

2017 President's Budget
Working Capital Fund

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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)
- Credit Card Service Center (CCSC)
- 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)
- Management Reporting (MRPT)
- Financial Management Support Services (FMSS)

Information Technology:

- National Information Technology Center (NITC)
- Client Technology Services (CTS; includes elements of former International Technology Services, and Washington Computer and Technology Services)
- 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, 2015, there were 3,173 permanent full-time employees, including 537 in Washington, D.C., and 2,636 in field offices.

WORKING CAPITAL FUND

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

Item	<u>2014 Actual</u>		<u>2015 Actual</u>		<u>2016 Enacted</u>		<u>2017 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
USDA Fee for Service:								
Administration.....	\$40,303	138	\$43,430	141	\$44,676	195	\$43,758	198
Communications.....	4,018	19	5,228	16	5,489	26	5,184	26
Fin. Mgt.....	219,330	776	227,878	823	181,473	741	182,481	761
Info. Technology.....	474,041	855	415,915	844	388,966	937	397,724	978
Corresp. Mgt.	3,013	19	2,955	18	3,443	24	4,387	24
Intrafund Adj. a/	-89,435	-	-57,215	0	-59,168	0	-57,562	0
Subtotal.....	651,270	1,807	638,191	1,842	564,879	1,923	575,972	1,987
Purch of Equip.....	22,046	-	32,855	-	27,000	-	20,000	-
Purch. Card Rebate...	9,747	-	1,888	-	8,500	-	8,500	-
Unobl. Bal. Exp.....	16,669	-	10,029	-	-	-	-	-
Subtotal (USDA).....	699,732	1,807	682,963	1,842	600,379	1,923	604,472	1,987
Non-USDA Fee for Service:								
Administration.....	1,681	10	2,166	8	1,770	10	1,847	10
Communications.....	23	1	585	2	168	1	560	1
Fin. Mgt.....	112,329	527	130,532	564	170,263	918	173,981	939
Info. Technology.....	19,626	-	31,067	41	40,473	83	39,917	78
Subtotal (Non-USDA).....	133,659	570	164,350	615	212,674	1,012	216,305	998
Total, WCF.....	833,391	2,377	847,313	2,457	813,053	2,935	820,777	2,985

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	2014 Actual			2015 Actual			2016 Enacted			2017 Estimate		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES	6	9	15	11	5	16	10	5	15	10	5	15
GS-15	24	52	76	38	55	93	38	55	93	38	55	93
GS-14	54	187	241	86	185	271	91	195	286	92	197	289
GS-13	72	561	633	116	633	749	117	637	754	119	648	767
GS-12	36	694	730	58	766	824	58	763	821	58	768	826
GS-11	27	326	353	43	397	440	45	417	462	45	411	456
GS-10	4	6	10	5	6	11	3	4	7	5	5	10
GS-9	18	88	106	29	132	161	24	108	132	23	104	127
GS-8	8	23	31	14	24	38	13	22	35	14	23	37
GS-7	17	288	305	27	313	340	27	314	341	26	305	331
GS-6	10	94	104	16	62	78	14	54	68	17	67	84
GS-5	31	105	136	50	82	132	41	67	108	40	65	105
GS-4	3	15	18	5	14	19	7	21	28	6	16	22
GS-3	1	0	1	1	0	1	1	0	1	1	0	1
GS-2	-	2	2	0	0	0	0	0	0	0	0	0
Other Graded Posns...	24	11	35	38	9	47	39	8	47	37	8	45
Total Perm Positions....	335	2,461	2,796	537	2,683	3,220	528	2,670	3,198	531	2,677	3,208
Unfilled, EOY.....	17	9	26	0	47	47	0	32	32	0	36	36
Total, Perm Full-Time Empl.EOY....	318	2,452	2,770	537	2,636	3,173	528	2,638	3,166	531	2,641	3,172
Staff Year. Est.....	297	2,080	2,377	318	2,139	2,457	417	2,518	2,935	424	2,561	2,985

Lead-Off Tabular Statement

<u>Recurring Operations</u> ^{1/}	
Budget Estimate, 2017	\$792,277,000
2016 Enacted	<u>777,553,000</u>
Change	<u>+14,724,000</u>
 <u>Capital Availability</u>	
Budget Estimate, 2017	20,000,000
2016 Enacted	<u>27,000,000</u>
Change	<u>-7,000,000</u>
 <u>Purchase Card Rebates Expended</u>	
Budget Estimate, 2017 ^{2/}	8,500,000
2016 Enacted	<u>8,500,000</u>
Change	<u>0</u>
 <u>Unobligated Balances Expended</u>	
Budget Estimate, 2017 ^{3/}	0
2016 Enacted	<u>0</u>
Change	<u>0</u>
 <u>Total, Working Capital Fund</u>	
Budget Estimate, 2017	820,277,000
2016 Enacted	<u>813,053,000</u>
Change	<u>+7,724,000</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 for the acquisition of plant and capital equipment necessary for the delivery of financial, administrative, and information technology services of primary benefit to the agencies of the Department of Agriculture.

^{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 2017 (unobligated 2016 funds) will not be known until the end of FY 2016.

WORKING CAPITAL FUND

Summary of Increases and Decreases

(Dollars in thousands)

	2014 <u>Actual</u>	2015 <u>Change</u>	2016 <u>Change</u>	2017 <u>Change</u>	2017 <u>Estimate</u>
Recurring Operations:					
1. Administration:					
MMSC	\$9,156	-\$356	+\$886	+\$26	\$9,712
MRS.....	10,847	-806	+448	-462	10,027
Integrated Procurement Sys	15,408	+698	+28	-	16,134
Procurement Operations.....	5,412	+4,756	-2,071	-405	7,692
Human Res. Enterprise Syst....	0	0	+1,505	-	1,505
Admin. Support Costs <u>1</u> /.....	1,161	-680	+54	-	535
Subtotal	41,984	+3,612	+850	-841	45,605
2. Communications:					
Creative Media & Broadcast Ctr.	4,041	+1,772	-156	+87	5,744
3. Financial Management:					
NFC	194,023	-17,338	-10,534	+4,024	170,175
Financial Management Service...	0	-33,275	-	-	-
Controller Operations	33,275	-96,024	-	-	-
Financial Systems.....	96,024	+172,649	+576	+352	173,577
Financial Mgt. Support Svcs.....	2,792	+24	+152	-	2,968
Management Reporting <u>2</u> /.....	-	-	+3,007	+86	3,093
Internal Control Support Svcs....	2,295	+325	+45	+340	3,005
Admin. Support Costs <u>1</u> /.....	3,250	+390	+80	-76	3,644
Subtotal.....	331,659	+26,751	-6,674	+4,726	356,462
4. Information Technology:					
NITC.....	122,178	+37,369	-17,111	-5,646	136,790
Client Technology Svcs.....	307,492	-42,651	-3,236	+8,513	270,118
Telecom. Services.....	63,073	-41,372	+2,802	+5,335	29,838
Admin. Support Costs <u>1</u> /.....	924	-31	+2	-	895
Subtotal.....	493,667	-46,685	-17,543	+8,202	437,641
5. Correspondence Management					
	3,013	-58	+488	+944	4,387
Intrafund Adjustment <u>3</u> /	-89,435	+32,220	-1,953	+1,606	-57,562
Total Recurring Operations.....	784,929	+17,612	-24,988	+14,724	792,277
Capital Availability.....	22,046	+10,809	-5,855	-7,000	20,000
Purchase Card Rebate Proceeds.....	9,747	-7,859	+6,612	-	8,500
Unobligated Balances Expended.....	16,669	-6,640	-10,029	-	-
Total, Change.....	833,391	+13,922	-34,260	+7,724	820,777

- 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/ Management Reporting is a new activity center in FY 2016.
- 3/ 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>2014 Actual</u>		<u>2015 Actual</u>		<u>2016 Enacted</u>		<u>Inc. or Dec.</u>		<u>2017 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC.....	\$9,156	32	\$8,800	33	\$9,686	45	+\$26	-	\$9,712	45
MRS	10,847	65	10,041	64	10,489	87	-462	-	10,027	87
IPS	15,408	12	16,106	12	16,134	18	-	-	16,134	18
Proc. Oper....	5,412	32	10,168	37	8,097	43	-405	+3	7,692	46
HRES.....	-	-	-	-	1,505	9	-	-	1,505	9
Adm. Supp....	1,161	7	481	3	535	3	-	-	535	3
Subtotal ...	41,984	148	45,596	149	46,446	205	-841	+3	45,605	208
2. Commun.:										
CMBC	4,041	20	5,813	18	5,657	27	+87	-	5,744	27
3. Fin. Mgt.										
NFC.....	194,023	911	176,685	869	166,151	917	+4,024	+29	170,175	946
FMS.....	-	-	172,649	473	173,225	687	+352	+13	173,577	700
COD.....	33,275	244	-	-	-	-	-	-	-	-
Fin. Sys.....	96,024	100	-	-	-	-	-	-	-	-
FMSS.....	2,792	20	2,816	19	2,968	20	-	-	2,968	20
ICSS	2,295	11	2,620	10	2,665	12	+340	-1	3,005	11
MRPT.....	-	-	-	-	3,007	-	+86	-	3,093	-
Adm. Supp....	3,250	17	3,640	16	3,720	23	-76	-	3,644	23
Subtotal...	331,659	1,303	358,410	1,387	351,736	1,659	+4,726	+41	356,462	1,700
4. Info. Tech.										
NITC	122,178	202	159,547	209	142,436	310	-5,646	-	136,790	310
CTS	307,492	646	264,841	650	261,605	677	+8,513	+6	270,118	683
Tele. Svc....	63,073	34	21,701	22	24,503	28	+5,335	-	29,838	28
Adm. Supp.	924	5	893	4	895	5	-	-	895	5
Subtotal...	493,667	887	446,982	885	429,439	1,020	+8,202	+6	437,641	1,026
5. Corr. Mgt...										
Intra. Adj.....	-89,435	-	-57,215	-	-59,168	-	+1,606	-	-57,762	-
Tl. Rec. Oper.	784,929	2,377	802,541	2,457	777,553	2,935	+14,724	+50	792,277	2,985
Cap. Equip.	22,046	-	32,855	-	27,000	-	-7,000	-	20,000	-
Pur. Card Reb.	9,747	-	1,888	-	8,500	-	-	-	8,500	-
Unob. Bal.	16,669	-	10,029	-	-	-	-	-	-	-
Total	833,391	2,377	847,313	2,457	813,053	2,935	+7,724	+50	820,777	2,985

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

Service Category	<u>2014 Actual</u>		<u>2015 Actual</u>		<u>2016 Enacted</u>		<u>Inc. or Dec.</u>		<u>2017 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC.....	\$7,475	22	\$6,634	25	\$7,916	35	-\$51	-	\$7,865	35
MRS	10,847	65	10,041	64	10,489	87	-462	-	10,027	87
IPS	15,408	12	16,106	12	16,134	18	-	-	16,134	18
Proc. Oper.....	5,412	32	10,168	37	8,097	43	-405	+3	7,692	46
HRES.....	-	-	-	-	1,505	9	-	-	1,505	9
Adm. Supp.	1,161	7	481	3	535	3	-	-	535	3
Subtotal	40,303	138	43,430	141	44,676	195	-918	+3	43,758	198
2. Commun.:										
CMBC	4,018	19	5,228	16	5,489	26	-305	-	5,184	26
3. Fin. & Mgt.										
NFC.....	81,694	384	82,198	404	60,403	284	+849	+8	61,252	292
FMS.....	-	-	136,604	374	108,710	402	-191	+13	108,519	415
COD.....	33,275	244	-	-	-	-	-	-	-	-
Fin. Sys.....	96,024	100	-	-	-	-	-	-	-	-
FMSS.....	2,792	20	2,816	19	2,968	20	-	-	2,968	20
ICSS	2,295	11	2,620	10	2,665	12	+340	-1	3,005	11
MRPT.....	-	-	-	-	3,007	-	+86	-	3,093	-
Admin. Supp.	3,250	17	3,640	16	3,720	23	-76	-	3,644	23
Subtotal.....	219,330	776	227,878	823	181,473	741	+1,008	+20	182,481	761
4. Info. Tech.										
NITC.....	102,552	170	128,481	168	108,523	227	+1	+35	108,524	262
CTS	307,492	646	264,840	650	255,045	677	+3,422	+6	258,467	683
Telecom. Svc.	63,073	34	21,701	22	24,503	28	+5,335	-	29,838	28
Adm. Supp.	924	5	893	4	895	5	-	-	895	5
Subtotal.....	474,041	855	415,915	844	388,966	937	+8,758	+41	397,724	978
5. Corr. Mgt.....										
Intrafund Adj.....	-89,435	-	-57,215	-	-59,168	-	+1,606	-	-57,562	-
Tot. Rec. Oper.	651,270	1,807	638,191	1,842	564,879	1,923	+11,093	+64	575,972	1,987
Cap. Avail.....	22,046	-	32,855	-	27,000	-	-7,000	-	20,000	-
Purch. Card Reb.	9,747	-	1,888	-	8,500	-	-	-	8,500	-
Unob. Bal. Exp...	16,669	-	10,029	-	-	-	-	-	-	-
Tot., Avail/Est..	669,732	1,807	682,963	1,842	600,379	1,923	+4,093	+64	604,472	1,987

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

Service Category	<u>2014 Actual</u>		<u>2015 Actual</u>		<u>2016 Enacted</u>		<u>Inc. or Dec.</u>		<u>2017 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC.....	\$1,681	10	\$2,166	8	\$1,770	10	+\$77	-	\$1,847	10
2. Commun.:										
CMBC	23	1	585	2	168	1	+392	-	560	1
3. Fin. & Mgt.										
NFC.....	112,329	527	94,487	465	105,748	633	+3,175	+21	108,923	654
FMS.....	-	-	36,045	99	64,515	285	+543	-	65,058	285
Subtotal.....	112,329	527	130,532	564	170,263	918	+3,718	+21	173,981	939
4. Info. Tech.										
NITC.....	19,626	32	31,066	41	33,913	83	-5,647	-35	28,266	48
CTS.....	-	-	1	-	6,560	-	+5,091	-	11,651	-
Subtotal.....	19,626	32	31,067	41	40,473	83	-556	-35	39,917	48
Tot., Avail/Est...	133,659	570	164,350	615	212,674	1,012	+3,631	-14	216,305	998

Justification of Increases and Decreases

- (1) A net increase of \$14,724,000 and a net increase of 50 staff years (\$777,553,000 and 2,935 staff years available in 2016) 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 increase reflects estimates of costs for expanded non-USDA activity in Departmental financial system applications and costs associated with agency-specific services among other activity centers in the WCF. Amounts shown for 2017 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. This initiative aligns with the President's Management Agenda.

The increase is primarily based on estimates of the value of information technology services. Almost 56 percent of the increase from 2016 to 2017 (\$8.2 million) represents the value of information services delivered to USDA and non-USDA customers. The estimated USDA cost increase accounts for the increases and is based on estimated levels of service in telecommunications services and agency-specific services to be delivered in 2017. Staff year changes reflect a similar behavior in the nature of services to be provided.

- (2) A decrease of \$7,000,000 for capital equipment (\$27,000,000 available in 2016):

Capital availability reflects availability of investment funds (apart from recurring operations) to be used 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 principle governing allocations is based on whether it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset). 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 Departmental Management. Allocations are limited to amounts available.

- (3) A net change of zero in purchase card rebates availability (\$8,500,000 available in 2016).

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 requiring notification to the Committees on Appropriations of Congress in advance of obligations under this authority.

Expenditures under this section are estimated as follows:

	<u>2016</u>	<u>2017</u>
<u>Amount Available:</u>	\$8,500,000	\$8,500,000
Allocated	8,500,000	0
Unallocated	0	8,500,000

Investments for which notification is herein provided to the Committees on Appropriations to obligate funds transferred to the Working Capital Fund in FY 2016 include the following allocations (\$8,500,000):

Miscellaneous Income Reporting System..... \$1,000,000

The Miscellaneous Income Reporting System aggregates payment information for the production of 1099 tax reporting. This application is hosted on obsolete technology that has decreasing availability of support, and will not meet MIDAS or IPAS 1099 reporting requirements.

Corporate Property Automated Information System \$1,100,000

The USDA Corporate Property Accounting Information System is operating on older generation servers using Oracle database technology. It is interfaced to USDA's financial systems and to external sites utilizing secure FTP and SAP's Process Integration platform.

The upgrade will provide modernization of the underlying platform, providing increased capability to existing customers. This will also provide a flexible federal property management framework to offer potential financial shared services to Federal agencies, while providing enhanced data analytic functionality to USDA property managers.

Enterprise Reporting \$2,500,000

NFC currently employs several reporting tools. Many of them were built out of customer needs without a comprehensive enterprise reporting solution or approach in mind. The customers need, and have asked for, complete access to their data/reports in an easy to understand, readily accessible environment. Without such a solution, NFC clients believe the current reporting solutions are outdated, cumbersome and expensive, leading numerous customers to develop their own in house HR reporting solutions. Many of NFC's HRLOB competitors have spent extensive resources in developing enterprise reporting and analytic solutions to have a competitive edge over NFC in the HRLOB environment (e.g., reporting was cited by the US Department of Labor as a main deficiency in functionality for NFC's technology solution). This cost is for continued development of Insight as an enterprise solution.

Pilot Enterprise Payroll Solution \$3,900,000

To remain competitive in the payroll and HR market, USDA needs to undertake a number of actions, including: (1) acquiring an integrated Federal payroll solution that provides customers a fully integrated solution to meet all payroll, personnel, HR, and time/labor requirements; and (2) upgrade EmpowHR take advantage of increased functionality. Administering outdated mainframe technology, batch processing, and software, when coupled with limited integration of the current application, puts USDA at a competitive disadvantage with respect to other Federal providers.

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

State/Territory	<u>2014 Actual</u>		<u>2015 Actual</u>		<u>2016 Enacted</u>		<u>2017 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Alabama	\$3,383	7	\$3,540	9	\$3,651	10	\$3,738	10
Alaska	846	2	747	2	773	2	791	2
Arizona	2,960	6	2,617	6	2,705	7	2,768	7
Arkansas	3,806	8	3,365	8	3,478	9	3,559	9
California	4,228	8	4,487	11	4,637	12	4,746	12
Colorado	73,028	126	72,849	139	71,720	167	77,904	170
Connecticut	846	2	747	2	773	2	791	2
Delaware	1,691	3	1,496	4	1,546	4	1,582	4
District of Columbia	185,109	297	173,179	359	134,563	394	136,543	403
Florida	1,691	3	2,243	5	2,181	6	2,698	7
Georgia	2,960	6	2,992	7	3,091	8	3,164	8
Guam	846	2	374	1	386	1	395	1
Hawaii	423	1	747	2	773	2	791	2
Idaho	3,383	7	3,365	8	4,251	11	4,350	11
Illinois	6,343	13	5,609	13	5,410	14	5,537	14
Indiana	5,074	10	4,860	11	5,410	14	5,537	14
Iowa	7,188	14	6,730	16	6,956	18	7,119	18
Kansas	5,497	11	5,235	12	6,183	16	6,328	16
Kentucky	4,651	9	4,113	10	4,637	12	4,746	12
Louisiana	291,810	1243	315,161	1,069	257,078	1,264	262,303	1,321
Maine	1,269	3	1,122	3	1,159	3	1,186	3
Maryland	21,624	54	20,080	52	22,763	71	25,224	72
Massachusetts	846	2	747	2	1,022	3	1,028	3
Michigan	3,806	8	2,992	7	3,478	9	3,559	9
Minnesota	6,343	13	5,982	14	6,432	17	6,565	17
Mississippi	4,228	8	3,739	9	4,637	12	4,746	12
Missouri	188,499	334	172,613	393	197,651	512	187,758	503
Montana	4,228	8	4,113	10	4,251	11	4,350	11
Nebraska	5,920	12	5,609	13	6,183	16	6,328	16
Nevada	1,269	3	1,122	3	1,159	3	1,186	3
New Hampshire	423	1	374	1	386	1	395	1
New Jersey	846	2	747	2	773	2	791	2
New Mexico	1,691	3	1,496	4	1,546	4	1,582	4
New York	2,960	6	2,992	7	3,091	8	3,164	8
North Carolina	5,074	10	4,860	11	5,796	15	5,932	15
North Dakota	3,806	8	3,739	9	4,251	11	4,350	11

WORKING CAPITAL FUND

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

State/Territory	<u>2014 Actual</u>		<u>2015 Actual</u>		<u>2016 Enacted</u>		<u>2017 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Ohio	4,651	9	4,113	10	4,251	11	4,350	11
Oklahoma	3,806	8	4,113	10	4,637	12	4,746	12
Oregon	4,228	8	3,365	8	3,091	8	3,164	8
Pennsylvania	4,228	8	2,992	7	3,091	8	3,164	8
Puerto Rico	1,691	3	1,122	3	1,159	3	1,186	3
South Carolina	2,537	5	2,243	5	2,705	7	2,768	7
South Dakota	3,806	8	3,365	8	3,478	9	3,559	9
Tennessee	5,074	10	4,113	10	4,637	12	4,746	12
Texas	13,069	24	12,128	115	38,752	138	34,976	126
Utah	4,228	8	4,487	11	5,023	13	5,141	13
Vermont	1,691	3	1,496	4	1,546	4	1,582	4
Virginia	2,537	5	2,243	5	2,319	6	2,373	6
Washington	2,960	6	2,992	7	2,705	7	2,768	7
West Virginia	2,537	5	2,243	5	2,319	6	2,373	6
Wisconsin	5,074	10	4,860	11	5,796	15	5,932	15
Wyoming	2,114	4	1,870	4	1,932	5	1,977	5
Total, Available or Estimate <u>a/</u>	922,826	2,377	904,528	2,457	872,221	2,935	878,339	2,985

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>2014</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Enacted</u>	<u>2017</u> <u>Estimate</u>
Personnel Compensation:				
Washington, D.C.	\$24,495	\$30,211	\$35,030	\$35,254
Field	<u>171,547</u>	<u>182,423</u>	<u>211,522</u>	<u>212,937</u>
11 Total personnel compensation	196,042	212,634	246,552	248,191
12 Personnel benefits	60,861	67,955	79,321	80,654
13.0 Benefits for former personnel	121	169	45	40
Total personnel comp. & benefits	<u>257,024</u>	<u>280,758</u>	<u>325,918</u>	<u>328,885</u>
Other Objects:				
21 Travel	3,627	3,722	4,496	4,742
22 Transportation of things	775	732	868	887
23.1 Rental payments to GSA	7,031	7,868	9,223	8,355
23.2 Rental payments to others	6,450	6,361	7,135	7,485
23.3 Communications, utilities, and misc. charges	88,760	93,672	94,125	93,669
24 Printing and reproduction	314	361	306	383
25.1 Advisory & Assistance Services	561	536	613	718
25.2 Other services from non-Federal sources ..	227,501	238,663	207,437	214,367
25.3 Purchases of goods and services from Federal sources	106,573	84,457	71,470	71,197
25.4 Operation and maintenance of facilities	2,493	7,519	2,328	3,131
25.7 Operation and maintenance of equipment	98,017	81,055	93,029	103,289
26 Supplies and materials	8,872	13,362	4,854	4,514
31 Equipment	<u>114,828</u>	<u>85,462</u>	<u>50,419</u>	<u>36,717</u>
Total Other Objects	<u>665,802</u>	<u>623,770</u>	<u>546,303</u>	<u>549,454</u>
Total, Working Capital Fund <u>1/</u>	<u>922,826</u>	<u>904,528</u>	<u>872,221</u>	<u>878,339</u>
DHS Building Security Payments (incl. in 25.3)..	-	\$2,017	2,340	\$2,382
Position Data:				
Average Salary, ES Position	\$162,000	\$164,000	\$166,000	\$167,000
Average Salary, GS Position	\$81,000	\$82,000	83,000	84,000
Average Grade, GS Position	12.3	12.2	12.2	12.2

1/ Totals include all intrafund transfers

Status of Program

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. In addition to its responsibilities for administration of the WCF, OCFO manages the following WCF activities:

- National Finance Center (New Orleans, LA; Denver, CO)
- Financial Management Service (FMS-formerly Controller Operations and Financial Systems; Washington, DC; New Orleans, LA)
- Internal Control Support Services
- Financial Management Support Services
- Management Reporting

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; Landover, MD)
- Mail and Reproduction Management Division (MRMD)
- Integrated Procurement Systems (IPS), including the Charge Card Services Center (CCSC)
- Procurement Operations (POD)
- Human Resources Enterprise System (HRES)

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. 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.

Selected Examples of Recent Progress:

Under MMSC:

The Centralized Excess Property Operation (CEPO) under MMSC completed its seventh full year as a Federal Asset Sales Center. A total of 23 sales were conducted in 2015 rendering proceeds of \$1.3 million. Additionally, the CEPO Rehab Program sold 33 units of refurbished furniture to USDA customer agencies. This program saved agencies an estimated \$71,363 over the cost of new furniture. Finally, there were 1,551 pieces of furniture reissued (original cost of \$1.2 million).

The Consolidated Forms and Publications Distribution Center (CFPDC) under MMSC replaced the Web ordering and inventory management systems using a new cloud-based system. At various stages of inventory control, the new system will eliminate redundancies; improve service delivery and the customer experience; and streamline operational processes. Expected results include: reduction in the number of backordered items by 30 percent through improved requirements forecasting, assignment of reorder levels and prevention of duplicate orders; improved accountability will reduce processing time for controlled/serialized forms by 20 percent; and reduction of system downtime by 30 percent.

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 Environmental Protection Agency (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 2015, 372 metric tons of carbon equivalents were reduced which relates to the reduction of greenhouse gases released into the environment.

CEPO contributed over 33 tons of recyclable electronics that have no reuse or re-sale value to the UNICOR, Federal Prison Industries, Inc. recycling program managed by the Department of Justice. Agencies are encouraged under the Federal Electronics Challenge (FEC) to: purchase greener electronic products; reduce impacts of electronic products during use; and manage obsolete electronics in an environmentally safe way. Additionally, 305 tons of scrap metal was sold for revenues over \$30,698. CFPDC staff recycled 88 pallets or 44 tons of forms and publications in support of USDA environmental objectives.

Excess supply support was provided to USDA and 14 non-USDA agencies in the Washington, D.C. metropolitan area to ensure proper accountability and disposal for over 152,000 units of excess personal property. In 2015 income from all non-USDA agencies exceeded \$879,000. 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 ensured timely distribution of over 16,594 units of property weighing over 730,158 pounds to USDA customers nationwide and supported \$2.6 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 2015, 923 monitors were reused, resulting in a cost avoidance of over \$184,600.

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 USDA Farm Bill to small townships throughout the United States. In 2015, CEPO transferred 306 units of excess to support outreach efforts.

CEPO's Central Receiving function received, inspected, and delivered over 14,523 pieces of property weighing 316,788 pounds. 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 missions. Prompt delivery of assets also provided a safe working environment for all building tenants.

Under MRMD:

The Copier and Duplicating Services (CDS) Branch implemented a new cost methodology in support its Copier Leasing Program. CDS manages approximately 425 multi-function copiers deployed throughout offices within the USDA. Agencies' reimbursable costs are now based on fixed rates. CDS customers are stakeholders and continued support from each is imperative to the sustainability of the Copier Leasing Program. Application of the new cost methodology has shown significant results to include improvement with budget analysis and forecasting, billing statements, deliverables of all-inclusive copier maintenance and supplies, etc. More importantly, it secured CDS ability to market and expand service to USDA field offices across the country to include new copier installations in Denver, Colorado, Albuquerque, New Mexico, Golden, Colorado and now the potential acquisition for approximately 90 new copiers at the USDA St. Louis, Missouri field office.

The Mail Services Branch ended all contractual support with Vistrionix Inc. and Metro Mail Services for mail services operations. Through ending these two contracts, Mail Services was able to improve operational efficiencies, eliminate redundant processes, reduce operating cost by \$865,000, increase productivity, and through technology enhance service delivery with the new Mail Retrieval Office.

CDS reached its milestone with standardization of the Copier Leasing Program's Multi-Function (copier) Printers fleet. In collaboration with the Office of Procurement and Property Management (OPPM), CDS selected two preferred vendors to acquire copier equipment, service, and supplies. To achieve this accomplishment, CDS re-negotiated and consolidated vendor contracts at reduced prices. It established conformity with the deployment of the same makes/model, and partnered with the Office of the Chief Information Officer on the enhancement of document security and network management for the copier fleet.

CDS introduced aggregated shared program agreements for maintenance and usage. Instituting these strategies validates CDS ability in the long-term to manage the Department's Copier Leasing Program in the most efficient and effective manner.

CDS/Printing Services generated approximately \$1.2 million dollars of income in fiscal year 2015, earning an additional \$200,000 more than fiscal year 2014. The revenue increase was a product of CDS/Printing Services' commitment to continuously marketing its services, improving technology, and keeping machinery in a state of operational readiness. Because of those efforts, CDS/Printing Services received an increase of print requests, in addition to new customers' patronage.

The Mail Services Branch upgraded the SC Logic Accountable Mail Tracking System in the Accountable Mail Unit. This tracking system tracks all incoming and outgoing accountable mail such as Express International Express Mail, Certified, Registered, and Deliver Confirmation to USDA's internal customers. It safeguards processes for capturing, tracking, and reporting data relating to customer usages and services. The system 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 will support MRMD Transportation Operations with courier/messenger services as its administrative processes progress toward increased automation.

The Mail Services Branch was instrumental in implementing USDA's Fleet Management Initiative. Transportation Operations worked hand in hand with the Office of Operations (OO) to assist in implementing this for many USDA agencies. This initiative addresses building a safe, secure, and an efficient workplace while maximizing the return on the taxpayers' investment by installing GPS Tracking Systems in OO's leased motor vehicles. This initiative is designed to collect accurate vehicle usage data necessary to manage, control, and report utilization and fuel usage. The data will ensure 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

Under IPS:

The IPS IAS successfully processed approximately 312,467 total transactions in 2015 with \$2.1 billion in obligations and supported \$2.2 billion in total spending. The IAS program also realized \$836,000 in cost savings for hosting services at the National Finance Center (NFC). These savings were used to fund process improvements initiatives within the IPS Program – Financial Management Modernization Initiative (FMMI) Message Queuing (MQ) interface, Fleet Card operations and oversight support, and Purchase Card Business Process Improvement.

The IPS IAS program team re-negotiated the Program Management Support contract that resulted in savings of \$1.6 million in a span of four years, which led to reinvestment into improving the overall operations of the IAS and CCSC programs.

The IPS IAS program team provided IAS training to over 200 employees in 7 sessions in five different USDA locations and also conducted 17 training sessions on PRISM version 7.2, which was attended by 750 USDA IAS users. These training sessions provided “hands-on” training assisted the agencies in their support of the Secretary’s initiatives to improve the quality of services and maintain a well-trained work-force. By taking the instructor to regional sites, employee travel was reduced saving the agencies an estimated \$300,000 in travel costs.

The IPS IAS program team completed the 2015 Annual Assessment Testing of security controls and converted the updated controls set in CSAM to Rev4. As part of the Continuous Monitoring Program, IPS updated all the Risk Based Decisions and Interconnection Security Agreements (ISA) and performed quarterly reviews for 5,000 IAS non-privileged and privileged user accounts.

The IPS IAS program team implemented a new utility, Oracle Application Express (APEX) that provides advanced capability to view IAS information and manage existing errors. The program has maintained 100 percent compliance with Federal regulations by applying Federal Acquisition Regulation (FAR) clause updates, Product Service Code (PSC) updates, North American Industry Classification System (NAICS) size standard updates, and increasing the micro-purchase minimal threshold for FPDS-NG reporting.

The IPS IAS program team replaced the existing Oracle Compusearch Interface (OCI) with a more streamlined interface between its commercial off the shelf (COTS) products Oracle and PRISM within IAS. This project allows IAS to use additional PRISM functionality that has not been previously enabled due to constraints between PRISM and Oracle. The result of this project is a software configuration that has the lowest software licensing cost, the greatest user experience, and the most cost effective solution to improve IAS performance.

The IPS Charge Card and Service Center (CCSC) program effectively supported 13,184 purchase cards with a volume of 981,501 transactions year to date and a total spend of \$346.4 million. The IPS program also accomplished the Circular A-123 Random Receipt Sampling business process control across all agencies of USDA. The IAS successfully processed approximately 312,467 total transactions in 2015 with \$2.1 billion in obligations and supported \$2.2 billion in total spending.

The IPS CCSC program team initiated a Business Process Improvement (BPI) initiative for all aspects of the Purchase Card Program within CCSC that will include review of program management practices, roles and responsibilities, program effectiveness, policy definitions, and the execution and effectiveness of defined processes and procedures. This review will identify and recommend improvements that address Purchase Card program weaknesses and deficiencies.

The IPS CCSC program team provided Fleet Card Operational Support and has successfully completed close-out activities related to the transition of the charge cards for the Fleet program from US Bank to CitiBank/Wright Express (WEX). The close-out activities resulted in the collection of \$48,000 of fuel tax reimbursements as well as \$40,000 in savings from the termination of the 2016 interagency agreement for the

Fleet Charge Card Rebate Check Processing (fuel tax reclamation) between OPPM and the National Finance Center (NFC) Controller Operations Division (COD).

Under POD:

Procurement Operations Division (POD) led USDA's Strategic Sourcing Initiative (AgSSI) by providing program and project management in support of the Secretary's \$100 million savings goal. The AgSSI teams (Fleet, IT, Lab Equipment, and Real Estate) identified an estimated annualized savings opportunity of \$80 - \$130 million across five category profiles. As a result of this identification and effort, the Lab Equipment and Supplies Team, utilizing the Agricultural Research Service (ARS) Contracting Office, awarded an Indefinite Delivery Indefinite Quantity (IDIQ) contract to Life Technologies Corporation for laboratory equipment, supplies and services. This \$23.7 million contract is available for use throughout the USDA and offers an average of 13.25 percent discount off list price for the goods and services covered under the contract (as compared to last year's contracts) with some items receiving up to 25 percent off previous prices. This equates to a potential savings of over \$3 million over the five-year life of the contract.

POD also led the AgSSI Team to the identification of savings in the real property area. The AgSSI Team began working with General Services Administration in client portfolio planning of leased buildings with 12 opportunities for potential consolidation along with other Federal agencies. The annualized potential for savings of these is approximately \$22.9 million.

POD continued to receive the support of the Secretary and Assistant Secretary of Administration (ASA)/Chief Acquisition Officer (CAO) regarding USDA's Strategic Sourcing Initiative. In July, the ASA issued a memo advising all USDA agencies to support strategic sourcing by using POD's newly awarded Department-wide laptop/desktop Blanket Purchase Agreements (BPAs) and to consider vehicle leasing rather than purchasing, based on the results of the POD/AgSSI Team analysis. As a result of these efforts, the savings from the laptop/desktop BPAs is over \$300,000 for 2015, and there are approximately 4,000 vehicles identified for leasing opportunities in 2016 with GSA that could have a savings impact of over \$20 million in 2016.

POD, in tandem with OCFO, managed the contract renewal and transfer process associated with GSA's move of Federally-shared financial operations and services to USDA. In 2015 OCFO, with the support of POD, acquired over \$40 million in annual contracts related to various financial systems GSA had previously managed as a shared service for various federal agencies. The assumption of these contracts included adding a workforce of over 250 full-time employees for USDA and ensured that any necessary licenses/certifications were up to date. In taking over these services, USDA and OCFO are able to grow their portfolio as a leader in financial services and operations for the Federal Government.

POD was responsible for the consolidation and streamlining of the Office of Operations (OO) copier contracts that require lease and maintenance services. POD was able to negotiate a reduction to 12 lease and maintenance contracts in 2015 from 28 in 2013, saving USDA over \$1 million annually. POD is actively working to reduce the overall number of copier lease and maintenance contracts to seven in 2016 with the renegotiation and/or expiration of other existing service contracts. In addition to the contract dollar savings, additional administrative savings will be realized as a result of the reduction the number of actions and invoices required to continue services.

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, and language translations for print material, production art, specialized contracting, and exhibit fabrication.

CMBC Core Services provides enterprise wide service benefits with maintenance and support of www.USDA.gov web portal and variety of Department web sites and 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, specialized copywriting, 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:

CMBC established a new five-year BPA for the support of agencies that need product or mission communication strategies and marketing campaigns. This partnership provides faster service and pre-screened vendors for quality and value. Single year award obligations using this BPA totaled \$2.8 million for our USDA clients.

CMBC helped reduced travel and increased collaboration providing over 1,450 Webinars for USDA agencies in 2015. The Webinar service volume increased almost 50 percent from 2014.

CMBC provided creative materials including video and radio, graphic design and webcasting in support of USDA’s Cultural Transformation and StrikeForce Outreach efforts.

CMBC Core funded services coordinated implementation of “Ask the Expert,” a customer relations management system for USDA.gov. This application provides self-service support for Web users to have questions answered 24 hours a day, 7 days a week. The service was asked 458,097 questions; the system answered 448,869 for a self-service rate of 98 percent. There were 9,228 submitted questions to “Ask the Expert.”

Core Services working with FNS, OCIO, NITC and OCIO, EAS Open Source Drupal Development Platform and Framework completed the following milestones that will allow for better content management and better customer experience with USDA.gov on mobile, tablet, and the desktop:

- Delivery of Functional Platform 100 percent (September 28, 2015)
- Build out of PaaS Environment 100 percent (September 18, 2015)
- Build out of IaaS Environment 100 percent (September 18, 2015)

Conference videos were produced by CMBC for the School Nutrition Association annual conference, highlighting USDA efforts to promote the Healthy Hunger Free Kids Act.

FINANCIAL MANAGEMENT

Current Activities:

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

- National Finance Center (New Orleans, LA; Denver, CO)

- Financial Management Service (FMS—formerly Controller Operations and Financial Systems; Washington, DC; New Orleans, LA)
- Internal Control Support Services
- Financial Management Support Services
- Management Reporting

NFC, along with Financial Management Service (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 100 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 600,000 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
- 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).

Under FMS, 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 the GSA. This includes Pegasys Financials, National Electronic Accounting and Reporting System (NEAR), Financial Management Information System (FMIS), Central Contractor Registry Connector (CCRC), Vendor Customer Self Service (VCSS), and roughly 20 support applications. In addition, PFS also maintains roughly 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 Department of Justice management division was implemented into EmpowHR, NFC's human resources information system solution. Several customers were implemented into Paycheck8 and WebTA as a time and attendance (T&A) solution. NFC successfully implemented OPM/Legislative changes including annual pay raise, phased retirement, affordable care act reporting, and other OPM pay/personnel updates.

NFC completed a Cyber Forensic Center to provide continuous and proactive security monitoring for digital forensic support to NFC. The main focus is in cyber, counterintelligence, and counterterrorism pertaining to NFC's assets. The center is staffed with experienced forensic, investigative, and security professionals performing functions such as: monitoring and reporting, computer forensics, data recovery, hacking forensics, incident response, collaboration with FBI and other security entities, ad hoc penetration testing and e-mail spoofing. These functions must be performed in a secured environment to minimize leakage of ongoing investigations, collaborations and monitoring internal threats.

NFC completed the FedRAMP certification process as a Platform as a Service (PaaS) cloud service provider. To accomplish this task, NFC utilized in-house resources for control testing to reduce overall cost by \$250,000. NFC received its FedRAMP certification in May 2015.

The Debt Management Improvement Initiative (DMI) was first launched in 2010 to improve reporting and modify the delinquency routine to expedite collections and accelerate referral of delinquent debt to the Treasury's Bureau of the Fiscal Service. NFC continued the efforts in 2015, and its actions brought total reductions in debt, including delinquent debt, from \$53.3 million to \$29.4 million, while debt classified as delinquent has been reduced from \$13.2 million to \$8.2 million. Projects implemented include: billing and collecting salary overpayments while employees are in non-pay status and decreasing due process to 120 day maximum in compliance with the Digital Accountability and Transparency Act by consolidating salary overpayment and debt notices; creating new, missed, and partial payment notices; revising repayment agreements; increasing automatic garnishment from \$10 to \$50 and increasing hardship deduction thresholds from \$25 to \$50 per payroll; creating new inquiry screens to provide agencies the ability to research the status of delinquent debts; and adding new indicators to track delinquency and allowing more robust reports and made accounts receivable aging reports available.

NFC released the first production version of Insight, "Business Intelligence Delivered" in June 2013. The Web-based application provided an enhanced human capital reporting solution for NFC customers. It included a centralized, consolidated data warehouse with advanced reporting and analytics capabilities. The second production version was released in the spring 2014, incorporating human resources data, debt management, position data as well as performance tuning and enhancements. In 2015 the focus was on additional data sources and reports including daily time and attendance data. Insight is used throughout the NFC community by effectively providing key business intelligence that supports strategic decision making. Consolidation and retirement of multiple existing solutions will provide cost-savings for NFC and its customers.

The NFC Contact Center (NCC) continues supporting the phased implementation of Insight (Enterprise Reporting System) and Paycheck8 (Time and Attendance Solution) for NFC customers. The NCC 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.

NFC continued the installation and testing of version 4.2 of webTA which provides customers with increased functionality. Once in production, NFC will implement NFC customers into the software.

NFC issued 696,780 Form W-2s before the January 31 deadline and processed over 166,600 manual payments in 500 daily payment schedules totaling more than \$151 million.

NFC implemented the CFO Signature Process Improvement Project for 2015 regarding access management. The completion of this project reduced the average number of days to process an access request from 20.5 days to 3.5 days, which constituted an 83 percent reduction in time to process an access request. Other notable performance improvements were a 57 percent reduction in trouble tickets per month and a 91 percent reduction in expedited request.

NFC successfully transitioned 273 positions (252 encumbered positions / employees) from the General Services Administration to the USDA OCFO. Starting in October 2014, NFC held status meetings with USDA and GSA officials to ensure that facilities occupied by transitioning employees were aligned with

OCFO practices and policies. NFC collaborated with the Human Resources office to deliver the USDA LincPass to transitioning employees in advance of the official transition date. In addition, NFC participated in the Employee Orientation Sessions held in Fort Worth, TX; Kansas City, MO; and Washington, DC along with subject matter experts from the Human Resources Office. Site visits were completed at the in Fort Worth, TX, and Kansas City, MO, locations.

NFC continues to provide back office Human Resources services for personnel security, benefits processing, and pay and leave administration. Services were enhanced across its customer base by leveraging best practices and shared automated services. There were a variety of specific examples of this. NFC represented all serviced customers in user-acceptance testing for the WebTA 4.2 automated time and attendance program upgrade. NFC accomplished implementation of the E-Comp automated workmen's compensation system across all customers. NFC implemented use of OF-306 Declaration for Federal Employment for all inter-agency personnel moves to ensure that all customer personnel maintain proper background investigations for their current and incumbent positions, and continued suitability is constantly reviewed for customer risk reduction.

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 has partnered with OPM to support the extension of Federal Employees Health Benefits (FEHB) to the Tribes, Tribal organizations, 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 17,500 enrollees in the Tribal FEHB program. In 2015, NFC continued to support the functionality in TIPS to further enhance health insurance enrollment, reporting and billing processes, including: corrective actions to enrollee data, collection adjustments, and enhancements to the 2809 Standard Form Health Benefits Election Form and the 2810 Standard Form Notice of Change in Health Benefits Enrollment
- Direct Premium Remittance System Web (DPRW) - NFC continues to support a Web Portal for agencies to enter FEHB enrollments for Temporary Continuation of Coverage (TCC) enrollees and Direct Pay Annuitants. In 2015 more than 689 agencies' officials successfully certified their FEHB elections and FEHB change documents through the DPRW web portal, thus expediting FEHB enrollment processing. NFC also continues to support functionality which enhanced health insurance enrollment and reporting processes, including: transfer in functionality for Standard Form 2810 to allow payroll offices the ability to transfer an existing enrollment to DPRS Incomplete Standard Form 2810 Reporting (agencies and OPM can now run this new report in DPRW to show if there 2810s did not process successfully), an audit history report, and a processed enrollment report.

Under FMS:

As part of the Office of Management and Budget's initiative to consolidate commonly used Government services, the General Services Administration (GSA) and USDA completed the transfer of the GSA Financial Momentum system, 293 personnel, and assets from GSA to USDA in March 2015. A new organization, the Pegasys Financial Services (PFS), was created to incorporate the transferring employees and functions from GSA to USDA. PFS is now providing financial management to GSA and 39 small boards and commissions for services related to accounts payable, accounts receivable, fixed assets, general accounting, and external client services.

FMS implemented the Food and Nutrition Service (FNS) and the Agricultural Marketing Service (AMS) into the FMMI Grants Solution. FMS processed an estimated 2,300 grants totaling approximately \$80 billion to SNAP in 2015. Additionally, FMS implemented the National Resource Conservation Service (NRCS) into the Grants Solution, and NRCS will begin processing grants in November 2015. A Grants Governance Board

consisting of agency representatives was established to support grant activities across USDA.

FMS successfully configured and implemented the remaining 25 USDA agencies and staff offices into the new E-government Travel Service (ETS2) Concur Government Edition (CGE) Information Technology (IT) system. This completed the implementation of the 29 agencies and staff offices of the USDA into CGE. In total, USDA has converted over 120,000 travelers into the new travel system. FMS successfully processed approximately 300,000 temporary duty travel vouchers through CGE in 2015.

FMS completed the implementations of their commercially acquired telecommunications and utility invoice payment processes that have continued to yield a significant savings of approximately 20 percent. These savings were a result of reduced telecommunication rates, cost savings from bundling accounts under a service provider, as well as cleanup of old service accounts. These successful implementations have also received the attention from other Federal agencies looking to reduce their cost in ensuring that sufficient funds are available to fulfill their mission. The interested agencies were National Aeronautics and Space Administration, GSA, and Bureau of Public Debt.

FMS completed implementation of the Invoice Processing Platform (IPP) System that provides the vendors the capability to electronically create, submit, and track invoices and payments online in 2014. As a result of the successful implementation, other Federal agencies such as Broadcasting Board of Governance, Centers for Medicare and Medicaid Services, Department of Interior/Incident Business Center, and Department of Education have requested assistance with their implementations. In 2015, FMS participated in several forums and training sessions along with the Department of Treasury to articulate the benefits of the single electronic invoicing system that provides full disclosure to the vendors/service providers and other benefits such as a reduction in interest expense.

FMS successfully implemented four Forest Service-specific candidate system interfaces and replaced two manually intensive processes with FMMI on-line interactive forms. FMMI on-line forms were implemented to incorporate Financial Transaction Request System for processing customer invoices and expenditure refunds, and the Balance Voucher Adjustment System for processing general ledger adjustments. New interfaces were developed and implemented for:

- Miscellaneous Payments System (MiscPay) that processes employee reimbursements and payments to volunteers
- Incident Business System 2 (IBS2) which monitors transactions that occur in the field where Forest Service is a primary or supporting responder
- Automated Standard Application for Payment (ASAP) to reimburse JP Morgan Chase Bank for funds that are loaded on Forest Service debit cards
- Department of Health and Human Services (HHS) interface to record disbursement of funds and receipt of refunds made by HHS on behalf of Forest Service

At fiscal year-end of 2015, FMS significantly improved the timeliness and accuracy of agency reporting. FMS received green rating for the reporting of Intragovernmental Payment and Collection (IPAC) suspense account balances for 29 of 31 agency location codes.

FMS also issued 114,659 Form 1099s via the Internal Revenue Service (IRS) January 31, 2015 deadline to various vendors and grant recipients totaling \$4.1 billion.

FMS processed disbursements totaling in excess of \$9.5 billion with an additional recording of payments disbursed via Department of Treasury's ASAP system and others for an additional outlay of approximately \$244 billion.

FMS successfully replaced the functionality of FACTS I, FACTS II, Intragovernmental Fiduciary Confirmation System (IFCS), and Intragovernmental Reporting & Analysis System (IRAS) as the primary means of reporting agency trial balance data to the Government wide Treasury Accounting Symbol (GTAS).

FMS continues to enhance its Business Intelligence (BI) Reporting Platform. The Business Intelligence Team

successfully upgraded its reporting platform, Business Objects (BOBj) Enterprise Suite, which addressed software bugs and improved reporting functionality. This robust reporting solution delivers enhanced ad-hoc functionality, supports approximately 5,000 users with the capability to analyze their agency's financials in a dynamic environment. FMS' Business Intelligence Team also upgraded its in-memory reporting appliance, SAP HANA. This solution enables FMS users to quickly perform real-time analytics external to the financial system's Enterprise Control Component (ECC). Both upgrades facilitated the completion of eight financial reports, 60 Financial Statements Data Warehouse (FSDW) reports and 75 FNS reports. Additionally, FMS' reporting platform was used to successfully deploy a Business Intelligence Dashboard which provides users visibility into system's assurance, nightly cycle processing status and report usage statistics.

Other FMS activities completed in fiscal year 2015 included:

- Replaced the Forecast of Revenue document processing with a more robust sales order process for USDA
- Piloted a new Inter-Agency Agreements program with the Marketing and Regulatory Programs (MRP) agencies to facilitate automatic off-setting of Sales Orders and Purchase Orders across USDA agencies
- Implemented new, streamlined process for processing local travel in FMMI using on-line forms
- Implemented changes to the Rural Development's Program Loan Cost Expense (PLCE) program by providing an invoice mass upload program that eliminated substantial manual entry of invoices
- Eliminated FMMI Ledgers 96 and 97 which resulted in reduced storage requirements and improved back up processing time
- Established the Accounting Issues Resolution Committee to standardize USDA accounting treatments and ensure compliance with the United States Standard General Ledger.

PFS completed a significant upgrade of Pegasys within the last Fiscal Year. Pegasys was upgraded from Momentum Financials 6.5 to Momentum Financials 7.1.2. To ensure successful update of the software PFS has implemented an integrated testing approach that ensures the greatest amount of functionality is tested, thus reducing the amount of software defects within the system. This is accomplished by the following:

- Creation and use of automated testing scripts where possible to ensure current functional processes are not impacted.
- Creation and use of manual testing scripts to ensure that 100 percent of GSA business processes are tested

PFS completed an implementation of the Billing and Accounts Receivable Implementation (BAAR) project to replace functionality previously provided by the legacy accounting system NEAR. PFS implemented BAAR Phase 3 Wave 3.2 in January 2015, beating the Integrated Master Schedule (IMS) by one month. The implementation of Wave 3.2 completes 80 percent of the functionality to be replaced by BAAR. The remaining functionality will be implemented within the next fiscal year, however significant progress has been made on the final implementations of BAAR below.

Under ICSS:

In 2015, ICSS implemented mission-oriented task orders for the following projects: 1) The development of a Concept of Operations for the new Risk Management Framework (RMF) for the Department's Internal Control Program; 2) Data Cleansing for the A-123 Document Tracking System (ADTS); and 3) Reimbursable Agreement Training Development. The benefits of these task orders extended well beyond ICSS and focused on important internal control areas emphasizing a heightened focus on the achievement of mission results and providing better accountability. Additionally, these projects augmented ICSS's successful efforts in revising the assessment approach to achieve a more collaborative risk-based assessment by providing new policies to ensure compliance with internal control laws, standards and guidance as revised by Government Accountability Office (GAO) and Office of Management and Budget (OMB), and to continually improve USDA's internal control program such that it can be more efficient and effective.

During FY 2015, ICSS and its contractors completed a comprehensive review of the 758 control objectives and 106 business processes in its current data tracking system. Through consolidation and elimination of redundant objectives and processes, ICSS was successful in achieving a reduction in control objectives to 272 and a reduction in business processes to 58. In addition, 399 duplicate control links were removed and the control objectives were standardized to allow the agencies to tailor their control activities according to their agency-specific processes.

The number of controls to be tested increased in FY15 by 7 percent (134 controls). This increase was primarily due to an increase in the number of business processes and controls assessed by FSA/CCC in the current year. Although there was an increase in the total controls tested, the Department achieved an overall decrease in assessment cost of 2 percent or \$132,000.

In an effort to maximize resources and reduce duplicate testing, ICSS approved a waiver request for the National Finance Center (NFC) to leverage their Statement on Standards for Attestation Engagements (SSAE) No.16, "Reporting on Controls as a Service Organization," controls testing. This change produced cost savings to NFC in the amount of \$22,000 and allowed ICSS to use its resources for more analysis.

ICSS developed a new RMF and governance structure in 2015 to implement GAO's revised Green Book which was issued in September 2014 and that becomes effective in 2016. Included in the new structure are the Senior Management Control Council (SMCC), the Federal Management Financial Integrity Act (FMFIA) Integration Team (FIT), the Financial Reporting and Assessment Team (FRAT), and the Program and Compliance Assessment Team (PCAT). The new framework focuses on meeting requirements of GAO Green Book, OMB Circular A-123 and departmental policy requirements. Three agencies and one staff office successfully piloted the concept of operations during 2015. Implementation of the framework resulted in the identification of opportunities for integration of assessment testing from Circular A-123, Appendix A, business processes and the agencies' Management Control Reviews for two of four pilot agencies. The framework will integrate reporting of internal control activities across the Department to provide USDA with a broad view of risks related to Internal Control over Financial Reporting, Internal Control over Operations, Internal Control over Financial Systems, and Internal Control over Non-financial Reporting. Additionally, the results of the assessment indicated that the Entity Level Controls (ELC) Questionnaire should be streamlined to align to the five components and seventeen principles of internal control. It was also noted that the accountable officials, as well as their delegates, completing the assessment needed additional training and context. An ELC working group was established to develop the new ELC tool. The ELC tool was revised to better align with the new structure of the GAO Green Book, and will be added to the ADTS system for implementation department-wide in 2016.

The 2015 Interagency Agreements Training (IAAs) was developed and delivered to two primary audiences: agency Chief Financial Officers and certain agency and staff office personnel who have responsibility for preparing and signing interagency agreements. Both trainings are now available in AgLearn for new CFOs and other agency and staff office personnel. The trainings were designed to provide participants with a better understanding of Departmental Regulations (DRs) and legal requirements for preparing IAAs, as well as interagency acquisitions, under USDA statutory authorities. Also, participants were trained on certain laws and statutes related to IAAs, in addition to the roles and responsibilities involved in preparing and approving the Financial Management Services (FMS) 7600 A and 7600 B forms.

In 2015, through the use of capital investment funding ICSS awarded four contracts to procure and implement a new Governance, Risk, and Compliance (GRC) tool and a new Continuous Controls Monitoring (CCM) tool. ICSS contracted PricewaterhouseCoopers LLP (PwC) to implement the new GRC and CCM tools. In addition, ICSS contracted Accenture, LLP to configure the new CCM tool in the USDA's Financial Management and Modernization Initiative system. The implementation of these two tools that will increase the value delivered by ICSS and support the department's implementation of the requirements for the Government Accountability Office's revised Green Book, FMFIA, and OMB Circular No. A-123 and its appendices.

The new GRC and CCM tools employed by ICSS have many features, including workflow management, data analysis, document repository, and ad hoc reporting capabilities, all of which can make USDA's internal

control program more efficient and effective. The anticipated benefits include:

- Enhanced and more timely oversight of internal control compliance activities across the USDA;
- Improved efficiency and effectiveness of the control assessment communities through automation, leading to cost efficiencies and allowing for reallocation of resources;
- Business improvement through reduction in error and waste by exception reporting and remediation to streamline and improve processes;
- Elimination, prevention and detection of key risks;
- Real-time alerts of non-compliances to ensure issues are resolved timely, and
- The ability to report more comprehensively on control effectiveness and compliance both internally to customers and other external stakeholders, thereby helping internal coordination efforts.

Of the 11 General Computer Controls (GCC) control families being monitored for OMB Circular A-123, Appendix A testing, 7 of the 11 control families experienced decreases in the number of deficiencies during 2015 GCC testing. Additionally, 3 of the 11 control families recorded increases in “other-than-satisfied” control testing results, with the majority of the higher totals being attributed to a single agency out of the 15 agencies/staff offices performing GCC testing.

ICD developed control objectives and test plans for the Charge Card Monitoring process for agencies and staff offices to qualitatively scope in the process for testing. Eighty-percent of the agencies/staff offices participating assessed their charge card monitoring controls and over 90 percent of their controls were tested. ICD was able to identify the specific areas of weaknesses within the process for the purpose of compiling best practices employed by agencies that passed testing to assist those agencies that failed testing during the 2015 assessment.

Annually, ICSS performs spot testing of POA&M closures during the assessment year. In 2015, the compliance percentage for proper segregation of duties between the individual requesting a POA&M closure and the individual approving the request was 95 percent, an increase of 15 percentage points over 2014. Additionally, in 2015, the compliance rate for closed POA&Ms where approval requests for POAM closure were appropriate and validly supported rose to 100 percent from 71 percent in 2014.

ICSS offered BPC and GCC training to agency and staff office points of contact for the annual assessment to facilitate an efficient and effective assessment process. The following Business Process and General Computer Control trainings were offered:

- Risk Assessment
- Documentation (Part 1): Narratives and Flowcharts
- Documentation (Part 2): Business Process Controls
- Testing
- Summary of Aggregated Deficiencies
- Corrective Action Plans/ POAMs
- Certification/Assurance Statement
- GCC Testing
- GCC Summary of Aggregated Deficiencies

These trainings had an overall increase in participation of 14 percent and achieved in excess of an 87 percent average approval rate among attendees who responded that training objectives were met.

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 (AOA), Office of the Chief Information Officer (OCIO), OCFO, Office of Homeland Security (OHSEC), and Office of the Executive Secretariat (OES) to make sound fiscal decisions in support of the Departments strategic goals. FMSS executed in 2015 over \$256 million in budget authority across 14

appropriated accounts, 17 shared services program (greenbook) accounts, 146 program reimbursement accounts, 6 working capital fund accounts, 2 administrative support cost accounts, 1 Farm Bill account, and 7 no-year accounts.

Also in 2015, FMSS implemented and executed for OAO the 2501 grant program. FMSS executed \$9.27 million in grant budget authority across 70 grant programs, which made it possible for USDA to provide outreach to communities not normally reached through a grant process.

FMSS resolved the long standing abnormal balance issue. FMSS develop a working knowledge of Federal general ledger accounting, established standard accounting practices and created ad hoc general ledger reports that optimized the reconciliation and reduction of negative cash balances.

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; Beltsville, MD)
- Client Technology Services (Washington and field operations nationwide; includes elements of the former International Technology Services, and Washington Computer and Technology Services)
- Enterprise Network Services (Fort Collins, CO)

The Enterprise Data Center Operations/National Information Technology Center 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 may be 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 Agriculture Security Operations Center (ASOC) and Office of Homeland Security 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.
- 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 Office of the Chief Information Officer (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 Farm Services Agency (FSA), Natural Resources Conservation Service (NRCS), Rural Development (RD), National Information Technology Center (NITC), and Agriculture Security Operations Center (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 Teleconferencing, 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.

In 2015, CTS evolved from the merger of the former International Technology Services (ITS) and Washington Communications and Technology Services (WCTS). The Computer Services Unit (CSU) consolidated with CTS services to continue to provide robust workplace 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 targeted for full consolidation into the CTS activity center in 2016. TCSC 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. NS 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.

Under WCTS, now being consolidated into CTS, the Computer Services Unit (CSU) plans, acquires, implements, and manages IT resources, including software licensing and technical support. WCTS provides file and print, remote access, desktop support, wireless messaging and agency application services for the Office of Secretary and OCIO. The Telecommunications Customer Services Center (TCSC) 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. Network Services (NS) 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 Consolidation Initiative by implementing the Forest Service vDC (virtual data center) and migrating business applications into the environment. NITC also supported WebFarm migrations for RD, FSA, and NRCS and began migrating users out of the S-100 facility.

NITC supported the department's Multi-Factor Authentication Cyber Sprint through an aggressive 60-day cycle, achieved 88 percent Personal Identify Verification (PIV) compliance for elevated privilege users going through the EDCO/NITC Network Administrators Group (NAG) using LincPass with a starting point of 6 percent PIV compliance. EDCO/NITC also established an Agency waiver process for staff not able to use LincPass and issued Entrust tokens for use.

NITC achieved FedRAMP certification for the newly launched IaaS vDC – OpenStack offering as well as the Platform As A Service (PaaS) offering. EDCO/NITC enabled rapid deployment (by Tier 2 support) of Virtual Machines (VMs) with vCloud Automation Center (vCAC) v6. This allows for rapid provisioning of servers within 30 minutes; a substantial decrease from 24 days. EDCO/NITC also upgraded and added capacity to the NetApp storage subsystems and clustered NetApp.

NITC Enterprise Application Services (EAS) grew the amount of revenue received from reimbursable agreements by 30 percent for the fiscal year by adding 12 new agreements and migrating the OCIO intranet onto the USDA Connect platform, saving OCIO \$250,000 per year.

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. This work through FY 2018 is estimated at \$37 million.

NITC achieved cost savings/avoidance activities in office space costs by \$1.2 million through FY 2017 by facilitating FSA Occupancy Agreement with GSA and acquiring \$406,000 in office furnishings from GSA at no cost to enhance the EDCO/NITC workspaces and common area.

NITC also 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).

NITC 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.

NITC EAS created a Drupal content management system platform that dramatically reduces customer licensing and maintenance costs. Drupal services were adopted by Office of Communications (OC) for use by all USDA websites and GSA for their entire website portfolio

NITC's Security Operations group created 2 service offerings: digital Secure Sockets Layer (SSL) certificates and Entrust tokens for multi-factor authentication, integrated self-service password reset and token PIN reset

capability into the EDCO/NITC systems, and implemented Fortigate firewall infrastructure in KC and STL that enables firewall redundancy at each data center and faster Disaster Recovery failover to STL.

NITC, through its AgLearn business line, completed the administration and delivery of mandatory training programs such as Cyber Security, Ethics, and Civil Rights. This improved AgLearn's ability to support mandatory programs via the Learning Management System. These courses are also now typically available on mobile devices such as iPads.

NITC, through its AgLearn business line, earned two awards this year. AgLearn won a Brandon Hall Group's Excellence in Learning/Talent award. This award is associated with ELearning Magazine. Also AgLearn won a Skillssoft 2015 Innovation Award for influencing learning in the public sector. These awards reflect the AgLearn success in learning innovations, process improvement, marketing, and general program management.

Under CTS:

During 2015, 242,372 incidents, 73,153 deployments and 147,639 change requests were completed. Compared to 2014, this represents a 10 percent increase. Reviewing "Top Service Desk Incidents," it is clear that CTS continues to make improvements in backroom preventive maintenance mitigation, as evidenced by the increase in capturing vulnerability scanning Incidents, increasing the health of the workstation. A total of 19,582 workstations and 4,429 non workstations were added to the asset inventory. Additionally, over 14,377 monitors were deployed.

CTS was a leader in the Department deployment of mandatory LincPass with OCIO being the first large organization to begin enforcement. CTS led the LincPass initiative by providing guidance and implementation best practices that can be utilized by all USDA agencies. Some of the key elements of this process included: developing implementation guidance, developing survey to assist agencies with implementation based on either the user (preferred approach) or computer alternative for application of the mandatory enforcement, developing Group Policies and Procedures within Enterprise Active Directory.

CTS led the Department's effort as part of the OMB Cybersprint directives to ensure users authenticated to the network using approved credentials. USDA successfully met the Presidential Cross Agency Prioritization goal of 85 percent of users logging into the network using their LincPass credentials vice username/password by September 30, 2015.

CTS continued to develop Personal Identify Verification (PIV) alternatives for users without physical cards (LincPass) and devices that cannot support use of a physical card. CTS developed a solution that uses credentials compliant with HSPD-12. These credentials are derived from a validated PIV source. CTS executed a successful proof of concept for the use of PIV-Derived credentials. This access method uses a combination of access and security tools to integrate with existing access control systems and provide secure authentication. The testing validated use to access resources on mobile devices and using PIV-D on a mobile device to access resources on workstations. It tested application of PIV-D to log into a protected site, the e-mail system, custom mobile applications, and the VPN. The proof of concept included Android, iOS, Windows, and Mac OS devices.

CTS completed upgrade of the Enterprise Active Directory (EAD) infrastructure to the most current operating systems and application versions was completed. In addition, Active Directory Federation Services (ADFS) was added as a new service to the EAD environment. This service supports authentication with other associated directories and cloud services. ADFS is currently being integrated with Cisco Unified Communications and will provide the authentication service for new projects such as LincPass enabled Outlook Web Access and Microsoft E3 Volume License services that are under consideration for the next fiscal year. Other EAD-related activity included:

- CTS continued to support migrations by other agencies and now more than 94,000 users and 120,000 computers are supported through the consolidated EAD environment. With the exception of OIG, 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. This SharePoint Online site provides a Document Repository of the EAD architecture documentation, standards, guidelines and procedures for the consolidated infrastructure and services.
- 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.

CTS 2015 Optimized Computing Environment (OCE) program included a set of infrastructure modernization projects designed to support technological growth and agency program modernization work. The primary focus was office re-architecture with supporting backend infrastructure. The goal was improved web security, full Wide Area Network (WAN) Optimization in the field, initial field server infrastructure upgrade/re-architecture for standard sites (including centralized storage and automated backups), and the majority of field phone systems upgraded. OCE included the following:

- Enterprise Web Security Solution - The Cisco's Web Security Appliances (WSAs), within the Service Center Agency (SCA) environment, were installed and brought in line for monitoring (passive mode) in April 2015. The End User (EU) environment was brought in line for monitoring starting in August 2015. The EU WSAs are currently monitoring approximately 160,000 transactions daily. The new tools actively blocked 1.5 million suspicious transactions and detected 30,300 malware transactions in September 2015 alone. The threat types included malware, adware, trojans, phishing and spam.
- Field Server Infrastructure - Outdated physical servers in the SCA field locations were replaced 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 the CTS data center infrastructure in Kansas City and St. Louis. A full back-up solution is in place to protect customer data as the server refresh deployment continues into 2016.
- Network Optimization Deployment - With previous years' investments, CTS has installed Wide Area Network (WAN) Optimizer appliances at all qualifying sites. As new connectivity options become available, additional locations are added for WAN optimization. The 2015 initiative also began the refresh cycle on the WAN Optimizer appliances that are reaching end of life. In 2015, CTS replaced WAN Optimizer appliances at 111 sites. This refresh will ensure that equipment is fully-supported to reduce downtime and provide continued stabilization of the networking environment.
- eVoIP - CTS utilized VoIP technology to replace and modernize phone systems at 670 sites. This installation provides a common upgrade for all SCA users co-located in the field office and provides centralized management of the phone systems. In addition, CTS completed the final updates of the backend infrastructure to support the previous investments in eVoIP management, as well as the continued growth of the environment.

CTS network infrastructure improvements and expanded services also provided opportunities for the following agencies' specific support: GIPSA Kansas City site for Network as a Service (NaaS), eVoip rollout for NASS and OGC, and Call Center rollout for NASS.

CTS provided oversight and leadership for several marketing and educational documents for the release of new Ethernet services that are now being offered by AT&T to field sites across the country. As part of this, CTS created approval request presentation for the SCA CIOs to gain permission to proceed with this exciting new services offering. This will bring 5 and 10MBs circuit speed to approved SCA locations across the country.

CTS's National Capital Region (NCR) continued to provide exceptional leadership and management in providing innovation, continuous operations and has lead multiple initiatives and projects which increased productivity, streamlined operations, and enhanced customer relations, including the following One OCIO integration efforts:

- Restructured the Active Directory container to reflect all customers as their own entities for reporting purposes
- Implemented CTS policies for all former WCTS Active Directory objects
- Implemented new imaging process to conform with CTS image
- Implemented new CIO computing on the CTS network and desktop workstation environment
- Implemented Citrix with Two Factor Authentication

Other NCR Enterprise Projects and Initiatives included the following:

- Managed and executed the adoption of consolidated active directory (Enterprise Active Directory) for Departmental Management. A complex effort that required coordinated efforts of multiple service provisioning points and continuous customer communication was completed successfully enabling consolidation and shared service provisioning capability
- Provided Continuity of Operations (COOP) and Department Reconstitution support to the Departmental executives
- MAC Services Support consolidation to NCR for all CTS customers

CTS built out Citrix infrastructure as an enterprise solution for all customers, migrated all legacy VDI instances to the new solution, and decommissioned legacy VDI HW. CTS began migration of agencies' Citrix such as FSA GIS and UniFi into this enterprise solution. CTS provided oversight, leadership and support to the rollout of 30 sites by utilizing full Citrix as business productivity solution replacing localized file/print services. CTS deployed an architecture for virtual offices and expanded use of desktop virtualization to facilitate the removal of end of life file and print servers in sites deemed capable of supporting remote desktop technologies.

CTS's NCR Telecommunications Services Branch (formerly WCTS Telecommunications Customer Service Center (TCSC)) provided the following service improvements in the Capital region:

- Provided implementations of the AT&T Unified Communications Services (AT&T UC Services), a cloud-based as-a-service communication and collaboration solution. In addition to the AT&T offering, assisted in implementing the enterprise Voice over Internet Protocol (e-VoIP), a CTS VoIP solution in the Washington, DC area.
- Continued to work with agencies to migrate from CENTREX (WITS) lines in the Washington Metropolitan Area to Networx UCVoice VoIP lines. Converted 2,495 for a total of 6,748 users on the AT&T hosted VoIP platform.
- Had 10 Primary Rate Interface (PRI) circuits installed for the CTS Enterprise Voice over Internet Protocol (e-VoIP) system. There were 1,476 users were ported to this system from the WITS CENTREX to the PRI for this enhanced service.
- Created a cost savings of approximately \$1,600 per month by working with the agencies on identifying "non-usage" devices and having services cancelled.
- 700 WITS CENTREX lines were deleted for the Forest Service. These lines were identified as unused lines and this created a cost savings of approximately \$11,000 per month for the Forest Service.
- 95 percent of the TSB-NCR customers using Blackberry devices were converted to iOS operating system devices. This was done to meet the January 2015 deadline of having all blackberry devices converted.

CTS's NCR Network Services Branch (formerly WCTS Network Services Branch (NSB)) enhanced the USDA network through several improvement and upgrade projects in FY 2015, including:

- Migrated the Beltsville Service Center off old circuit and onto a UTN circuit to deliver a more uniform network architecture and reduced circuit costs.
- Installed wireless service in the Beltsville Service Center to improve staff connectivity and mobility throughout the facility.
- Installed wireless access points and upgraded access layer switches in South and Whitten Buildings to

- modernize infrastructure and increase data transport performance.
- Began upgrade of Departmental Management (DM) network which had 95 percent end-of-life access layer switches.
- Stood up New Wireless Access Controller that is currently supporting wireless users with FAS, and at Beltsville Service Center. Eventual goal will be to migrate users from existing controllers, to this new controller, along with existing anchor controller.
- Applied Cisco spanning tree PortFast configuration to all access ports on edge switches in South and Whitten buildings, making the network more efficient.
- Supported the CTS merger, providing CTS with existing IP subnet-to-VLAN mappings, as well as closet inventory of managed switches in NCR.
- Additional Projects included: USDA Campus LAN Closet Inventory, deployment of 1300 VOIP phones at headquarters, and provision of support on the “network flattening” initiative, architecture of how connection occurs to the various sites of HQMAN, a significant accomplishment for CTS integration.

CTS expanded services to USDA and non-USDA agencies as follows:

- In support of the OGC’s national office network services, site router/switch/wireless infrastructure was upgraded utilizing a hybrid service delivery model by IOD consisting of coordinated onsite and offsite (remote) design, test, and implementation resources.
- OGC field office hardware refresh: procured, configured and provided remote support during installation of hardware refresh of routers and switches.
- OGC field Offices migrated off Forest Service network and onto CTS-NCR network via UTN circuits. Currently 7 out of 9 offices completed.
- In cooperation with CTS Network Operations Branch (NOB), introduced network upgrade and technology refreshment to GIPSA as-a-service starting with router/switch/wireless upgrades in GIPSA Kansas City location, which provides GIPSA with network performance increases and cost transparency for current and future requirements. The GIPSA refresh utilized a hybrid service delivery model consisting of coordinated onsite and offsite (remote) design, test, and implementation resources.

CTS published three hardware Blanket Purchase Agreements (BPAs) during the FY 2015 to cover three BPA catalogs: Category 1 – Desktop and Geospatial Workstations, Category 2 – Laptops and Notebooks, and Category 3 – Tablets. CTS led in the development of the requirements for the BPAs in coordination with our customer agencies. Customer agency feedback was incorporated into the requirements guiding the final product. CTS also redesigned the Product Catalog web site, the Product Catalog documents, and the Shipping/Ordering Templates in order to make them easier to use for its customers base.

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 2016. This project continues to be on/ahead of schedule. Under the Secretary’s Blueprint for Stronger Services, ENS reports regularly on the status of the future UTN 2020 to the CIO Council Network Working Group, CIO Council Advisory Board, and to the full CIO Council. During this reporting period, ENS released a Request for Information (RFI) to current telecommunications contract (GSA Networx Contract) service providers to identify future technologies which may be used to shape the future UTN 2020. A Market Research Summary Report highlighting the key results was published. ENS developed a high level architecture and detailed technical questionnaire to engage with Agency CIO organizations to identify key requirements/objectives for the UTN 2020 from the Agency perspective. The responses were aggregated into a database and Agency 1on1 sessions took place, resulting in an Agency Summary Report. The requirements/objectives identified in these sessions will be incorporated into a Statement of Objectives which

will be completed by January 2016.

ENS worked with USDA Agencies, AT&T network engineers, and other contractors to provide operational management and support for the Universal Telecommunications Network (UTN). As part of this effort, ENS supported numerous Agency projects related to the UTN, including security incident investigations, Departmental data center and office moves, and provisions of escalation points for other Departmental help desks. ENS managed the Department's Domain Name Service (DNS), Internet Protocol (IP) address space, and security perimeter, including Universal Resource Locator (URL) filtering. In addition, ENS processed hundreds of service desk calls and incident and change management tickets.

ENS provided oversight and subject matter expertise in the design, development, implementation, and training for three applications that support enterprise and Agency-level management, ongoing operations, and the Telecommunication Mission Area Control Officer (TMACO) Program. The Telecommunications Expense Management System (TEM) improves management of telecommunications contract services (via the GSA Networx Contract) and costs. The new Fed Relay module provides reporting of Agency FedRelay usage and supports WCF billing for those services. The Networx Billing Validation module provides an automated process for verifying that billed quantities and costs match quotations. ENS worked with agencies and vendors to increase the usage of vendor portals by 50 percent. This increase enables USDA to better track the life cycle of services and improve management of telecommunication assets. ENS worked with the National Finance Center (NFC) and Agency personnel to set up funding to correct and clear over \$1.25 million in Networx billing issues.

ENS provided technical oversight of the core UTN services provided by AT&T under the GSA Networx contract.

ENS continued to work with AT&T to significantly reduce the number of open projects and is also actively engaged with AT&T in planning and implementing activities for infrastructure improvements, which will be completed in 2016.

ENS completed significant work on bandwidth upgrades at both of the UTN managed Continuity of Operations (COOP) nodes. The Elkins COOP location network design is based on shared capacity with the Forest Service Agency and was increased from 5 T-1s to a DS-3 circuit in the spring of 2014. The other UTN COOP node was increased from 2 T-1 to 4 T-1 circuits in the second quarter of 2015.

ENS worked on numerous projects in support of the UTN DNS, and collaborated with the DNS Technical Working group to identify ways to improve capacity, stability, and performance of the UTN DNS system. This collaboration resulted in a new capability to make configuration and design changes, which effectively doubled enterprise level DNS capacity for all of USDA. ENS also initiated planning activities to upgrade the DNS environment in 2016 to keep pace with the increasing demand for this service.

ENS compiled AT&T, Verizon, and Sprint wireless device inventories, completed analyses, and prepared and posted quarterly reports to the OMB Integrated Data Collection (IDC) Portal within the specified timeframes. ENS provided oversight to manage vendors' Blanket Purchase Agreement (BPAs) and negotiated better pricing for mobile devices and services. ENS established guidelines and procedures for clean-up, consolidation, and optimization of wireless services across USDA, which resulted in \$1.9 million in savings for the Department.

ENS worked with the USDA CIO Council, WCF principals, and Agency senior managers to implement a two-year phase-in of the usage-based UTN Cost Allocation Methodology in 2014 and 2015. Also, at the request of the CIO Council Network Working Group, ENS worked to develop a proposal to modify the UTN usage-based cost allocation methodology to incorporate utilization data for Cloud Provider Network Interface (CPNI), Level3, Agency-to-Agency, and Microsoft email traffic. ENS continued collecting UTN usage and Telecommunications, Operations, and Maintenance billing data in order to prepare the 2016 and 2017 allocation tables to distribute ENS core services charges across USDA agencies. ENS researched and prepared responses to inquiries from WCF and Agency financial analysts. ENS also coordinated with WCF Budget Analysts and Agency IT and budget personnel to process and manage Agency-specific agreements to

reimburse ENS expenditures for pass-through procurement of enterprise telecom services, such as Internet 2.

ENS participated in numerous OCIO level activities related to Cloud Services. These activities, such as OCIO Cloud team and OCIO Networking team, are focused on developing better ways to deliver cloud products and services across USDA. ENS has served as the architectural lead on the Cloud Provider Network Interface (CPNI) activities to educate business elements of USDA on the benefits of CPNI. ENS has provided networking subject matter expertise on the USDA-wide Cloud team in evaluating bid proposals, developing policy and guidance, and providing technical design proposals for related solutions. In addition, ENS has provided several Cloud connectivity options related to Microsoft (MS) Azure, MS O365, Google and Amazon Web Services in relation to several USDA-wide cloud objectives. This included technical design details, pricing models, and cost analysis.

ENS received the final Trusted Internet Connection (TIC) Capability Validation (TCV) report from Department of Homeland Security (DHS) on August 25, 2015. This report indicated that USDA implemented 92 percent of the critical TIC 2.0 capabilities, which is up from last year's score of 90 percent. This milestone resulted in the requested closure of nine Plan of Action and Milestones (POA&Ms). ENS has drafted POA&M Memorandums for the new areas that are scored as "not met", and will send draft memorandums out for review and comments.

ENS performed released an RFI to current Networx service providers to identify future technologies which may be used to shape the UTN2020. The responses were collected, and follow-up 1-on-1 sessions were set up with the vendors, resulting in a Market Research Summary Report which outlined all the highlights.

ENS, with the support of consultants, developed a high level architecture and detailed technical questionnaire to engage with Agency CIO organizations to identify key requirements/objectives from the Agency perspective. The responses were aggregated into a database and Agency one-on-one sessions took place, resulting in an Agency Summary Report. The requirements/objectives identified in these sessions will be incorporated into a Statement of Objectives which will be completed by January 2016.

ENS had meetings regarding the NS2020/EIS RFP which GSA had outlined. GSA has engaged repeatedly with USDA to identify key milestones in the approach as the Department has been identified as "early adopters." Discussion topics have included RFI notes, transition planning, and other technical portal discussions.

ENS has managed the upkeep and transition of the "Telecom Shared Services" investment in AgMax (CPIC repository). The investment has been kept up to date with the update of key deliverables and metrics in the system.

ENS worked with USDA research agencies to enhance 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 install a pilot of the new design for evaluation by the research community.

ENS re-initiated the IPv6 project with AT&T to enable IPv6 at USDA TIC nodes and turn on IPv6 in External DNS servers, enabling IPv6 at USDA TIC nodes below the external firewall, fully routing IPv6 in all elements of the TIC stack, and designing and creating an IPv6/IPv4 dual-stack test virtual routing and forwarding (VRF) within the USDA UTN multi-protocol label switching (MPLS) core.

ENS collaborated with NITC and AT&T to manage a project that integrated next-generation core LAN services into the UTN Wide Area Network service and provided full, fault-tolerant and redundant WAN services to the data centers. This project was successfully completed in September 2015.

ENS worked with Forest Service to replace and migrate the existing primary data centers to new, next-generation hosting services provided by NITC. ENS gathered principle requirements to capture the role of ENS in this project; completed the Change Request document to capture the scope, risks, and benefits of the project; coordinated with AT&T and the ENS duty officers to complete the physical cabling and turn-up at both the Kansas City and St. Louis locations; and completed the coordination work necessary to implement all changes needed in Kansas City.

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. In cooperation with the Rural Development technical team and OCIO, OES sponsors and provides a high-quality Electronic Correspondence Management (ECM) system. Beginning in 2016, OES will transition to a new Correspondence Document and Management System (CDMS) to better facilitate the number of incoming inquiries to the Office of the Secretary. CDMS will have updated and advanced abilities to process, maintain and control, and store Secretarial Correspondence based on some of the same functions as the legacy system.
- **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.
- **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 summer of 2014, OES performed the first pilot (which included a limited number of USDA agency/demo users) of the Correspondence and Development Management System (CDMS) through a Federal cloud-based system to replace the existing outdated legacy system, the Electronic Correspondence Management (ECM) system. It is anticipated that an initial launch of the CDMS system, (consisting of a select few agencies at first then integrate the remainder of USDA agencies at a later date) will be performed the beginning of 2016.

During FY 2015, 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 for transferred in FY 2015.

As part of its direct service to USDA agencies, OES managed the clearance and signing of 505 agency-initiated correspondence and other documents, along with 153 decision memoranda, 15 Memorandums of Understanding for the Secretary's signature, 141 Legislative Reports, and 17 Government Accountability Office (GAO) Reports. In addition, OES drafted approximately 962 pieces of 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 27 Federal Register docket (on various USDA topics) signed by the Secretary and sent to the Federal Register Office.

Several years ago, OES established the “fast track” process to expedite information to support USDA’s streamlined disaster (drought, flood, fire, etc., conditions around the U.S.) declaration process which is designed to make assistance available to producers more readily. In FY 2015, OES continued the process to provide the quick turn-around time in the preparation of Press Releases to State Governor’s offices and Congressional districts by processing 89 fast track releases. OES also processed 40 disaster letters/notices of extreme weather (i.e. hail, excessive rain, flooding, etc.) and provided the information to USDA’s Office of External and Intergovernmental Affairs for dissemination to the affected States.