologies.

CTS deployed WAN Optimization to over 2,230 locations and replaced WAN Optimizer appliances reaching end of life at 111 sites, ensuring equipment was fully supported to reduce downtime and provide continued stabilization of networking environment.

CTS migrated the mobility customer base from approximately 14,000 users to over 23,000 users and worked closely with various agencies to switch all Blackberry devices to the Department MDM solution using either IOS or Android devices to eliminate support of multiple, mobile-device platforms.

CTS implemented Office 365 Enterprise E3 software, a different enterprise licensing of the Microsoft email cloud services and the Office suite of products and migrated to SharePoint 2013 technology, which enables CTS to offer two platforms of support: Cloud and On-Premise.

CTS implemented an Enterprise Web Security Solution by installing Web Security Appliances (WSAs) within SCA environment and brought in line for monitoring (passive mode). Approximately 160,000 transactions were monitored daily. New tools actively blocked 1.5 million suspicious transactions and detected 30,300 malware transactions in September 2016 alone.

The Department's Consolidated Tier 1 Help Desk (CHD) pricing structure is designed such that as more USDA agencies and offices partake in the Department's contract, more incidents are generated which lowers the overall cost per ticket. CTS per ticket cost was 14.2 percent lower in FY 2016 than in FY 2015. CTS Tier

1 ticket volume is trending upward and increased by 18 percent in FY 2016 from FY 2015. Customer satisfaction has increased with the new Tier 1 CHD contractor. In support of CTS' customers, Knowledge Articles are developed for both customer self-service and to assist CTS support specialists.

CTS upgraded the Enterprise Active Directory (EAD) infrastructure to the most current operating systems and application versions. In addition, the infrastructure has been upgraded to support Windows 10, the most recent release of the Microsoft client operating system. Windows 10 is supported in the Consolidated Active Directory policies and security settings. The System Center Configuration Manager (SCCM) infrastructure has also been upgraded to fully support deployment and servicing of Windows 10 across the enterprise environment. Some EAD highlights include:

- CTS continued to support migrations by other agencies and now more than 102,000 users and 125,000 computers are supported through the consolidated EAD environment;
- With the exception of OIG, Office of the Chief Economist (OCE) and NASS, all USDA agencies and major offices have or are actively migrating into the EAD environment. Both NASS and OCE are operating under short-term waivers;
- CTS deployed an Enterprise Active Directory and Integrated Services website accessible to all USDA agencies to provide automated Notifications and Alerting regarding EAD services management. CTS provides a document repository of the EAD architecture documentation, standards, guidelines and procedures for the consolidated infrastructure and services; and
- Active Directory Federation Services (ADFS) are now offered to EAD supported agencies for authentication to federated applications and cloud service providers that utilize internal credentials and supports smart card authentication.

Some of the benefits of consolidating to a single EAD environment include the following highlights:

- This is a departmental initiative to facilitate efficiency, reduce cost of implementation for future enterprise application deployments, improve security, and facilitate cross agency communications and efficiencies;
- This initiative provides much greater flexibility for users by allowing them access to their resources from any USDA office. Significance of this enhancement are highlighted by incidence such as the extended power outage in the South Building in Washington, DC, and previously by offices affected by Hurricane Sandy. In both cases, users under the EAD would be able to move to another USDA facility, connect to the network and operate without any special arrangements being necessary;
- Because all agencies are in a common Active Directory, it becomes a simple matter of granting permissions to share services between agencies. In addition, smaller agencies may wish to leverage the common Active Directory for back up administrative capabilities;
- Because all agencies are in a common Active Directory, it also became feasible for USDA to implement the Rights Management Services which will allow users to establish/limit rights to documents they share with others in the Department. Examples of this functionality are capabilities such as setting an expiration date on shared content and control who can print, forward, or copy the documents being shared and
- This initiative also provides a common platform to simplify sharing of enterprise services such as the Enterprise Virtual Private Network (eVPN) which provides an approved, secure two-factor tool for accessing the network when employees are not at the office, and the Enterprise Messaging Service – Cloud Services (EMS-CS) which is the common platform for email and Lync among other services.

Measuring user satisfaction is part of an overall quality and communication effort designed to improve the performance of CTS. Satisfaction surveys are a key element to understanding and improving CTS performance. Here is an overview of FY 2016 survey results:

- 96.1 percent of customers completing the survey in FY 2016 were satisfied with the service received;
- 2016 overall rating 4.7 out of a possible 5.0; a notable increase over the FY 2015 year-end result of 4.55;
- 12,381 customers completed the survey, over 2,800 more than in FY 2015;

- 10,543 of the customers rated service a 5.0, completely satisfied; and
- 321 or 2.6 percent of the customers rated service a 1.0, not at all satisfied; every one of these surveys were evaluated and acted on by management, and if the survey respondent provided their contact information, the customer was engaged.

CTS has been instrumental in leading the Windows 10 planning, testing, and deployment effort for supported agencies and developing a plan for the USDA. The CTS Enterprise Administration Team led the Enterprise Client Change Advisory Board Tiger Team that was formed to identify the key drivers and technical constraints that impact Windows 10 deployment across the Department. The purpose of this initiative was to develop a proposed timeline for the implementation of Windows 10, with recommendations for managing future deployment to ensure the orderly distribution of the new operating system prior to the end of life for the current standard based on Windows 7. New features and security enhancements built into the Windows 10 operating system and other factors that would collectively drive the upgrade of Department client computers to Windows 10 were reviewed and integrated into the recommendations. The deployment options available to USDA agencies were analyzed and recommendations were provided for deploying Windows 10 in an efficient and secure manner. In addition, with the release of Windows 10 Microsoft has transitioned to a new concept for client computing where Windows is provided as a Service. The Enterprise Active Directory (EAD) infrastructure was upgraded to support Windows 10 from both an Active Directory and Configuration Management perspective for servicing the new operating system. The Department and CTS supported agencies are well positioned to move forward migrating to Windows 10.

Under Telecommunications Services:

Enterprise Network Services (ENS) continued to lead the Department’s “Network Modernization Initiative” otherwise commonly known as “Universal Telecommunications Network (UTN) 2020.” Begun in October 2013, the project was initiated to improve service delivery under the current GSA ‘Networx’ Telecommunications Services Contract, and prepare for the next generation of network services under the new GSA Network Services 2020/Enterprise Infrastructure Solutions (NS2020/EIS) Contract that is scheduled for award in the fourth quarter of FY 2016. This project continues to be on/ahead of schedule. The following are notable accomplishments:

- Prepared and delivered the following technical documents: USDA UTN Agency Requirements Summary Report , USDA UTN Procurement Action Lead Time (PALT), USDA UTN Cost Benefit Analysis (CBA), Current USDA Statement of Objectives (SOO);
- Initiated UTN2020 investment planning by completing and submitting Decision Gate-1 (DG-1) Artifacts to the Capital Planning and IT Governance Division (CPIGD) for review;
- Began the initial acquisition phases while continuing to work closely with GSA counterparts;
- In early May, a formal CIOC-sponsored advisory group, the Network Modernization Working Group (NMWG), which is co-chaired by the CIO of FSIS and the Director of ENS, was established to serve as the CIOC governance group to advise the USDA CIO and network modernization team on the design, implementation and management of a new USDA network and associated services;
- Released a memorandum containing the current Statement of Objectives (SOO) and the Decision Gate-1 (DG-1) artifacts to the CIOC, the Network Modernization Working Group (NMWG) and TMACOs on June 29, 2016;
- In April and June 2016, ENS briefed the CIO Council on the status of UTN2020;
- Met with GSA to discuss EIS transition planning and support; and
- Assigned a full-time USDA Contracting Officer (CO) and interim Program Manager (PM) to assist with UTN2020.

ENS continued to work with USDA agencies, contract employees, and engineers in support of the Unified Telecommunications Network (UTN). ENS provided operational management and support for the UTN, including: support of Agency projects related to the UTN, support of security incident response and investigations, support of Departmental data center and office moves, provision of an escalation point for other Departmental help desks, management of the Department’s domain name, and Internet Protocol (IP) address

space and management of the Department's security perimeter including Universal Resource Locator (URL) filtering. This was accomplished in addition to the volume of service desk calls, incidents, and change management tickets to be processed as a part of normal business operations.

ENS staff was asked to assist the business staff of FSIS in examining and analyzing a projected function as part of the Public Health Information System (PHIS) application. Performance for the projected 'Export' function is a concern given the intermittent operation of the PHIS application. The ENS staff provided networking and service level agreement metrics; and a description of the operational processes and practices of the UTN. The ENS staff also recommended a strategy in identifying performance deficiencies within the PHIS environment.

ENS supported ASOC in the development of plans and configurations for network discovery related to the initial Continuous Diagnostics and Mitigation (CDM) tasks.

ENS supported and implemented the ASOC project to increase the port blocking on traffic inbound from the Internet at the Department's Internet gateways. The UTN operations team collaborated with the ASOC to implement a 7 phase inbound blocking project. Each phase will block inbound protocols to ensure security.

ENS worked on numerous projects in support of the UTN Domain Name System (DNS). The most significant of those projects was an upgrade of the Enterprise DNS system by replacing all aging hardware with new, larger servers and by adding dedicated internal DNS servers for better performance. ENS also added an Advanced DNS Protection (ADP) capability to make our external systems more robust and resilient to withstand attacks and Denial of Service attempts.

ENS prepared an Enterprise DNS consolidation proposal, which was presented, discussed, and approved by the CIO Council. ENS continued to work with USDA agencies via the DNS working group to execute the Enterprise DNS proposal.

ENS continued working with USDA research agencies to enhance an architecture and design to support the Internet2 initiative for the USDA research community. In addition to the technical work, ENS worked with agency representatives to create a working group and is actively working with that group to install a pilot of the new design to be evaluated by the research community.

ENS continued to support implementation of the IPv6 protocol on the Department's network. Significant accomplishments related to the implementation of the protocol include Microsoft enabled inbound IPv6 email, native IPv6 support to the USDA External DNS servers. This activated the USDA IPv6 address range and provides direct IPv6 access to the external USDA DNS servers, IPv4/IPv6 dual-stack configurations to all devices in the TIC stacks and Circuit conversion orders to change 5 keys sites and the TICs to be dual-stack are being prepared for submittal.

ENS partnered with NFC to migrate portions of their network service to the UTN, replacing older SONET technology with Ethernet. The project will result in over \$800,000 annually in cost-savings for NFC.

The ENS team is finalizing plans for the lifecycle replacement of existing multi-tenant sites with newer Ethernet technology that will deliver a lower unit cost as well as superior performance and capabilities. Budget projections for the project were completed in April 2016. ENS staff placed orders for all services and expects the project to complete in the third quarter of 2017. The initiative is projected to reduce the unit cost of the Universal Telecommunication Network (UTN) by 5 percent, from \$350 per Mbps to \$332 per Mbps.

During FY 2016, ENS conducted planning, including budget projections, to expand the ability for the AT&T and Level 3 carrier networks to interoperate. The project will increase the ability for agencies to leverage next-generation and lower-cost Ethernet services from Level 3 as a part of their portfolio of network services. ENS initiated a request with AT&T to add APHIS to the service.

In partnership with CTS, ENS is conducting a project to replace the USDA remote access system for teleworkers with a next-generation system. The team has completed a strategy for stewardship for the project,

and received approval from the CIO Council to move forward with the effort as a mandatory service for USDA. The team is currently developing the system design in partnership with AT&T Corporation, Cisco, GTT, and CTS. Staff expects the project to be completed by the third quarter of 2017.

ENS completed a project in FY 2016 to ensure that Agencies using the Level 3 Ethernet services receive guarantees on the performance provided. As a result of the project, Level 3 now conducts a latency assessment on all new locations, applying a formula developed by ENS to ensure consistent network performance.

ENS served as a member of the GSA Mobile Service Category Team (MSCT). The MSCT is charged with developing and implementing a government-wide Mobile Services (MS) strategic plan to increase efficiency and savings by decreasing the number of mobility contracts; identifying best practices and recommending effective and cost-efficient sourcing approaches in the acquisition of mobile services; recommending policy changes associated with MS; and monitoring the effectiveness of the government-wide approaches.

ENS participated in the USDA Strategic Sourcing Initiative (SSI) Wireless Subcategory and helped establish an Integrated Project Team (IPT) to accomplish the milestones set by the initiative. ENS worked with the IPT to develop recommendations for demand management policy and presented these recommendations to the Senior Overarching Planning Group (SOPG). Cost savings were identified for SSI-Wireless to the SOPG on a weekly basis.

ENS conducted Bruin Portal Training for TMACOs and Designated Area Representatives (DARs). This training ensures that TMACOs and DARs can properly access, report, and manage telecommunications resources and expenses within their agencies. Worked with MetTel and AgLearn to make the TEM portal training 508 compliant. Additionally, ENS developed a training module for the TMACO certification program. This module includes information about acquisition, contracting officer responsibilities, policy, and operations.

ENS worked with agency TMACOs and DARs in using the Transition Inventory tool within the General Services Administration (GSA) E-MORRIS application to review and validate their Network and GSA Regional Services Inventories in preparation for the NS2020 transition.

ENS prepared a response to a follow-on GAO request related to Data Reliability Questions for Agency Telecommunication Inventories (GSA Telecommunications Program, 100568). In FY 2016, USDA implemented an enterprise telecommunications inventory function within the MetTel portal and populated our current wireless and commercial services inventory. Work is ongoing to integrate Network and GSA Regional products and services into the existing inventory reporting.

ENS contributed to the AAR process by examining the network resources across the UTN that are required to support mission critical applications targeted for deployments. ENS tracked, evaluated, and approved 2,200 USDA AARs, totaling \$901,920,727 in agency IT investments through August 2016.

ENS provided billing and inventory data from General Services Administration (GSA) eMORRIS (Network) and eBILL (WITS/SA Regional) to USDA agencies, upon request, to facilitate the agencies' validation of Network contract expenditures for telecom equipment purchases. ENS compiled and verified Network billing and network architecture data for Panum (NS2020 support contractor) to support the development of an OMB-300 business case for current and future UTN, and a cost benefit analysis for UTN2020.

ENS led the Consolidated Inventory Management Module (CIMM) development team. Developed applications to track USDA telecommunications inventory. Through the use of this module, ENS closed three OIG/GAO audits. ENS conducted briefings for executives, stakeholders, and project team members regarding new or enhanced service delivery of the CIMM system and TEM portal.

ENS developed and maintained management-level dashboard and detailed reports to facilitate tracking/forecasting telecommunications expenditures for Network data, voice, wireless data, and audio-conferencing; MetTel commercial phone and rebilled cellular services; and GSA WITS local voice and Federal Relay services.

CORRESPONDENCE MANAGEMENT

Current Activities:

USDA's Office of the Executive Secretariat (OES) serves the Office of the Secretary of Agriculture by managing the official correspondence of the Immediate Office of the Secretary, maintaining the official records of the Office of the Secretary, and assisting the Office of the Secretary with special projects through the Electronic Management Correspondence (ECM) system. OES provides services under three broad categories of activity:

- Correspondence management: OES receives and analyzes all correspondence addressed to the Secretary and Deputy Secretary, refers it to the appropriate agencies or staff offices for preparation of a response, as appropriate, and coordinates and tracks the preparation, review, clearance, signature, dispatch, and archival filing of responses. OES works with USDA agencies to ensure prompt delivery of reports and other documents requested or legislatively mandated by Congress or the White House, and provide editorial assistance as necessary to ensure optimal quality;
- Maintenance of official records: OES is responsible for organizing, storing, and providing access to the Secretary's records—including national security classified items. In so doing, this office preserves required official records and serves as a valuable source of institutional memory for the entire Department; and
- Assistance with special projects: In response to requests by the Office of the Secretary, OES assists with the preparation of letters of thanks, congratulations, and condolence; preparation of briefing materials based on correspondence analysis; general writing and editorial services; and other projects as requested.

Selected Examples of Recent Progress:

In the fourth quarter of FY 2016, OES initiated a Lean Six Sigma process to evaluate processes to handle correspondence and evaluate technological innovations, including correspondence management systems, to improve OES performance on behalf of the Secretary's office.

During FY 2016, OES processed 12,033 pieces of individual correspondence and other Secretarial documents, and 395,000 pieces of campaign correspondence addressed to the Secretary. Of the controlled correspondence, OES managed responses to 6,086 documents, including 3,099 signed directly by the Secretary or Deputy Secretary. In addition, OES received and processed approximately 101 pieces of signed Secretarial correspondence (i.e., mail, e-mails, couriered, fax, Congressional reports) pertaining to the Farm Bill. OES made additional progress in reducing its records backlog, resulting in the classification and final disposition of approximately 13,544 records that were transferred in FY 2016.

As part of its direct service to USDA agencies, in FY 2016 OES received over one million pieces of correspondence and managed the clearance and signing agency-initiated correspondence and other documents, along with decision memoranda, Memorandums of Understanding for the Secretary's signature, legislative reports, and GAO reports. In addition, OES drafted correspondence responses (letters, Memorandums of Understanding, reports, USDA Secretarial Proclamations, electronic employee messages, congratulatory/condolence letters, certificates for retirement, etc.) and other special writing projects in support of the Office of the Secretary/Deputy Secretary. OES worked one-on-one with USDA Mission Areas/agencies to prepare 15 Federal Register dockets (on various USDA topics) signed by the Secretary and sent to the Federal Register Office. OES also distributed disaster declarations.