

**2021 USDA Explanatory Notes – OFFICE OF THE CHIEF FINANCIAL OFFICER**

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*AGENCY-WIDE*

**PURPOSE STATEMENT**

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

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

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

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

The OCFO headquarters is located in Washington, D.C. As of September 30, 2019 there were 1,278 full-time permanent employees funded by appropriated funds (29) and working capital funds (1,249).

**OIG and GAO Reports****Table OCFO-1. Completed OIG Reports (closed audits)**

<b>Audit Report Number</b>	<b>Issuance Date</b>	<b>Title</b>
11403-0002-12	9/19/2019	Statement on Standards for Attestation Engagements No. 18, Report on Controls at the Financial Management Services for October 1, 2018, to June 30, 2019
50401-0018-11	11/22/2019	U.S. Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2019 and 2018
50503-0002-12	09/27/2019	FY 2019 FISMA
50401-0016-11	11/15/2018	U.S. Department of Agriculture's Consolidated Financial Statements for Fiscal Year 2018
50601-0007-31	9/28/2017	USDA WebTA Expense Reimbursement
50401-0018-11	11/25/2019	USDA Consolidated Financial Statement for Fiscal Years 2019 and 2018

**Table OCFO-2. In-Progress OIG Reports (audits pending closure)**

<b>Audit Report Number</b>	<b>Title</b>
50401-0013-11	U.S. Department of Agriculture's Consolidated Balance Sheet for Fiscal Year 2017
50016-0001-23	Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture
50024-0014-11	U.S. Department of Agriculture's Fiscal Year Compliance with Improper Payment Requirements
11601-0001-12	USDA's Fiscal Year 2019, First Quarter DATA Act Submission

**Table OCFO-3. Completed GAO Reports**

<b>ID</b>	<b>Date</b>	<b>Title</b>
102476	12/07/2018	Additional Guidance Needed to Improve Oversight of Agencies with Noncompliant Programs
102505	12/10/2019	Programs
103184	11/06/2019	Improper Payments Selected Agencies Need Improvement in their Assessments to Better Determine and Document Risk Susceptibility Quality of Data Submissions Has Improved but Further Action Is Needed to Disclose Known Data Limitations
102729	7/18/2019	DATA Act: Customer Agencies' Experiences Working with Shared Service Providers for Data Submissions (GAO-19-537)
102138	3/7/2019	Streamlining Government: OMB and GSA Could Strengthen Their Approach to Implementing a New Shared Services Plan (GAO-19-94)

**Table OCFO-4. In-Progress GAO Reports**

<b>ID</b>	<b>Title</b>
103418	Improper Payment Corrective Action Plans

**AVAILABLE FUNDS AND STAFF YEARS****Table OCFO-5. Available Funds and Staff Years (thousands of dollars, staff years (SY))**

Item	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
Salaries and Expenses:								
Discretionary Appropriations..	\$6,028	30	\$6,028	29	\$6,028	34	\$11,104	38
Transfers Out .....	-225	-	-150	-	-	-	-	-
Total Available.....	5,803	30	5,878	29	6,028	34	11,104	38
Lapsing Balances .....	-102	-	-129	-	-	-	-	-
Subtotal Obligations, OCFO.....	5,701	30	5,749	29	6,028	34	11,104	38
<b>Working Capital Fund a/:</b>								
Financial Management Services	328,680	1,391	311,155	1,267	319,245	1,393	315,199	1,384
Total, OCFO .....	334,381	1,421	316,904	1,296	325,273	1,427	326,303	1,422

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

**PERMANENT POSITIONS BY GRADE AND STAFF YEARS****Table OCFO-6. Permanent Positions by Grade and Staff Years**

Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
	Wash. D.C.	Wash. D.C.	Wash. D.C.	Wash. D.C.
SES .....	2	2	2	2
GS-15 .....	3	3	3	4
GS-14 .....	3	3	4	4
GS-13 .....	16	17	18	20
GS-12 .....	4	2	3	3
GS-11 .....	1	1	2	5
GS-9 .....	-	-	-	-
GS-7 .....	-	-	-	-
GS-5 .....	1	1	-	-
Other Graded .....	-	-	-	-
Ungraded.....	-	-	-	-
Total Permanent.....	30	29	34	38
Unfilled, EOY .....	-	-	-	-
Total Perm. FT EOY....	31	29	34	38
Staff Year Est .....	31	29	34	38

**SHARED FUNDING PROJECTS***Table OCFO-7. Shared Funding Projects (dollars in thousands)*

Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
<b>Working Capital Fund:</b>				
Administration:				
Material Management Service.....	\$72	\$40	\$42	\$41
Mail and Reproduction Services .....	78	86	90	94
Integrated Procurement Systems .....	218	233	208	208
Procurement Operations Services.....	1,929	2,140	2,512	1,795
HR Enterprise Management System .....	13	15	12	12
Subtotal.....	2,310	2,514	2,864	2,150
Communications:				
Creative Media & Broadcast Center .....	192	211	2	40
Finance and Management:				
National Finance Center.....	5,480	2,410	1,902	377
Financial Shared Services.....	1,080	1,128	1,025	1,270
Internal Control Support Services.....	317	260	260	313
Financial Management Support Services.....	62	84	87	82
Subtotal.....	6,939	3,882	3,274	2,042
Information Technology:				
Departmental Administration Technology .....	-	-	698	697
Client Experience Center.....	1,300	2,930	3,397	3,393
Digital Infrastructure Services Center .....	3,609	4,584	14,634	13,899
Enterprise Network Services .....	1,272	1,672	3,080	3,061
Subtotal.....	6,181	9,186	21,809	21,050
Correspondence Management.....	32	49	49	53
Total, Working Capital Fund.....	15,654	15,842	27,998	25,335
<b>Department-Wide Shared Cost Programs:</b>				
1890's USDA Initiatives .....	-	-	-	-
Agency Partner Outreach .....	125	122	117	117
Human Resources Self-Service Dashboard .....	10	10	9	-
Human Resources Transformation.....	15	-	-	-
Medical Services.....	13	12	6	-
Office of Customer Experience.....	32	41	45	45
People's Garden.....	8	-	-	-
Personnel and Document Security.....	41	37	37	37
Physical Security .....	-	-	88	64
Security Detail .....	74	68	69	69
Security Operations .....	174	166	87	94
TARGET Center .....	22	19	17	17
USDA Enterprise Data Analytics Services.....	-	-	81	81
Virtual University .....	17	-	-	-
Total, Department-Wide Reimbursable Program..	531	475	556	524
<b>E-Gov:</b>				
Budget Formulation and Execution Line of Business	1	1	1	1
Enterprise Human Resources Integration.....	30	30	-	-
E-Rulemaking.....	2	2	9	9
Financial Management Line of Business.....	1	1	1	1
Human Resources Line of Business.....	5	5	5	5
Integrated Acquisition Environment.....	77	84	56	56
Total, E-Gov .....	116	123	72	72
Agency Total.....	16,301	16,440	28,626	25,931

**ACCOUNT 1: SALARIES AND EXPENSES****LEAD-OFF TABULAR STATEMENT****Table OCFO-8. Lead-Off Tabular Statement**

Item	Amount
2020 Annualized Continuing Resolution .....	\$6,028,000
Change in Appropriation .....	+5,076,000
2021 Budget Estimate .....	<u>11,104,000</u>

**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in 926brackets):

**Office of the Chief Financial Officer**

For necessary expenses of the Office of the Chief Financial Officer, [\$6,028,000]  
\$11,104,000, of which \$4,000,000 will remain available until September 30, 2022.

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

Item	2018		2019		2020		Inc. or Dec.	Chg Key	2021 Budget	2021 SY	
	Actual	SY	Actual	SY	Enacted	SY					
Discretionary											
Appropriations:											
CFO.....	\$6,028	30	\$6,028	29	\$6,028	34	+\$5,076	(1)	4	\$11,104	38
Transfers Out:											
WCF.....	-225	-	-150	-	-	-	-	-	-	-	-
Total Available.....	5,803	30	5,878	29	6,028	34	+5,076	-	4	11,104	38
Lapsing Balances.....	-102	-	-129	-	-	-	-	-	-	-	-
Total Obligations.....	<u>5,701</u>	<u>30</u>	<u>5,749</u>	<u>29</u>	<u>6,028</u>	<u>34</u>	<u>+5,076</u>	<u>-</u>	<u>4</u>	<u>11,104</u>	<u>38</u>

**JUSTIFICATION OF INCREASES AND DECREASES**

The OCFO serves as the principal advisor to the Secretary and Senior Officials on all matters related to financial management, financial management systems, financial control and accounting, internal control and assessment and financial management training.

(1) **Office of Chief Financial Officer: An increase of \$5,076,000 and an increase of 4 staff years (\$6,028,000 and 34 staff years available in 2020).**

A) **An increase of 4,000,000 to support FMMI Enhancements.**

This funding would support enhancements to USDA's Financial Management System (FMMI) to support a Budget Spending and Execution Tool that is requested within OBPA's Budget request. Currently, FMMI use is not standardized or supported across the Department, resulting in Mission Areas using disparate systems to support financial reporting. In addition, funds control limits are not set at the OMB mandated levels in FMMI, requiring Mission Areas to manually control via individualized data configuration. This funding would ensure that all available USDA resources are loaded into FMMI at the congressionally mandated limit and that FMMI reports are generated to meet all congressional reporting requirements without requiring manual

intervention. This capability would allow USDA Program and Staff offices to perform budget execution at a programmatic level that is consistent and compliant with federal requirements. Without this funding, Department personnel will continue to perform labor-intensive reporting of budget execution via spreadsheets and rely on manual interventions that strain employee resources and increase labor costs.

B) An increase of \$926,000 and 4 staff years.

This funding would support personnel cost, and the hiring of four additional personnel for OCFO. OCFO is responsible for the financial leadership of an enterprise that has more than 100,000 employees, 14,000 offices and field locations, \$208 billion in assets, and \$143 billion in annual spending. As USDA has grown to meet the demands of the American farmers and ranchers, OCFO's funding has remained relatively flat. In order to meet demands and ensure proper fiscal stewardship, OCFO has had to absorb inflation, cost of living adjustments, promotions, and within grade increases, which has resulted in reduced services to USDA. These resources will enable OCFO to better meet the needs of its customers, meet critical deadlines and remain in compliance with USDA's Department policies and federal laws and regulations.

C) An increase of \$57,021, for pay costs (\$26,111 for annualization of the 2020 pay increase and \$30,911 for the 2021 pay increase).

This increase will support the pay increase for civilian employees. This increase will allow the OCFO to continue to meet its objective in administering and overseeing programs and policies relating to USDA operations. This critical increase is needed to support and maintain current staffing levels to meet the demands and statutory requirements imposed on OCFO. Elimination of the pay cost increase means the OCFO would not be able to fund approximately 1 FTE and/or would need to significantly cut travel, training, and mission support. Approximately 85 percent of our budget supports personnel compensation and benefits. Failure to receive this increase would prevent us from fully performing our mission, which is necessary to ensure continued financial management and stewardship of financial resources for the Department.

D) An increase of \$41,008 for performance awards.

This increase will support a 1 percentage point increase in awards spending, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development. Without this additional funding, OCFO will be unable to absorb these costs in FY 2021, resulting in reductions to planned hiring levels, eroding OCFO's ability to meet its mission.

E) An increase of \$51,971 for the Department's increased contribution to the Federal Employees Retirement System (FERS).

This increase will cover the expenses for the mandated increase of USDA's contribution to FERS. These increases were effective January 1, 2020, and impact approximately 8 employees' retirement packages.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS***Table OCFO-10. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))*

State/Territory/Country	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Estimate	SY	Budget	SY
District of Columbia.....	\$5,701	30	\$5,749	29	\$6,028	34	\$11,104	38
Lapsing Balances .....	102	-	129	-	-	-	-	-
Total, Available .....	5,803	30	5,878	29	6,028	34	11,104	38

**CLASSIFICATION BY OBJECTS***Table OCFO-11 Classification by Objects (thousands of dollars)*

Item No.	Item	2018 Actual	2019 Actual	2020 Estimate	2021 Budget
Personnel Compensation:					
	Washington D.C.	\$3,447	\$3,520	\$3,852	\$4,540
11	Total personnel compensation .....	3,447	3,520	3,852	4,540
12	Personal benefits .....	1,100	1,167	1,283	1,564
13.0	Benefits for former personnel.....	64	-	-	-
	Total, personnel comp. and benefits.....	4,611	4,687	5,135	6,104
Other Objects:					
21.0	Travel and transportation of persons .....	48	45	45	55
23.1	Rental payments to GSA.....	2	7	10	10
23.3	Communications, utilities, and misc. charges	143	101	105	105
24.0	Printing and reproduction.....	15	13	13	15
25.0	Other contractual services .....	-	51	51	55
25.1	Advisory and assistance services .....	201	448	273	300
25.2	Other services from non-Federal sources .....	36	31	31	4,040
	Other goods and services from Federal sources .....	277	161	161	205
25.4	Operation and maintenance of facilities.....	277	160	160	160
25.5	Research and development contracts.....	13	12	12	15
26.0	Supplies and materials.....	48	25	25	30
31.0	Equipment .....	30	7	7	10
42.0	Insurance claims .....	-	1	-	-
	Total, Other Objects .....	1,090	1,062	893	5,000
99.9	Total, new obligations .....	5,701	5,749	6,028	11,104
	DHS Building Security Payments (included in 25.3) ..	\$2	\$-	\$-	\$-
Position Data:					
	Average Salary (dollars), ES Position.....	\$182,218	\$181,323	\$182,000	\$185,000
	Average Salary (dollars), GS Position .....	\$110,000	\$113,000	\$114,000	\$117,000
	Average Grade, GS Position.....	13.5	13.5	13.5	13.5

### **STATUS OF PROGRAMS**

The Office of the Chief Financial Officer (OCFO) has Department-wide responsibility and leads USDA's financial management, financial management systems, financial control and accounting, internal control and assessment, and financial management training. OCFO is also responsible for the administration of the Working Capital Fund (WCF) and directly manages four WCF-funded activities:

- (1) the National Finance Center;
- (2) Financial Management Services;
- (3) Internal Controls and Support Services; and
- (4) Financial Management Support Services.

The Chief Financial Officer (CFO) is USDA's principal financial management policy officer and the chief financial advisor to the Secretary and Senior Officials. The CFO also serves as the Departmental official charged with the responsibility for the financial health of the WCF, and effective day-to-day financial management.

### ***Current Activities***

#### **Departmental Financial Statements**

USDA received an unmodified opinion on its 2019 financial statements. OCFO maintains continuous process improvement for financial management and information technology security. USDA will continue to make improvements to USDA's internal controls regarding financial reporting and financial systems, including:

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

#### **Budget Services**

A wide variety of budgetary services are provided by the Budget Division to the Office of the Secretary and Departmental staff offices. These services include:

- 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;
- Establishment of budgetary amounts and financial controls in the Department's financial system; and
- Provides financial advice and assistance to policy and program officials relating to ongoing operating programs, including analysis of issues, monitoring of resource utilization via status of funds reporting, and development of alternatives and recommended courses of action for resources allocation, development, and budget execution.

This service covers over 20 appropriation accounts, which encompass diverse functions, programs and activities, each of which require technical service at a level equivalent to the operation of a separate appropriation. The Budget Division also provides services to the Departmental Shared Cost Program Advisory Committee by conducting reviews and making

resource recommendations to the Advisory Committee in setting funding levels and priorities for decision by the Secretary.

### **Payment Integrity, Cash Management and Debt Collection**

The Office of the Chief Financial Officer's Fiscal Policy Division (FPD) assists USDA agencies and staff offices by establishing policies related to financial management and accountability. In part, FPD provides for a Department-wide consolidated response to laws, guidance, and policy by coordinating Department-wide data calls, analyzing submissions, and providing feedback to agencies regarding:

- Cash management and debt collection;
- Improper payments and recovery;
- USDA-Treasury Interdepartmental efforts regarding Do Not Pay database utilization; and
- Travel and Conference Policy and Reporting.

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 improper payment transaction testing, and corrective action plans. Specifically, FPD provides for these requirements by maintaining up-to-date and relevant guidance to all USDA agencies and staff offices. The up-to-date guidance addresses IPERA related issues such as Do Not Pay and Improper Payment Reporting; coordinates Department-wide agency reporting for the Improper Payment section of the USDA's Agency Financial Report; and functions as the Department's audit support in the Office of Inspector General's (OIG's) mandatory audits over travel card controls, high-dollar reporting, and IPERA compliance.

USDA is one of the largest credit agencies within the Federal Government with total receivables of approximately \$100 billion. The OCFO is responsible for developing Departmental policy and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act and debt and cash management activities required by regulations, circulars, manuals, and directives.

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

- Providing expertise, assisting agencies with risk assessments, statistical sampling, improper payment rate reporting, corrective actions that address root causes of improper payments, Do Not Pay, and recovery/recapture auditing;
- Guiding agencies and staff offices in their efforts and plan to comply with IPERA requirements;

- Monitoring USDA agencies' corrective action plans for development of internal controls, systems enhancements, and payment recapture/recovery of identified improper payments, providing assurance of program integrity, and the improvement of payment integrity rates; and
- Coordinating a consolidated Departmental response to IPERA reporting requirements for the USDA's Agency Financial Report which includes recapture/recovery auditing accomplishments.

### **Travel and Conference Activities**

OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's travel program, to include the travel charge card. 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 using training and compliance/data mining activities;
- Conducting agency data calls to ensure various reports to outside entities are submitted on time;
- Reviewing and analyzing conference proposals to ensure responsible use of government time, and resources;
- Collaborating with external customers and policy makers (e.g. GSA, OMB) to ensure travel policy remains in compliance with established laws and regulations; and
- Satisfying reporting requirements associated with Departmental conferences, relocations, and travel, including the Senior Federal Travel Report, Premium Class Travel Report, and travel card Statistics.

### **Audit Follow-up**

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

#### *Specifically Addressed Areas*

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

- Coordinating with USDA's OIG on a monthly basis to share the status of open audit recommendations;
- Following-up with USDA agencies' management and/or agency audit liaison officers to ensure corrective action responses to audit findings and recommendations are: appropriate and achievable, cost-effective, and tracked to achievement of final action by the estimated completion dates;

- Reviewing and analyzing USDA agencies' progress in completing corrective action for audits one-year or more past the management decision date, and without final action and behind schedule;
- 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 GAO audits; and
- Working with OIG on a Final Action Verification to determine if the agency/staff office provided OCFO with sufficient and adequate documentation to support corrective action as agreed in the original management decision.

### **Management Accountability and Control**

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, and FFMIA noncompliance in the Agency Financial Report to the Congress and the President.

To accomplish this task, OCFO prepares the annual data call to the Under and Assistant Secretaries, Heads of staff offices, USDA Agency Chief Financial Officers, and Management Control Officers, requesting a certification statement on compliance with FMFIA and FFMIA as of June 30, 2019 and an addendum (Bridge Memo) that covered the period July 1 through September 30, 2019. Each submission was reviewed to compile the Secretary's Annual Assurance Statement. Additionally, OCFO is responsible for the following:

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

### **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. 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; and

- Distributing agencies quarterly status reports to OIG.

#### *Specifically Addressed Areas*

For FY 2019, OIG's report identified seven most serious management challenges faced by USDA and its agencies. The challenges are listed in USDA's FY 2019 Agency Financial Report. During FY 2020, OCFO will monitor planned actions proposed by USDA agencies and staff offices to mitigate and resolve the challenges identified.

#### **Transparency and Accountability Reporting**

OCFO leads the Department's efforts to provide greater information sharing and transparency of data at USDA. OCFO provides Department oversight of Federal financial assistance policy, including Suspension and Debarment policy and Prizes and Challenges policy. OCFO also supports conference transparency, foreign assistance and supplemental funding (disaster-related) reporting. OCFO continues to support and improve these requirements and policies. OCFO/TARD manages the compilation of the Agency Financial Report required by the Office of Management and Budget (OMB) Circular A-136. OCFO also began implementation of the Grants Workforce initiative to identify and train the grants workforce in USDA as required by a GAO audit.

#### **Grants Policy**

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

OCFO leads the Department in Federal financial assistance policy and oversight, and regularly convenes the Federal Financial Assistance Committee (FFAC) consisting of agency representatives that are central to providing innovative solutions to grants reporting improvements. OCFO continued to work closely with the Foreign Agricultural Service and other USDA agencies in the implementation of their grants module called EzFedGrants.

#### *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 2019, the following budget services were achieved:

- Prepared the FY 2020 President's Budget for Departmental Administration and the staff offices, which was presented to Congress;
- Developed the FY 2021 Agency Estimates, and Department Estimates;
- Successfully loaded FY 2019 actual spending and outlays for the FY 2021 budget in the OMB MAX entry system;
- Entered the FY 2020 budgetary apportionments for over 20 appropriated accounts including the continuing resolution shares at the start of the fiscal year while using robotic process

automation that affectively allowed for the establishment of budgetary authority in the financial system;

- Developed the FY 2020 operating spend plans for the Office of the Secretary's appropriation and reimbursable accounts; and
- Conducted reviews and recommendations for the Advisory Committee regarding funding decisions and recommendations to the Secretary for the Departmental Shared Cost Program reimbursements.

### **Payment Integrity, Cash and Debt Management**

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

USDA's estimated Payment Integrity rates were 93.75 percent in FY 2018 and 93.03% in FY 2019.

- USDA's Improper Payment Recapturing Initiatives include two recovery processes:
  - Recapture of payments outside of an audit program recaptured \$388.77 million dollars of \$389.17 million identified resulting in a 99.89% recapture rate; and
  - Recapture of payments through Payment Recapturing Audits, recaptured \$195.01 million dollars of \$221.39 million dollars identified, resulting in an 88.1% recapture rate.

### **Travel and Conference Activities**

- Managed USDA's SmartPay Program transition for the travel charge card program;
- Implemented new data mining tool to mitigate charge card misuse and assist with compliance/fraud analytics;
- Maintained Department travel charge card fraud rate of less than 0.01% and a less than 0.4% delinquency rate;
- Collaborated with USDA OCIO AgLearn to update/deliver travel charge card maintenance training to cardholders; and
- Outstanding conference management; team processed over 65 approval request packages, totaling appx \$15.5M.

### **Audit Follow Up**

OCFO completed its first year of deployment of a new tool for Audit Follow-up Tracking and Reporting. OCFO trained component agency personnel on usage of the new system. USDA made significant improvements in audit closures during FY 2019.

- The Department's inventory of open audits decreased from 100 in FY 2018 to 75 in FY 2019, which constitutes a 25 percent decrease in our beginning inventory;
- Component agencies and staff offices closed 50 audits, including 230 recommendations which represent a 14 percent increase over the 44 audits closed during FY 2018;
- Forty-seven of the 50 audits closed were more than one year past the management decision date, which resulted in an overall increase of 44 percent in closures of late audits over the FY 2018 level;

- The increased focus on older audits related to the disposition of disallowed costs and/or implementation of funds to be put to better use contributed to a higher closure rate and significantly improved controls over cybersecurity; and
- The number of audits open one or more years without final action at the end of FY 2019 was 53, which represents an 18 percent decrease from the previous year.

### **Management Accountability and Control**

The Office of Inspector General issued an unmodified opinion on the U.S. Department of Agriculture financial statement as of September 30, 2018. USDA was able to accomplish a full-scope audit in fiscal year (FY) 2018 and published all consolidated financial statements and related notes. For FY 2018, a Balance Sheet only audit was performed for one USDA component agency, Natural Resources Conservation Service (NRCS), which also resulted in an unmodified opinion.

In FY 2019, OCFO implemented enhanced automation and workflow in the A-123 Compliance and Reporting Tool (ACRT), to document, monitor and report required controls to be assessed under the OMB Circular No. A-123, Appendix A, in compliance with the Federal Managers' Financial Integrity Act of 1982. These additional enhancements included:

- Financial Statement (F/S) Line Item Scoping Status for agencies based on determining factors from Materiality Threshold Amount, Departmental Level status, Qualitatively Scoped-In, and more;
- Two new dashboards communicating announcements, upcoming deadlines, meetings, trainings, reference materials, templates and points of contact to better support users; and
- User-friendly and accessible functionalities that permitted multiple users with similar roles and responsibilities to share the same data.

### **Transparency and Accountability Reporting**

USDA submitted fourth quarter data to the USAspending.gov in November 2019. USDA reported all Treasury symbols in File A, error-free, File B was 99.8 percent accurate and File C were 95 percent accurate, a significant improvement over the prior quarters.

### **DATA Act**

- USDA implemented Parent/Child reporting; and
- Data quality checks to identify any mislabeled transactions initially labeled as "NONDATAACT" in the FMMI general ledger which should be reported using an agreement number.

### **Grants Policy**

- Led a working group to develop government-wide effort to have standard financial assistance terms and conditions in the System for Award Management which will reduce the burden on financial assistance receipts at USDA and across government;

- 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.

#### **Conference Transparency**

- OCFO worked with the Office the Chief Information officer to enhance the Conference Transparency and Accountability Tool (CTAT) to streamline reporting and implement requested changes by the system users.