

2019 President's Budget
Office of the Chief Financial Officer

Contents

Purpose Statement	10-1
Statement of Available Funds and Staff Years	10-3
Permanent Positions by Grade and Staff Years Summary	10-4
Shared Funding Projects.....	10-5
Salaries and Expenses	
Appropriations Language and Explanatation of Changes.....	10-7
Lead-off Tabular Statement.....	10-7
Project Statements	10-7
Justifications.....	10-8
Geographic Breakdown of Obligations and Staff Years.....	10-8
Classification by Objects.....	10-9
Status of Programs.....	10-10
Summary of Budget and Performance.....	10-17

OFFICE OF THE CHIEF FINANCIAL OFFICER

Purpose Statement

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

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

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

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

The OCFO headquarters is located in Washington, D.C. As of September 30, 2017, there were 1,494 full-time permanent employees funded by appropriated, (31) and working capital funds, (1,463).

OIG Audits – Completed

11601-0001-23	09/28/2017	USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act) – Readiness Review --Interim Report
50401-0014-11	02/03/2017	Department of Agriculture's Fiscal Year 2016 Consolidated Balance Sheet and Audit Management Letter
50024-0011-11	05/05/2017	USDA's Fiscal Year 2016 Compliance with Improper Payment Requirements
50024-0012-11	09/27/2017	USDA's Fiscal Year 2016 Executive Order 13520, Reducing Improper Payments High Dollar Overpayment Review
11401-0002-31	09/28/2017	Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semi-Annual Headcount Reporting Submitted to the Office of Personnel Management
11401-0003-12	09/22/2017	Statement of Standards for Attestation Engagement No. 18 Report on Controls at National Finance Center for October 1, 2016 – July 31, 2017
50099-0001-23	09/18/2014	USDA's Controls over Economy Act Transfers and Greenbook Program Charges

OFFICE OF THE CHIEF FINANCIAL OFFICER

50401-0015-11	11/16/2017	U.S. Department of Agriculture’s Closing Package Reclassified Balance Sheet for FY 2017
---------------	------------	---

OIG Audits – In Progress

50024-0013-11	In Progress	U.S. Department of Agriculture’s Fiscal Year 2017 Compliance with Improper Payment Requirements
50401-0013-11	11/15/2017	U.S. Department of Agriculture’s Consolidated Balance Sheet for Fiscal Year 2017
50501-0019-12	In Progress	General and Application Controls Work for USDA’s Financial Statement Audits for FYs 2017 and 2018
11601-0001-41	09/06/2017	Departmental Oversight of Final Action on OIG Audit Recommendations
50016-0001-23	09/28/2017	Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture
50401-0011-11	12/06/2016	Department of Agriculture’s Consolidated Balance Sheet for Fiscal Year 2016
50601-0007-31	09/28/2017	USDA WebTA Expense Reimbursement

GAO Audits – Completed

GAO 17-496	04/28/2017	Data Act: As Reporting Deadline Nears, Challenges Remain That Will Affect Data Quality (No recommendations for USDA)
GAO 17-15	11/14/2016	Agencies’ Use of the Do No Pay (DNP) Initiative (No recommendations for USDA)
GAO 17-63	12/01/2016	Enterprise Risk Management (ERM) Practices (No recommendations for USDA)
GAO 17-159	02/16/2017	Single Audits: Improvements Needed in Selected Agencies' Oversight of Federal Awards
GAO-18-138	11/08/2017	DATA Act: OMB, Treasury, and Agencies Need to Improve Completeness and Accuracy of Spending Data and Disclose Limitations
GAO-18-90R	11/20/2017	Tax Information Returns: Shared Service Centers Generally Transmitted Federal Wage and Tax Data on Time for Tax Year 2016

GAO Audit – In Progress

Engagement Code 102138 – Shared Services

OFFICE OF THE CHIEF FINANCIAL OFFICER

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

Item	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations.....	\$6,028	42	\$8,028	31	\$7,973	35	\$5,536	34
Transfers Out.....	-	-	-	-	-	-	-	-
Total Available.....	6,028	42	8,028	31	7,973	35	5,536	34
Lapsing Balances.....	-105	-	-93	-	-	-	-	-
Obligations.....	5,923	42	7,935	31	7,973	35	5,536	34
Working Capital Fund:								
National Finance Center.....	59,378	317	60,071	299	44,185	222	42,545	223
Financial Management Services.....	112,977	370	103,819	379	97,466	404	102,246	404
Internal Control Services.....	2,589	10	3,005	9	3,020	11	3,020	11
Financial Management.....	2,976	20	2,968	19	3,120	20	3,475	20
Capital Equipment.....	27,000	-	15,341	-	7,828	-	8,680	-
Purchase Card Rebate.....	8,500	-	1,115	-	32,892	-	42,892	-
Management, Oversight, and								
Administrative Services (provided								
to WCF Activities).....	3,093	14	3,917	14	3,596	18	3,597	18
NFC (Non-USDA).....	104,419	557	112,020	559	111,822	671	114,900	669
Financial Management Services (Non-USDA).....	68,772	225	58,583	214	130,341	256	132,447	256
Subtotal, WCF.....	389,704	1,513	360,839	1,493	434,270	1,602	453,802	1,601
Unobligated Bal Exp.....	-	-	714	-	17,710	-	-	-
Total, WCF.....	389,704	1,513	361,553	1,493	451,980	1,602	453,802	1,601
Total, OCFO.....	395,627	1,555	369,488	1,524	459,953	1,637	459,338	1,635

OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff Year Summary

Item	2019 President's			
	2016 Actual	2017 Actual	2018 Estimate a/	Budget
	Wash. D.C.	Wash. D.C.	Wash. D.C.	Wash. D.C.
ES.....	2	2	3	3
GS-15.....	5	3	4	4
GS-14.....	8	5	6	6
GS-13.....	16	13	13	12
GS-12.....	5	5	5	5
GS-11.....	3	1	2	2
GS-10.....	1	0	0	0
GS-9.....	1	1	1	1
GS-7.....	1	0	0	1
GS-6.....	0	0	0	0
GS-5.....	0	1	1	0
Total, Perm. Full-Time Employment, EOY.....	42	31	35	34
Staff Year Est.....	42	31	35	34

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

OFFICE OF THE CHIEF FINANCIAL OFFICER

Shared Funding Projects
(Dollars in thousands)

	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
Working Capital Fund:				
Administration:				
HR Enterprise System Management.....	\$12	\$12	\$13	\$19
Integrated Procurement System.....	256	254	218	220
Mail and Reproduction Services.....	85	97	78	78
Material Management Service Center.....	42	84	72	74
Procurement Operations.....	1,998	1,918	1,929	2,154
Subtotal.....	2,393	2,365	2,310	2,545
Administration:				
ASC - Office of the Chief Financial Officer Oversight.....	781	-	-	-
ASC - Working Capital Fund Controller.....	881	-	-	-
Subtotal.....	1,662	-	-	-
Communications:				
Creative Media & Broadcast Center.....	248	201	192	268
Finance and Management:				
Financial Management Services.....	835	4,552	1,080	1,114
Financial Management Support Services.....	-	-	62	69
Internal Control Support Services.....	271	312	317	317
National Finance Center.....	25,643	27,780	5,480	3,266
Subtotal.....	26,749	32,644	6,939	4,766
Information Technology:				
Client Technology Services.....	688	1,373	1,300	1,312
Enterprise Network Services.....	464	1,159	1,272	1,880
NITC/USDA.....	4,178	4,346	3,609	3,609
Subtotal.....	5,330	6,878	6,181	6,801
Correspondence Management.....	30	36	32	35
Total, Working Capital Fund.....	36,412	42,124	15,654	14,415

OFFICE OF THE CHIEF FINANCIAL OFFICER

	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
Department-Wide Reimbursable Programs:				
1890's USDA Initiatives.....	49	60	57	57
Classified National Security Information.....	11	12	16	16
Continuity of Operations Planning.....	31	33	32	32
Emergency Operations Center.....	36	38	36	36
Facility and Infrastructure Review and Assessment.....	6	7	7	7
Faith-Based Initiatives and Neighborhood Partnerships.....	6	7	6	6
Hispanic-Serving Institutions National Program.....	27	32	30	30
Honor Awards.....	1	-	1	1
Human Resources Transformation.....	24	27	27	27
Identity and Access Management HSPD-12.....	104	109	103	103
Medical Services.....	5	14	18	18
People's Garden.....	10	10	10	10
Personnel Security Branch.....	21	26	20	20
Preauthorizing Funding.....	57	55	56	56
Retirement Processor/Web Application.....	9	10	9	9
TARGET Center.....	22	24	22	22
USDA 1994 Program.....	11	13	12	12
Virtual University.....	30	33	30	30
Total, Department-Wide Reimbursable Programs.....	460	510	492	492
E-Gov:				
Budget Formulation and Execution Line of Business.....	1	1	1	1
Enterprise Human Resources Intigration.....	30	30	33	33
E-Rulemaking.....	5	2	2	2
E-Training.....	44	-	-	-
Financial Management Line of Business.....	2	1	1	1
Human Resources Line of Business.....	4	4	5	5
Integrated Acquisition Environment.....	45	76	77	84
Freedom of Information Act.....	-	-	-	4
Total, E-Gov.....	131	114	119	130
Agency Total.....	37,003	42,748	16,265	15,037

OFFICE OF THE CHIEF FINANCIAL OFFICER

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

Salaries and Expenses:

For necessary expenses of the Office of the Chief Financial Officer, [\$7,973,000] \$5,536,000.

Lead-Off Tabular Statement

Budget Estimate, 2019.....	\$5,536,000
2018 Annualized Continuing Resolution.....	<u>7,973,000</u>
Change in Appropriation.....	<u><u>-2,437,000</u></u>

Project Statement

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

Program	<u>2016 Actual</u>		<u>2017 Actual</u>		<u>2018 Estimate</u>		<u>Inc. or Dec.</u>		<u>2019 President's Budget</u>		
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	
	Discretionary Appropriations:										
Office of the Chief Financial Officer.....											
Officer.....	\$6,028	42	\$8,028	31	\$7,973	35	-\$2,437	(1)	-1	\$5,536	34
Lapsing Balances.....	-105	-	-93	-	-	-	-	-	-	-	-
Total Obligations.....	<u>5,923</u>	<u>42</u>	<u>7,935</u>	<u>31</u>	<u>7,973</u>	<u>35</u>	<u>-2,437</u>	<u>-1</u>	<u>-1</u>	<u>5,536</u>	<u>34</u>

Project Statement

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

Program	<u>2016 Actual</u>		<u>2017 Actual</u>		<u>2018 Estimate</u>		<u>Inc. or Dec.</u>		<u>2019 President's Budget</u>		
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	
	Discretionary Obligations:										
Office of the Chief Financial Officer.....											
Officer.....	\$5,923	42	\$7,935	31	\$7,973	35	-\$2,437	(1)	-1	\$5,536	34
Lapsing Balances.....	105	-	93	-	-	-	-	-	-	-	-
Total Appropriation.....	<u>6,028</u>	<u>42</u>	<u>8,028</u>	<u>31</u>	<u>7,973</u>	<u>35</u>	<u>-2,437</u>	<u>-1</u>	<u>-1</u>	<u>5,536</u>	<u>34</u>

OFFICE OF THE CHIEF FINANCIAL OFFICER

Justification of Increases and Decreases

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

- (1) A net decrease of \$2,437,000 and one staff year for OCFO (\$7,973,000 and 35 staff years available in 2018).

The funding change is requested for the following items:

- a. A decrease of \$150,000 and 1 staff year by not filling a critical vacancy.

OCFO will not fill a critical vacancy position leaving the functions of the position to be distributed and performed by onboard employees.

- b. A decrease of \$287,000 in contractual spending.

OCFO will reduce contractual spending which result in shifting responsibilities to the OCFO staff, which includes taking on responsibilities of the front office and taking on administrative functions of the day to day operations within OCFO.

- c. A decrease of \$2,000,000 for funding related to the Digital Accountability and Transparency Act (DATA Act).

Base funding will be used to continue DATA Act activities. This decrease is a result of one-time funding that was used to implement new Treasury requirements.

Geographic Breakdown of Obligations and Staff Years

(Dollars in thousands and Staff Years (SYs))

State/Territory	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$5,923	42	\$7,935	31	\$7,973	35	\$5,536	34
Lapsing Balances.....	105	-	93	-	-	-	-	-
Total, Available.....	6,028	42	8,028	31	7,973	35	5,536	34

OFFICE OF THE CHIEF FINANCIAL OFFICER

Classification by Objects
(Dollars in thousands)

	2016	2017	2018	2019
	Actual	Actual	Estimate	President's Budget
Personnel Compensation:				
11 Total personnel compensation.....	\$3,654	\$3,508	\$3,660	\$3,589
12 Personal benefits.....	1,067	1,065	1,569	1,547
13 Benefits for former personnel.....	-	122	-	-
Total, personnel comp. and benefits.....	4,721	4,695	5,229	5,136
Other Objects:				
21.0 Travel and transportation of persons.....	50	33	33	33
23.1 Rental payments to GSA.....	2	2	2	2
23.3 Communications, utilities, and misc. charges..	139	121	122	123
24.0 Printing and Reproduction.....	18	22	22	20
25.2 Other services from non-Federal sources.....	86	53	50	50
25.3 Other purchases of goods and services from Federal sources.....	785	2,925	2,434	97
26.0 Supplies and materials.....	95	47	45	45
31.0 Equipment.....	24	37	36	30
42.0 Insurance claims and indemnities.....	3	-	-	-
Total, Other Objects.....	1,202	3,240	2,744	400
99.9 Total, new obligations.....	5,923	7,935	7,973	5,536
DHS Building Security Payments (inlcuded in 25.3)	\$292	\$283	\$512	\$217
Position Data:				
Average Salary (dollars), ES Position.....	\$183,300	\$184,000	\$185,000	\$185,500
Average Salary (dollars), GS Position.....	\$102,900	\$107,133	\$108,000	\$109,000
Average Grade, GS Position.....	13.5	13.5	13.5	13.5

OFFICE OF THE CHIEF FINANCIAL OFFICER

Status of Programs

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

Current Activities:

Departmental Financial Statements: USDA received an unmodified opinion on its 2017 Balance Sheet. OCFO maintains continuous process improvement for financial management and information technology security. USDA will continue to make improvements in USDA's internal controls over financial reporting and financial systems including:

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

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

Fiscal Policy Division (FPD): FPD assists USDA agencies and staff offices by establishing policies related to financial management and accountability. In part, FPD, conducts Department-wide data calls, performs analysis, quality reviews, and provides feedback to agencies on debt, cash, improper payments, and/or travel. FPD also, plans and communicates with established working and/or Departmental user groups to track, monitor, and coordinate the preparation of assigned Departmental issues related to government-wide financial policy and planning initiatives, including corrective action plans and challenges. Specifically, FPD manages debt, improper payments, management challenges, and travel policies as follows:

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

OFFICE OF THE CHIEF FINANCIAL OFFICER

Audit Follow-up: As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to the OMB Circular A-50, Audit Follow-up; and (2) researches and analyzes audits, making determinations on final actions, monitoring management's actions on audits, tracking individual audit recommendations, and reporting results annually to the Congress.

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

- Monitoring open audits that are not completed timely;
- Coordinating with USDA's OIG on a monthly basis to share the status of open audit recommendations by agency and highlighting: (1) audits that are pending disposition of funds, (2) audits that are one-year or more past the management decision date, (3) audits that are on-time or late based on the estimated completion date, and (4) recommendations that are open and closed;
- Following-up with USDA agencies' management and/or agency audit liaison officers to ensure corrective action responses to audits findings and recommendations are: appropriate and achievable, cost-effective, and tracked to achievement of final action by the estimated completion dates;
- Reviewing and analyzing USDA agencies' progress in completing corrective action for audits one-year or more past the management decision date, and without final action;
- Providing useful and timely information on the status of audits to USDA management and Congress for decision-making and resource allocation purposes;
- Increasing the closure rate for OIG audits. For FY 2017, the Department's inventory of open audits decreased by 10 percent from 96 (FY 2016) to 86 (FY 2017) and USDA agencies closed 32 audits;
- Reviewing the status of audits without management decision, as requested. As of September 30, 2017, there was one Natural Resources Conservation Service (NRCS) audit without a management decision more than 6 months after audit issuance. The Department will continue to work with agencies to ensure audits reach management decision on a timely basis;
- Replacing the current/legacy SharePoint site and the automated Management Information Tracking System/Audit Tracking Module for tracking audit recommendations; and
- Conducting quarterly meetings with USDA agencies to discuss the status and prompt resolution of open OIG audit recommendations.

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

- Prepares the annual data call memorandum to the Under and Assistant Secretaries, and Heads of staff offices, requesting a certification statement on compliance with laws and regulations, FMFIA, and FFMIA. Each submission is reviewed to compile the Secretary's Annual Assurance Statement;
- Follows-up and coordinates with USDA agencies on the resolution or mitigation of auditor identified material deficiencies, system non-conformances; and
- Works with USDA agencies, staff offices and the OIG on identifying and reporting non-compliance with laws and regulations.

Debt Policy: OCFO is responsible for developing Departmental policy, and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act. USDA is one of the largest credit agencies within the Federal Government with total receivables of approximately \$100 billion. OCFO has additional policy and oversight responsibilities for USDA agencies' debt and cash management activities required by regulations, circulars, manuals, and directives. OCFO has oversight responsibility for implementing DATA Act changes related to debt referrals. Current activities include:

- Leading agencies by providing policy expertise and consultation services to increase collection of debt and reduce delinquent debt;
- Documenting and improving debt collection activities in USDA's loan programs;

OFFICE OF THE CHIEF FINANCIAL OFFICER

- Developing and/or coordinating numerous Departmental, government-wide and commercial reporting requirements; and
- Communicating new referral and reporting requirements for the DATA Act.

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

- Providing expertise, assisting agencies with risk assessments, statistical sampling, improper payment rate reporting, corrective actions that address root causes of improper payments, Do Not Pay, and recovery/recapture auditing;
- Conducting analyses of agency plans to become compliant with IPERA;
- Monitoring USDA agencies' corrective action plans for development of internal controls, systems enhancements and payment recapture/recovery of identified improper payments, providing assurance of program integrity, and the prevention of future improper payments;
- Coordinating Departmental preparation and reporting of required improper payments and payment recapture/recovery auditing accomplishments in the USDA Agency Financial Report, providing standardization in report content; and
- In FY 2017, USDA's recovery auditing efforts yielded \$860.2 million:
 - \$0.3 million from the Supplier Credit Recovery Audit program,
 - \$245.3 million from USDA programs' internal payment recapture audits, and
 - \$614.6 million outside of payment recapture audits.

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

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

Travel Policy: OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services and the travel card program. Current activities include:

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

Transparency and Accountability Reporting: OCFO leads the Department's efforts to provide greater information sharing and transparency of data at USDA, focusing on the DATA Act compliance. OCFO provides Department oversight of Federal financial assistance policy which includes Suspension and Debarment policy and Prizes and Challenges policy. OCFO continues to support and improve these requirements and policies.

OCFO leads the initiative to consolidate foreign assistance reporting required by OMB Bulletin 12-01. OCFO coordinates quarterly reporting required by the foreign assistance dashboard managed by the U.S. Agency for

OFFICE OF THE CHIEF FINANCIAL OFFICER

International Development (USAID) and updates the agency foreign assistance profile on the dashboard annually. OCFO provides analysis and baseline data for agencies to use in their reporting and reviews submissions for accuracy before submitting data to USAID. OCFO also coordinates annual updates to USDA agency and program files on the USAID website and advocates of the foreign assistance reporting community with USAID. USDA coordinates with the Department of State and the OMB for broader integration of domestic and foreign assistance reporting across mandated reporting platforms.

On May 9, 2014 the DATA Act was signed into law. This Act furthers the requirements of the Federal Financial Accountability and Transparency Act of 2006 and imposes new reporting requirements. OCFO leads a DATA Act committee charged with implementing the Act and ensuring that all Federal financial assistance is reported in addition to financial system and procurement data. The implementation resulted in the development of guidance on reporting awards and financial system changes to better track each grant's financial attributes. USDA is a leader in government in assisting the U.S. Department of Treasury (Treasury) and OMB in developing DATA Act policy.

OCFO developed a DATA Act repository within the Department's financial system (Financial Management Modernization Initiative (FMMI)). The repository extracts accounting data from FMMI and imports data files from the Farm Service Agency, Rural Development, and Financial Shared Service Provider (FSSP) clients to create DATA Act files. Agencies and FSSP clients produce financial assistance data and also submit that data to the repository. This was a significant achievement given the volume and complexity of the data. Issues remain with the data quality, but the issues are being tracked and fixes are scheduled for future releases.

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

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

OCFO also coordinates the annual reporting on the President's Management Agenda Financial management benchmarks. This entails reporting financial management metrics so that USDA may be compared with other Federal agencies to assess Federal Government reporting on financial performance.

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

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

USDA participates in government-wide Federal financial assistance initiatives such as Grants.gov and the Federal Assistance Committee for government (FACE), which OCFO co-chairs with the Department of Health and Human Services. OCFO's leadership in these initiatives is helping to ensure simplification and streamlining of Federal financial assistance activities. OCFO maintains Departmental policy by ensuring improved efficiency in grants management and consistency of regulations across government for the public.

OCFO is also responsible for implementing the Grants, Oversight, and New Efficiency (GONE) Act of 2016. OCFO has issued guidance on the GONE Act compliance and reported all grants and cooperative agreements that remained

OFFICE OF THE CHIEF FINANCIAL OFFICER

open after two years from the project end date in the FY 2017 Agency Financial Report (AFR). OCFO issued guidance for reporting in FY 2018 as required by the Act and will report FY 2018 results in the FY 2018 AFR.

Selected Examples of Recent Progress:

Budget Services:

The Budget Division provides budgetary services for over 20 staff office appropriation accounts throughout the year. During FY 2017, the following budget services were achieved:

- Prepared the FY 2018 President's Budget which was presented to Congress in May;
- Developed the FY 2019 Agency Estimates, and Department Estimates;
- Successfully loaded FY 2017 actual spending and outlays for the FY 2019 budget in the OMB MAX entry system;
- Entered the FY 2018 budgetary apportionments for over 20 appropriated accounts including the continuing resolution shares at the start of the fiscal year;
- Developed the FY 2018 operating spend plans for the Office of the Secretary's appropriation and reimbursable accounts; and
- Conducted reviews and recommendations for the Advisory Committee regarding funding decisions and recommendations to the Secretary for the Departmental Central Cost Services reimbursable levels.

Management Accountability and Control: For a second year, OIG issued an unmodified opinion on the consolidated balance sheet of USDA as of September 30, 2017. A Balance Sheet only audit was also performed for two USDA component agencies: Commodity Credit Corporation (CCC) and NRCS; which also resulted in unmodified opinions. The Department reported non-compliance with the following laws and regulations:

- Federal Financial Management Improvement Act;
- Federal Managers' Financial Integrity Act;
- Improper Payment Elimination and Recovery Act of 2010;
- Anti-Deficiency Act;
- DATA Act; and
- Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

Please refer to the Management's Discussion and Analysis Section of USDA's 2017 Agency Financial Report for additional information on the Department's plans to correct these non-compliances.

The Department has two existing material weaknesses for FY 2017. These weaknesses were identified in USDA's financial management and information technology security programs. The weakness related to financial management involves deficiencies specific to the CCC and NRCS. Both agencies have developed corrective action plans to remediate applicable deficiencies. NRCS is expected to improve its controls over obligations and undelivered orders, accounting and controls over expenses during FY 2019; whereas, CCC needs to address material weaknesses related to accounting estimates and maintenance of accounting records during FY 2018.

For FY 2017, CCC had one agency-specific outstanding deficiency related to financial system non-conformance in Funds Control Management. USDA will continue monitoring progress on plans to improve internal controls and financial systems to comply fully with FMFIA, FFMIA and FISMA requirements. In its FMFIA *Report on Management Control* for 2017, the Department reported a system nonconformance for CCC's reporting of obligations at the transaction level. While some progress has been made, CCC will continue to modernize and improve program and financial systems in order to record obligations at the transaction level. Both NRCS and CCC have plans to correct FFMIA non-compliances with federal accounting standards and U.S. Standard General Ledger at the transaction level. Other accomplishments include:

- Continued efforts to implement and deploy the A-123 Compliance and Reporting Tool (ACRT). ACRT is the Governance Risk and Compliance (GRC) application that the Internal Control Division (ICD) procured and configured to replace the legacy A-123 Document Tracking System. The implementation allows for enhanced automation and workflow in documenting, monitoring and reporting of the required controls to be assessed

OFFICE OF THE CHIEF FINANCIAL OFFICER

under the OMB Circular No. A-123, Appendix A, in compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA);

- In the absence of the GRC Tool in FY 2017, ICD developed an interim SharePoint repository to house the USDA agencies' A-123, Appendix A documentation. The SharePoint Tool included forms, workflow, and reports for all required deliverables. There were also provisions made for the agencies to submit corrective action cancellations and closures. These workarounds allowed for the timely completion of the assessment, status reporting, and timely certification statement reporting;
- Developed Excel templates for all deliverables that the agencies and staff offices populated to complete the Appendix A Assessment;
- Delivered BPC and General Computer Control (GCC) trainings to agency and staff office points of contact and Management Control Officers for the annual assessment both in person and in AgLearn, to facilitate an efficient and effective assessment process. There was a 40 percent increase in attendance from FY 2016 (419 attendees) to FY 2017 (712 attendees);
- Developed standard test plans for the Charge Card Monitoring processes, including Travel, Fleet and Purchase Card; created or revised standard test plans for unliquidated obligations and abnormal balances, monitored deficiency closures, and performed spot testing of results provided by agencies to address findings/recommendations included in the FY 2016 consolidated balance sheet audit report;
- Assisted agencies and staff offices with exceeding the Department's Plans of Action and Milestones (POA&M) target closure goal of 43 percent by 23.5 percent. Three out the 4 agencies met or exceeded their beginning FY 2017 POA&M closure goal by significant margins, with one agency surpassing their goal by over 70 percent;
- Assisted agencies and staff offices with working toward the Department's 53 percent Corrective Action Plan (CAP) target closure goal. However the closure rate was 7 percent shy due to one agency not accomplishing their closure goal of 15 CAPs;
- Achieved a 5 percent decrease in the total number of GCC deficiencies across the Department;
- Achieved a 50 percent decrease of open POA&Ms at the beginning of the fiscal year, as compared to the prior year. At the beginning of FY 2016, 9 agencies had open POA&Ms. At the beginning of FY 2017, this number dropped to only 4 agencies;
- Achieved a 100 percent GCC testing completion rate by the end of FY 2017 as compared to FY 2016 where 6 percent of agencies had not completed testing;
- Performed semi-annual spot testing on POA&Ms that closed as a result of the annual GCC assessment for in-scope financial management systems and related support systems. Spot tested a sample of 18 out of 47 closures from three agencies. Overall, all sampled POA&Ms selected for spot testing were verified as being appropriately closed; and
- Performed annual spot testing on key controls for the business processes that passed testing in FY 2017; tested 123 processes (140 processes tested in FY 2016) that included 71 controls (137 controls tested in FY 2016), and 215 samples (217 samples tested in FY 2016). There were no instances where the ICD staff did not agree with the agencies' conclusions, as compared to last year where there was one instance.

Debt Policy: USDA's gross receivables were approximately \$100 billion. Through effective debt management policy and coordination of agency efforts, USDA's accomplishments for FY 2017 include:

- Collecting \$24 billion in receivables; and
- Referring 94 percent to the Treasury Offset Program which contributed to Treasury; collecting over \$48 million in delinquent debt for USDA.

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

Improper Payments: Examples of progress during FY 2017 include the following:

- With concurrence from OIG and OMB, USDA removed eight programs from the list of Program Susceptible to Significant Improper Payments;
- USDA is the first Federal department to remove a program from OMB's High-Priority List: Risk Management Agency's Federal Crop Insurance Corporation Program Fund; and

OFFICE OF THE CHIEF FINANCIAL OFFICER

- USDA continued to expand its use of the Do Not Pay portal in FY 2017 by onboarding new users within Rural Development, the Risk Management Agency, and the NFC.

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

- Continued oversight and customer assistance regarding the centrally billed accounts (CBAs). Maintained a reduced delinquency rate of less than 0.1 percent, after a high of 11.7 percent in 2015;
- Furthered efforts to improve information interfaced between Financial Management Service Center, ConcurGov, and US Bank, the government travel charge card vendor; completed three successful test payments to ensure additional payment information is captured from ConcurGov and transmitted on the CBA electronic payment file from NFC to the Treasury. The updated information will be implemented into production by February 2018; this will reduce man-hours spent reconciling between three systems and make it easier for the agencies/staff offices to reconcile 200 CBA accounts and mitigate instances of delinquencies;
- Jointly hosted the first annual ConcurGov Federal Agency Travel Administrator (FATA) Training Workshop. Travel Team members provided presentations on up to date policy information to approximately 46 Department FATAs over the 2-day course;
- Utilized the Visa Intellilink system to create/revise seven monthly violation rules used for data mining research,
 - Performed data analysis on a monthly average of 111,400 transactions for misuse/abuse violations;
 - Effort improved agency/staff office feedback and response time; processed over 1200 possible violation cases within 60 days, with 482 cases of actual misuse;
 - Met goal to provide information to aid coordinators with their program oversight and monitoring duties; and helped the Department maintain a less than 0.01 percent fraud rate and a less than 0.4 percent delinquency rate;
- The travel policy team finished updating the government travel charge card regulation; the draft copy was routed for approval in August 2017. Worked with OIG to revise its monthly report of USDA indictments and convictions; the report's current version will provide actionable D&S data to the agencies; and
- Provided extensive guidance to agencies, OMB and other Federal partners with grants policy interpretation on a wide range of matters.

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

- Published a Departmental Regulation on Grants Terms and Conditions;
- Was a key stakeholder in an OMB-led grants workforce initiative;
- Developed and oversaw GONE Act reporting for the Department;
- Co-Chaired the monthly FACE meetings and stood up the Forms Standardization workgroup;
- Met quarterly with the Debarment & Suspension (D&S) Council and monthly with the D&S Coordinators committee;
- Worked with OIG to revise its monthly report of USDA indictments and convictions; the report's current version will provide actionable D&S data to the agencies; and
- Provided extensive guidance to agencies, OMB and other Federal partners with grants policy interpretation on a wide range of matters.

Transparency and Accountability Reporting: OCFO is a government leader in grants transparency reporting and developed a repository for Federal Financial Assistance, procurement and financial data required by the DATA Act. OCFO implemented the DATA Act repository in March, 2017 and submitted data for the first ever quarterly reporting window of April 30. Since then, OCFO has significantly improved both the quality and volume of data in the third and fourth quarters of 2017.

OCFO published OCFO Bulletin 17-02 with guidance to address entry of Award identification numbers in FMMI. This is a new requirement with the advent of the DATA Act, impacting transactions for the current fiscal year and the previous five unexpired years. OCFO conducted multiple trainings on this matter.

OCFO is currently updating its Prize policy to reflect new amendments to Prizes and Challenges legislation and is updating its Suspension and Debarment guidance as a result of an OIG audit. These updates will be concluded in early calendar year 2018.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance

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

The activities of OCFO are focused on the Department’s financial and performance management to improved delivery and assurance of contributions to the Secretary’s Strategic Goals.

Strategic Goals 1: Ensure USDA programs are Delivered Efficiently, Effectively, with Integrity and a Focus on Customer Service.

Performance Measures:

Meet Budget and Performance timelines for submission of data requirements.							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	98%	98%	100%	100%	100%	100%	100%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

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

Selected Accomplishments Expected at the FY 2019 Proposed Resource Level:

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

Timely production of required Agency Financial Reports.							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	100%	100%	100%	100%	100%	100%	100%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- USDA has successfully reported on time for the years this metric has been tracked.
- In FY 2015 and FY 2016, USDA was granted an extension and met the extension due date.

Selected Accomplishments Expected at the FY 2019 Proposed Resource Level:

- USDA will meet the target in FY 2018.

Reduction of open audits.							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	5%	13%	3%	10%	10%	15%	17%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- Inventory of open audits decreased by 10 percent from 96 (FY 2016) to 86 (FY 2017).
- Inventory of closed audit decreased from 36 (FY 2016) to 32 (FY 2017).

Selected Accomplishments Expected at the FY 2019 Proposed Resource Level:

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

OFFICE OF THE CHIEF FINANCIAL OFFICER

Selected Accomplishments Expected at the 2019 Proposed Resource Level:

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

USDA Federal Financial Assistance programs consistent with DATA Act requirements.							
	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Target	2019 Target
Percent	N/A	N/A	N/A	N/A	N/A	96%	97%

Selected Past Accomplishments toward Achievement of the Key Outcomes:

- The DATA Act repository was completed on April 26, 2017.
- USDA submitted three quarters of data to the Department of Treasury in FY 2017, beginning with the second quarter, as mandated.
- Developed additional reporting guidance in May 2017 and conducted training sessions in the fall of 2017.
- File A, which contain Appropriations data and file B and Budget Object Code and Program Activity data, achieved 98 percent accuracy. File C containing general ledger data and D2 which contains federal financial assistance data, are lower but improving.

Selected Accomplishments Expected at the FY 2019 Proposed Resource Level:

- Achieve 97 percent accuracy in Files A and B.
- Achieve 85 percent accuracy in Files C and D2.