

2009 Explanatory Notes

Office of the Chief Financial Officer

Table of Contents

	<u>Page</u>
Purpose Statement.....	4-1
Statement of Available Funds and Staff Years .....	4-3
Permanent Positions by Grade and Staff Year .....	4-4
Salaries and Expenses:	
Appropriations Language .....	4-5
Lead-off Tabular Statement .....	4-5
Project Statement .....	4-6
Justifications .....	4-6
Geographic Breakdown of Obligations and Staff Years.....	4-6
Classification by Objects .....	4-7
Status of Program .....	4g-1
Summary of Budget and Performance .....	
Statement of Goals and Objectives .....	4-8
Key Performance Outcomes and Measures .....	4-10
Full Cost by Strategic Objective .....	4-12

## OFFICE OF THE CHIEF FINANCIAL OFFICER

## Purpose Statement

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

## Description of Programs:

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

- Financial system management policy and the provision of timely, accurate, and reliable information from financial systems;
- Development of financial statements, cost accounting policy and financial management budgets;
- Policy guidance and oversight of the Department's internal controls and management accountability programs and reporting to ensure adequate controls over Department assets;
- Oversight of the Departmental Working Capital Fund (WCF);
- Coordinating strategic planning and performance reporting for the Department;
- Providing policy guidance and oversight of the travel system, grants management, cash and credit management operations, and other financial management functions;
- Budget support for Departmental staff offices and the Office of the Secretary; and
- Operation of the National Finance Center (NFC), which is proposed as separate funding for FY 2009.

NFC employs approximately 1,150 staff in the operation and support of centralized, automated, and integrated payroll, personnel, administrative payments, and central accounting systems which serves more than 40 Federal Departments, independent agencies, and congressional entities, including USDA. Operations at NFC are financed entirely by fee-for-service contracts with customers through the USDA WCF. No direct appropriated funding for NFC is reflected in the OCFO operating budget. Legislative language to authorize a new "NFC Revolving Fund" has been introduced in Congress.

The OCFO headquarters is located in Washington, D.C. As of September 30, 2007, there were 1,233 employees funded by appropriated, reimbursed, and Working Capital Funds, of which 1,214 were full-time permanent employees and 19 other than full-time permanent employees.

<u>Location</u>	<u>Full-time Permanent</u>	<u>Other</u>	<u>Total</u>
OCFO Direct:			
Washington, D.C.	61	--	61
OCFO WCF:			
Washington, D.C.	20	6	26
NFC, New Orleans, LA	<u>1,133</u>	<u>13</u>	<u>1,146</u>
Total	<u>1,214</u>	<u>19</u>	<u>1,233</u>

Office of Inspector General Reports:

11401-26-FM 9/27/07 Review of National Finance Center General Controls

11401-27-FM 9/21/07 Reviewed fiscal year 2007 National Finance Center Procedures on Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report and submitted to the Office of Personnel Management

50401-62-FM 11/15/07 Issued a qualified opinion on the USDA Consolidated Financial Statements

Audits in Progress:

50601-04-HY Travel Card Follow-Up Audit – OIG began review in December 2006 with NRCS, ARS and OCFO

50601-14-At Suspension and Debarment – OIG began review at DA and OCFO in June 2007

Government Accountability Office Reports:

Management Letter issued on USDA Use of Premium Class Travel 11/09/07

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Available Funds and Staff Years  
2007 Actual and Estimated 2008 and 2009

Item	2007		2008		2009	
	Actual	Staff Years	Estimated	Staff Years	Estimated	Staff Years
Direct Appropriation.....	\$5,850,260	42	\$5,850,000	42	\$6,221,000	42
Rescission.....	--	--	-41,000	--	--	--
Total Available.....	5,850,260	42	5,809,000	42	6,221,000	42
Obligations Under Other USDA Appropriations: Management, Oversight, and Administrative Services (provided to WCF Activities).....	2,902,438	19	3,727,000	19	3,307,000	19
Total, USDA Appropriations.....	8,752,698	61	9,536,000	61	9,528,000	61
Working Capital Fund <u>a/</u> :						
National Finance Center	59,535,292	514	67,927,000	470	77,519,000	470
Controller Operations...	28,366,807	255	33,938,000	300	31,572,000	300
Corporate Systems...	53,885,355	77	55,632,000	77	61,712,000	65
Competitive Sourcing.....	405,781	1	524,000	3	543,000	3
Financial Services.....	--	--	4,066,000	11	4,367,000	11
Purchase of Equipment...	15,284,040	--	5,200,000	--	4,500,000	--
Purchase Card Rebate	--	--	7,587,000	--	--	--
Un-obligated Bal Exp...	--	--	11,066,000	--	--	--
NFC (Non-USDA).....	86,256,221	343	86,565,000	484	91,884,000	485
Discretionary Hurricane Supplemental.....	25,861,338	--	--	--	--	--
Total, WCF.....	269,594,834	1,190	272,505,000	1,345	272,097,000	1,334
Total, Office of the Chief Financial Officer.....	278,347,532	1,251	282,041,000	1,406	281,625,000	1,395

a/ This section only includes WCF activities managed by OCFO. Please refer to the WCF Explanatory Notes for more details about the WCF.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff Year Summary  
2007 Actual and Estimated 2008 and 2009 a/

Grade	<u>2007</u>	<u>2008</u>	<u>2009</u>
	Washington, DC	Washington, DC	Washington, DC
SES.....	3	3	3
GS-15.....	8	6	6
GS-14.....	12	12	12
GS-13.....	28	29	29
GS-12.....	3	2	2
GS-11.....	1	1	1
GS-10.....	1	1	1
GS-9.....	3	3	3
GS-8.....	2	1	1
GS-7.....	4	2	2
GS-4.....	1	1	1
Total, Permanent Positions.....	66	61	61
Unfilled Positions end-of-year.....	-5	--	--
Total, Permanent Full-Time Employment, end-of-year.....	61	61	61
Staff Year Estimate.....	61	61	61

a/ Positions shown are appropriated and reimbursed only. For WCF financed positions, refer to the WCF Explanatory Notes.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Appropriation Language and Explanation of  
Changes In Language

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

## Salaries and Expenses:

- 1 For necessary expenses of the Office of the Chief Financial Officer, [\$5,850,000: *Provided*, That no funds made available by this appropriation may be obligated for FAIR Act or Circular A-76 activities until the Secretary has submitted to the Committees on Appropriations of both Houses of Congress and the Committee on Oversight and Government Reform of the House of Representatives a report on the Department's contracting out policies, including agency budgets for contracting out] \$6,221,000.

This change deletes language that required the Secretary to submit a report to Congress on the Department's contracting out policies and funding. The language prevented OCFO appropriations from being obligated for outsourcing activities until this report was submitted.

Lead-off Tabular Statement  
And Summary of Increases and Decreases

Appropriations Act, 2008 .....	\$5,850,000
Budget Estimate, 2009.....	<u>6,221,000</u>
Increase in Appropriation .....	<u>+371,000</u>

## Adjustments in 2008:

Appropriations Act, 2008 .....	\$5,850,000
Rescission under P.L. 110-161 <u>a/</u> .....	<u>-41,000</u>

Adjusted base for 2008 .....	5,809,000
Budget Estimate, 2009.....	<u>6,221,000</u>
Increase over adjusted 2008.....	<u>+412,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

SUMMARY OF INCREASES AND DECREASES  
(On basis of adjusted appropriation)

Item of Change	2008 <u>Estimated</u>	<u>Pay Costs</u>	Program <u>Changes</u>	2009 <u>Estimated</u>
Office of the Chief Financial Officer.....	\$5,809,000	+\$145,000	+\$267,000	\$6,221,000

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Project Statement - Current Law  
(On basis of adjusted appropriation)

	2007 Actual		2008 Estimated		Increase or Decrease	2009 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Office of the Chief Financial Officer....	\$5,777,170	42	\$5,809,000	42	+\$412,000	\$6,221,000	42
Unobligated Balance.....	+73,090	--	--	--	--	--	--
	5,850,260	42	--	--	+412,000	6,221,000	42
Rescission.....	--	--	+41,000	--			
Total Appropriation	5,850,260	42	5,850,000	42			

Justification for Increases and Decreases

(1) An increase of \$412,000 for the Office of the Chief Financial Officer (OCFO) consisting of:

(a) A total increase of \$145,000 to fund increased pay costs.

OCFO is a labor intensive staff office with very little ability to absorb pay cost increases without holding a large number of positions vacant for the entire fiscal year. These vacancies adversely affect OCFO's ability to lead the Department in the areas of financial management, oversight, and guidance necessary to: prevent fraud, waste and abuse; reduce risk of improper payments, and institute proper internal financial controls.

(b) An increase of \$267,000 to maintain the current level of services.

This increase of funding is mandatory to continue the current level of financial management, oversight and guidance. Without these additional funds, OCFO's ability to maintain the current level of services would become difficult and would diminish over time.

Geographic Breakdown of Obligations and Staff Years2007 Actual and Estimated 2008 and 2009

	2007		2008		2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia....	\$5,777,170	42	\$5,809,000	42	\$6,221,000	42
Unobligated Balance....	+73,090	--	--	--	--	--
Total, Available or Estimate.....	5,850,260	42	5,809,000	42	6,221,000	42

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Washington, D.C.....	\$3,829,159	\$4,001,000	\$4,161,000
11 Total personnel compensation.....	3,829,159	4,001,000	4,161,000
12 Personnel benefits.....	865,017	908,000	945,000
13 Benefits for former personnel .....	763	--	--
Total personnel compensation & benefits.	4,694,939	4,909,000	5,106,000
Other Objects:			
21 Travel.....	93,356	96,000	96,000
22 Transportation of things.....	1,325	1,000	1,000
23.3 Communications, utilities, and misc. charges.....	47,239	50,000	50,000
24 Printing and reproduction.....	12,340	13,000	13,000
25.2 Other services.....	816,407	627,000	842,000
25.3 Purchase of goods and services from Government Accounts.....	3,000	4,000	4,000
25.7 Operation and maintenance of equipment.	3,201	3,000	3,000
26 Supplies and materials.....	104,359	105,000	105,000
31 Equipment.....	914	1,000	1,000
43 Interest and Dividends.....	90	--	--
Total other objects.....	1,082,231	900,000	1,115,000
Total direct obligations.....	5,777,170	5,809,000	6,221,000
Position Data:			
Average Salary, EX/ES positions.....	\$111,658	\$115,008	\$118,458
Average Salary, GS positions.....	\$77,526	\$79,852	\$82,248
Average Grade, GS positions.....	12.6	12.6	12.6



## OFFICE OF THE CHIEF FINANCIAL OFFICER

## STATUS OF PROGRAM

Current Activities:

The Office of the Chief Financial Officer (OCFO) has Department-wide leadership responsibility for financial operations, activities, systems, and personnel. The Chief Financial Officer (CFO) is the USDA's chief financial management policy officer and is the chief financial management advisor to the Secretary and the mission area heads. In addition to responsibilities in financial policy and operations, the OCFO is responsible for the administration of the Working Capital Fund (WCF). The CFO is the Departmental official charged with the responsibility for the financial health of the WCF, and the Associate CFO for Financial Policy and Planning serves as Controller of the WCF in charge of day-to-day financial management. Also, OCFO directly manages four WCF activities: the National Finance Center (NFC), Controller Operations, Corporate Financial Management Systems, and Competitive Sourcing.

Specific areas being addressed include:

Departmental Financial Statements. For the fiscal year (FY) 2007, USDA received a qualified opinion on its annual financial statement audit because the auditor was unable to obtain sufficient evidential matter supporting certain financial statement amounts related to the Single Family Housing Program at Rural Development. Rural Development intends to immediately reopen the review of its Single Family Housing Program in order to bring closure to unfinished work associated with the FY 2007 audit and establish an audit baseline that would form the foundation for obtaining an unqualified audit opinion for the FY 2008 audit.

While USDA made improvements in its financial management systems and internal controls in recent years, there is still room for improvement. USDA plans to obtain an unqualified opinion on its 2008 financial statements and to make additional improvements including:

- Reducing material weaknesses and significant deficiencies; and
- Monitoring agency improvements in areas such as improving credit reform processes and reducing inactive unliquidated obligations.

USDA has two financial systems in critical need of replacement, the Core Financial System and the Farm Services Program Delivery System. The OCFO is executing its responsibility for financial and mixed systems and is leading the effort to replace these systems and to modernize business practices.

USDA legacy core accounting system, the Foundation Financial Information System, is no longer being supported by the vendor. On September 10, 2007, OCFO awarded the contract for the commercial off the shelf core financial system replacement solution to Accenture for software integration services and licensing of SAP ERP 2005. USDA plans to complete all implementation of the new core financial management system before the beginning of FY 2012; funding interruptions or reductions will increase the risk of schedule slippage.

The Farm Service Program Delivery System is starting to show advanced signs of failure. The Department has formed a Committee of the CFO, Chief Information Officer (CIO), Under Secretary of Farm and Foreign Agricultural Services, and the Administrator of Farm Service Agency (FSA), to oversee the project. Reporting to this committee is the Design and Implementation Team made up of two Associate Chief Financial Officers, two Associate Chief Information Officers, the FSA CIO, FSA CFO, and FSA Program Manager. OCFO is working with consultants and groups in the Department on currently available solutions.

In cooperation with the Office of the Secretary, executives and managers from the OCFO and the Office of the Chief Information Officer have developed an Information Technology (IT) Weakness Executive Steering Committee to monitor and guide actions planned and in progress to eliminate the pervasive IT weaknesses within the Department. In addition, the IT Executive Steering Committee has created sub-task groups to work on specific areas of concern for the purpose of making recommendations for further action. An IT Working Group comprised of component

agency CFOs, CIOs and Deputy Administrators for Management was formed to resolve the IT material weakness, provide a communication forum to discuss cross-functional issues, and to ensure cohesive management of cross-functional issues.

**Audit Follow-up.** As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to the Office of Management and Budget (OMB) Circulars A-50, "Audit Follow-up," and (2) researches and analyzes audits, making determinations on final actions, monitoring management's actions on audits, tracking individual audit recommendations, and reporting results annually to the Congress. The OCFO also provides policy guidance and assistance to agencies on technical matters related to audits. Specific efforts are focused on:

- Increasing management's awareness of open audit issues that are not completed in a timely manner;
- Increasing the rate of resolving audits which are categorized as behind schedule and without final action one year or more past management decision date;
- Working with USDA agencies' management and the Office of Inspector General (OIG) to ensure that management actions in response to audits are appropriate and achievable, will correct the identified deficiencies, are cost effective, and provide an action plan with milestones for completion;
- Providing useful and timely information on the status of audits to management and the Congress for decision-making and resource allocation purposes;
- Reviewing, analyzing, and reporting quarterly on progress in achieving corrective actions for audits one year or more past management decision but without final action; and
- Reviewing monthly status reports from USDA agencies on the status of audits without management decision.

**Management Accountability and Control and Compliance with Laws and Regulations.** The OCFO is responsible for management accountability and control under the CFO Act, the Federal Managers' Financial Integrity Act (FMFIA), and the Federal Financial Management Improvement Act (FFMIA). OCFO establishes policy and guidance to ensure that USDA agencies comply with the requirements of FMFIA and FFMIA, and reports on material weaknesses, financial system non-conformances in the Performance and Accountability Report to the Congress and the President. In FY 2007, USDA conducted the annual assessment of internal control over financial reporting in accordance with OMB's Circular A-123, *Management's Responsibility for Internal Control, Appendix A - Internal Control Over Financial Reporting*. The OCFO continues to work with component agencies to establish an ongoing process for the annual assessment in order to improve financial reporting and to sustain compliance with the law and guidance. Current efforts include:

- Continuing the Department-wide Assessment Implementation Team to conduct the assessment of internal control over financial reporting;
- Providing a recommendation to the Secretary of Agriculture on the type of assurance to be provided regarding the effectiveness of USDA's internal control over financial reporting as of June 30th each year and for the FMFIA Annual Assurance Statement to OMB and Congress;
- Revising Departmental guidance on internal controls for consistency with government-wide guidance;
- Increasing Departmental management's awareness of internal control through Department-wide training;
- Establishing accountability for and continuously monitoring the status of open material deficiencies and encouraging timely correction;
- Reviewing, analyzing, and reporting monthly progress in achieving major corrective action milestones during the reporting period;
- Working with Departmental management, and the OIG to verify the continued materiality of deficiencies; and
- Assisting agencies in focusing resources on the elimination of material weaknesses and financial system non-conformances and non-compliances; thereby, accomplishing these specific elements of the criteria for achieving "Green" in the President's Management Agenda (PMA) scorecard for Financial Performance.

**Performance Management.** The OCFO coordinates the development of the USDA Performance and Accountability Report. USDA uses requirements from the Government Performance and Results Act (GPRA) of 1993 and the

OMB's Circular A-11, *Preparation, Submission, and Execution of the Budget* to establish the content and timeframes for USDA's Strategic Plan and Annual Performance Report. The OCFO works with the Department's leadership, and mission area Performance Improvement Initiative Coordinators in the following performance management activities:

- Coordinating with the Office of Budget and Program Analysis on integrating budget and performance management and on enhancing and refining USDA performance goals and metric indicators;
- Developing an Annual Performance Report for the Department that clearly demonstrates linkages to the USDA Strategic Plan and Performance Budget; and
- Enhancing coordination within USDA and with other Federal agencies to develop common goals and performance measures for cross-cutting functions and programs.

Debt Policy. OCFO is responsible for developing Departmental policy, and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act (DCIA). USDA's total receivables are \$105 billion, which represents about one-third of the non-tax debt owed to the Federal Government. OCFO has additional policy and oversight responsibilities for USDA agency debt, credit and cash management activities required by numerous statutes (e.g., Credit Reform Act), regulations, circulars, manuals and directives. Current activities include:

- Leading agencies by providing policy expertise and consultation services to increase collection of debt, reduce delinquent debt, estimate the value of outstanding loans and improve management of receivables;
- Documenting and improving debt collection activities in USDA's loan programs as part of the new PMA to Improve Credit Program Management;
- Working directly with the Department of the Treasury, OMB and other Federal Departments ensuring consistency and standardization of requirements and efficient implementation; and
- Developing and/or coordinating numerous Departmental, government-wide and commercial reporting requirements.

Improper Payments. OCFO leads the Department by issuing implementation policy and guidance to USDA agencies on carrying out the Improper Payments Information Act (IPIA) and the Defense Authorization Act for recovery auditing. For fiscal years 2004-2007, the OIG identified implementing the IPIA as one of the most serious management challenges facing the Department because of the numbers and complexity of USDA programs and the intricacy of the risk assessment methodology. OMB elevated the IPIA to one of the PMA items in FY 2005, highlighting IPIA as an area of government-wide weakness in need of special attention and concentrated effort. Current activities include:

- Providing expertise and consultation services, assisting agencies with and conducting oversight of risk assessments, statistical sampling, error-rate reporting and remediation planning;
- For FY 2007, USDA identified 138 programs subject to IPIA. Of those, 16 programs with outlays totaling \$72 billion have been identified as high risk with estimated improper payments of \$4.420 billion;
- Conducting analyses of agency plans for implementing the IPIA providing objective evaluation and standardization to improve IPIA compliance;
- Monitoring the USDA agencies' plans for development of internal controls, systems enhancements and recovery of the identified improper payments providing assurance of program integrity and the prevention of future improper payments; and
- Coordinating Departmental preparation and reporting of required improper payment and recovery auditing accomplishments in the USDA Performance and Accountability Report providing objectivity and standardization in report content.

Travel Policy. OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's approximately \$454 million per year civilian travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services and the travel card program. OCFO also participates on inter-agency travel policy committees in cooperation with General Services Administration and OMB. As part of the PMA for eGovernment, USDA successfully completed implementation of the pilot agency for the eTravel vendor. Multiple agencies will be implementing the new eTravel

vendor during FY 2008. USDA also began the market research portion of selecting a new contractor bank for the SmartPay II program, which is the government-wide travel and purchase card program.

In response to the Government Accountability Office's Premium Class Travel Audit: *Internal Control Weaknesses Government-Wide Led to Improper and Abusive Use of Premium Class Travel* issued September 28, 2007 and related management letter to USDA on November 19, 2007, OCFO led the development of a Departmental response by taking the following actions:

- On October 2, 2007, the Department implemented interim guidance requiring the CFO to review and approve all first class and/or premium class travel in advance of booking the trip;
- Each Subcabinet official was briefed on these interim procedures as well as agency travel management staff;
- USDA instructed our Travel Management Centers on November 21, 2007 to not make reservations without verification of approval;
- On November 2, 2007, the OCFO kicked-off an audit of premium class travel;
- USDA has requested monthly premium class travel reports from our eTravel Service providers; and
- USDA is revising the Agriculture Travel Regulations to make strengthened controls over premium travel permanent.

Current activities include:

- Providing leadership in the implementation of OMB's Circular A-123, *Appendix B - Improving the Management of Government Charge Card Programs*, dated August 5, 2005. With responsibilities for salary offset, split disbursement, maximizing travel charge card refunds and an ongoing effort to minimize cardholder misuse, OCFO provides monthly data-mining results of travel card transactions on an intranet Web site for USDA agencies' review and comment. In addition, monthly delinquency and other critical data is monitored and shared with agencies to measure performance against established baseline goals and standards. Full compliance in the most efficient manner possible has been a driving influence in developing the requirements for the SmartPay II contract;
- Development of USDA task order and evaluation of contractor bank proposals; and
- A full rewrite of USDA's main travel policy as well as a review and update of USDA's supplementary travel policies.

Grants Policy. OCFO leads the Department in Federal financial assistance policy and oversight. USDA, through OCFO leadership, participates in government-wide Federal financial assistance initiatives such as Grants.gov and the Grants Management Line of Business that support the PMA.

OCFO's leadership in these initiatives ensures that USDA funding opportunities are announced and may be applied for electronically, thereby streamlining the grants-making process for the grantor and grantee. OCFO manages policy and regulation development including five Departmental regulations, several OMB circulars and two Executive Orders. This requires periodic amendments to OCFO grants regulations and policies resulting in improved efficiency in grants management and standardization of regulations across government for the public. OCFO coordinates USDA debarment and suspension actions and regulations including making USDA entries to the Excluded Parties List System. OCFO also is the administrator of the USDA's Federal Assistance Awards Data System application and the Catalog of Federal Domestic Assistance. Through committee participation in grants initiatives, OCFO briefs, coordinates and trains agencies on the Grants.gov FIND and APPLY initiatives, among others, to help in agency implementation. OCFO chairs the Federal Financial Assistance Committee; participates in Grants Policy Committee, Grants Network, Interagency Suspension and Debarment Committee, Grants Executive Board and P.L. 106-107 Work Group Committees. OCFO also maintains the Federal Financial Assistance Intranet Web site, and coordinates audit responses and legislative reports. This leads to greater information sharing and transparency of data at USDA. OCFO's committee participation is critical because many government-wide initiatives have compliance implications for USDA. OCFO is leading the USDA effort to consolidate grants management under a single process/system. OCFO has conducted analysis of the existing systems and is in the

process of conducting fit gap analysis with the three OMB designated Grants Management Line of Business Consortia leads.

Selected Examples of Recent Progress:

Financial Statements. USDA financial managers have focused significant attention on enhancing internal controls and have implemented the new requirements of OMB's Circular A-123, *Management's Responsibility for Internal Control, Appendix A - Internal Control Over Financial Reporting*. Other accomplishments of the OCFO and financial managers include:

- On September 10, 2007, OCFO awarded the contract for the Financial Management Modernization Initiative for the replacement of USDA's legacy corporate financial management system to Accenture for software integration services and licensing of SAP ERP 2005 software. USDA began Web enablement of its Corporate Financial and Performance Reporting, a quarterly performance system that the Secretary of Agriculture and senior executives will use to drive program results;
- USDA agencies continued to improve their financial performance measures, targets and milestones included in the Department's Financial Data Integration Improvement Getting to Green Plan and introduced new initiatives that incorporated Managerial Cost Accounting; and
- Through continued reviews of year-end adjusting entries; standard general ledger abnormal balances; financial statement line item variance analysis; and other aspects of financial statement preparation, abnormal balances were reduced by approximately \$230 million. This continued improvement means that over the past two years abnormal balances at year end have been reduced by almost \$1 billion. This resulted in abnormal balances being dropped from a material weakness in the Departmental financial statement audit report.

Audit Follow-up. USDA agencies closed 64 audits in FY 2007. USDA's current inventory of audits that have reached management decision and require final action to close the audits includes 37 new audits in FY 2007 for a total of 154 audits. Two of these audits are in appeal status. The Department continued its reduction in inventory of open audits in FY 2007. This is a 32 percent reduction over the past 5 years and it reflects management's commitment to aggressively address deficiencies identified in agency programs.

Management Accountability and Control. The PMA requires, among other criteria, that there be no material weaknesses in internal control to get to "Green" for status in financial performance. USDA's FY 2007 and FY 2006 Consolidated Financial Statements received a qualified audit opinion from the OIG. The auditor's Report on Compliance with Laws and Regulations also disclosed that the Department was not substantially compliant with FFMIA requirements. As a result of the assessment of internal control over financial reporting and the financial statement audit USDA reduced the four material weaknesses to two (county office operations and accruals under financial accounting and reporting). However, two new material weaknesses related to unliquidated obligations and credit reform quality control processes were added in FY 2007. USDA will continue monitoring progress on plans to improve financial systems to comply fully with FFMIA and FISMA requirements.

Performance Management. OCFO executed USDA performance management activities, such as conducting Department-wide Planning Team meetings to draft the performance management documents for the Department and the Performance and Accountability Report for FY 2007; met with other Federal agencies, external groups, and representatives from foreign countries to discuss USDA performance management efforts and results; and participated in USDA and Federal inter-agency forums related to GPRA and performance management.

Debt Policy. USDA's gross receivables are \$105 billion. Through aggressive OCFO debt management policy and coordination efforts, USDA's achievements for FY 2007 include: a decrease in delinquent debt from \$3.7 billion in FY 2006 to \$3.3 billion in FY 2007; a delinquency rate of 3.1 percent as compared to the government-wide rate of 19 percent; green status for the 2.7 percent rate of delinquent debt over 180 days old reported to the OMB Metric Tracking System; collection of \$1.1 billion in delinquent debt from internal and DCIA tools; write-off of \$821 million of uncollectible delinquent debt; close-out reporting of \$342 million to Internal Revenue Service as possible debtor taxable income; a 99.7 percent referral rate to the Treasury Offset Program of the \$1.1 billion eligible debt compared to the government-wide rate of 90.7 percent; and a 99.5 percent referral rate to the Treasury Cross-

Servicing Program of the \$475 million eligible debt compared to the government-wide rate of 88.6 percent. Departmental policies have led to the high referral rates providing greater potential for increased collections of delinquent debt through voluntary remittance, offset or commercial collection practices. OCFO coordinated the preparation and submission of the DCIA Annual Report to OMB which provides an assessment of compliance with compromising, writing-down, forgiving and discharging indebtedness and write-off status/plans for delinquent debt over 2 years old.

Improper Payments. USDA met the statutory requirements of the Improper Payments Information Act through an annual review of all 138 programs for FY 2007. This included updates to 122 risk assessments for low risk programs. The Department reported improper payments results for all 16 high risk programs for the first time in the 2007 Performance and Accountability Report (PAR). USDA reported improper payments of \$4.420 billion (6.11 percent error rate), a reduction from \$4.634 billion (6.97 percent error rate) for FY 2006. The reduction in Departmental improper payments occurred even though 2007 was the first year for reporting improper payment amounts and rates for the National School Lunch and School Breakfast programs. FSA reported improper payments of \$563 million (2.5 percent error rate) for their seven high risk programs in FY 2007, significantly below the FY 2006 improper payments of \$2.858 billion (11.2 percent error rate). The reduction was primarily attributable to aggressive corrective action plans focusing on direct senior management involvement, agency-wide training, enhanced program eligibility verification, and improved documentation controls. OCFO refined Departmental improper payments guidance during FY 2007 and provided training and materials for USDA agency executives and personnel. Although improper payments remains one of USDA's major management challenges in the 2007 PAR, the OIG removed two of the five issues, strengthening risk assessment methodology and testing critical internal controls over high risk program payments, from the improper payments management challenge.

Travel Policy. As part of the PMA for eGovernment, USDA successfully completed the pilot agency for the eTravel vendor. Multiple agencies will be using the new eTravel vendor throughout FY 2008 with full implementation being completed in the first quarter of FY 2009. USDA has rewritten and modernized its main travel regulations for the first time since 1994. The revised regulation is in final clearance.

Grants Policy. OCFO worked with USDA grant-making agencies to help them comply with new OMB requirements for electronic grants. OCFO has trained over 600 employees from all USDA agencies on the new Dun and Bradstreet number and Grants.gov FIND and APPLY. Our efforts have made USDA the second largest contributor and participant in the Grants.gov initiative and a recognized leader in government. In addition, as part of the PMA for eGovernment, OCFO brought together all USDA grant awarding agencies to develop a needs assessment for grants management. USDA's current systems and processes were documented and a to-be process model was developed. This will allow USDA to standardize and consolidate its grants management processes by leveraging existing systems and eliminating redundancy. This will lower USDA costs and provide grant customers more efficient service.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance  
Statement of Goals and Objectives

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

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Supports all Departmental Goals	Goal 1: USDA becomes a leader in financial management through strong leadership, policy and oversight.	<p><u>Objective 1.1:</u> The Department and USDA agencies receive clean audits.</p> <p><u>Objective 1.2:</u> Strengthen compliance with financial management laws, regulations, and best practices.</p> <p><u>Objective 1.3:</u> Improve Financial Management Performance score for the President's Management Agenda (PMA).</p>	<p>OCFO gathers financial statements for the annual audits of the USDA consolidated financial statements.</p> <p>OCFO participates in the Department's assessment of internal control structure and compliance with laws and regulations.</p> <p>OCFO monitors agency obligations and expenditures throughout the fiscal year and works with fund holders to help them avoid ADA violations.</p> <p>OCFO issues implementation policy and guidance on the carrying out of the Improper Payments Information Act.</p> <p>OCFO provides technical assistance as the OIG conducts various audits of USDA's Financial Systems.</p>	<p><u>Key Outcome 1:</u> USDA-wide unqualified financial audits.</p> <p><u>Key Outcome 2:</u> Down-grade existing material weaknesses to reportable status.</p> <p><u>Key Outcome 3:</u> No Anti-Deficiency Act violations.</p> <p><u>Key Outcome 4:</u> 100 percent of programs meet the improper payments reporting requirements.</p> <p><u>Key Outcome 5:</u> Improve Financial Management Performance score for the PMA.</p> <p><u>Key Outcome 6:</u> Compliance with A-123, Appendix A testing.</p>

OFFICE OF THE CHIEF FINANCIAL OFFICER

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Supports all Departmental Goals	Goal 2: Management uses on-line, real time financial management information for sound decision making.	<p><u>Objective 2.1:</u> Develop, implement and maintain accounting and related administrative and financial systems.</p> <p><u>Objective 2.2:</u> Improve customer satisfaction and transaction accuracy through modernization and enhancement of USDA services to stakeholders.</p>	<p>OCFO/Corporate Financial Management Systems manages and operates financial and related systems on behalf of the Department.</p> <p>OCFO applies Lean Six Sigma processes to USDA business practices resulting in greater accuracy and quality of services as well as providing time and cost savings.</p>	<p><u>Key Outcome 7:</u> Improve usage of Department electronic approval and document management functionality for financial and administrative payments through implementation of the Lean Six Sigma Transaction Process.</p> <p><u>Key Outcome 8:</u> Improve USDA grants management and processing through consolidation of obsolete systems into a core set of systems through implementation of the Lean Six Sigma Grants Process.</p>

Strategic Objective and Funding Matrix  
(On basis of appropriation)

- Strategic Objective 1.1: The Department and USDA agencies receive clean audits.
- Strategic Objective 1.2: Strengthen compliance with financial management laws, regulations, and best practices.
- Strategic Objective 1.3: Improve Financial Management Performance score for the PMA.
- Strategic Objective 2.1: Develop, implement and maintain accounting and related administrative and financial systems.
- Strategic Objective 2.2: Improve customer satisfaction and transaction accuracy through modernization and enhancement of USDA services to stakeholders.

	<u>2007 Actual</u>		<u>2008 Budget</u>			<u>2009 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Increase or Decrease</u>	<u>Amount</u>	<u>Staff Years</u>
Improve Financial Management.....	\$5,850,260	42	\$5,809,000	42	+\$412,000	\$6,221,000	42

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- Achieve clean audits for all agencies of USDA on a consolidated basis.
- Zero material internal control weaknesses.
- Zero Anti-Deficiency Act violations.
- All programs meet improper payments reporting requirements.
- Yellow for Financial Performance score on the PMA.
- Full compliance with A-123, Appendix A testing.



## OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance  
Key Performance Outcomes and Measures

Goal 1: USDA becomes a leader in financial management through strong leadership, policy and oversight.  
Goal 2: Management uses on-line, real time financial management information for sound decision making.

## Key Outcomes:

1. USDA-wide unqualified financial audits.
2. Down-grade existing material weaknesses to reportable status.
3. No Anti-Deficiency Act violations.
4. 100 percent of programs meet the improper payments reporting requirements.
5. Improve Financial Management Performance score for the PMA.
6. Compliance with A-123, Appendix A testing.
7. Improve usage of Department electronic approval and document management functionality for financial and administrative payments through implementation of the Lean Six Sigma Transaction Process.
8. Improve USDA grants management and processes through consolidation of obsolete systems into a core set of systems through implementation of the Lean Six Sigma Grants Process.

## Key Performance Measures:

- Measure #1: Clean audits for all agencies and USDA on a consolidated basis.
- Measure #2: New auditor-identified material internal control weaknesses.
- Measure #3: Existing internal control weaknesses.
- Measure #4: Decrease the number of Anti-Deficiency Act violations to zero.
- Measure #5: Programs meet improper payments reporting requirements.
- Measure #6: Improve Financial Management Performance score for the PMA.
- Measure #7: Compliance with A-123, Appendix A testing.
- Measure #8: Improve usage of Department electronic approval and document management functionality for financial and administrative payments through implementation of the Lean Six Sigma Transaction Process.
- Measure #9: Improve USDA Grants management and processes through consolidation of obsolete systems into a core set of systems through implementation of the Lean Six Sigma Grants Process.

## Key Performance Targets:

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
Clean audits for all agencies and USDA on a consolidated basis.						
a. Units	100%	100%	100%	67%	100%	100%
New auditor-identified material internal control weaknesses.						
a. Units	N/A	3	2	2	0	0
Existing internal control weaknesses.						
a. Units	4	4	4	2	1	0

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
Decrease the number of Anti-Deficiency Act violations to zero. a. Units	1	1	0	0	0	0
Programs that meet improper payments reporting requirements. a. Units	11%	100%	100%	100%	100%	100%
Improve Financial Management Performance score for the PMA. a. Unit	Red	Red	Red	Red	Red	Red
Compliance with A-123, Appendix A testing. a. Units	N/A	N/A	100%	100%	100%	100%
Improve usage of Department electronic approval and document management functionality for financial and administrative payments through implementation of the Lean Six Sigma Transaction Process. a. Units	N/A	N/A	N/A	0% of procurement and other administrative payments use electronic approval and document management functionality	30% of procurement and other administrative payments use electronic approval and document management functionality	70% of procurement and other administrative payments use electronic approval and document management functionality
Improve USDA Grants management and processes through consolidation of obsolete systems into a core set of systems through implementation of the Lean Six Sigma Grants Process. a. Units	N/A	N/A	N/A	22 systems	15 systems	<5 systems

OFFICE OF THE CHIEF FINANCIAL OFFICER  
 Summary of Budget and Performance  
 Full Cost by Strategic Goal

Agency Strategic Goal 1. USDA becomes a leader in financial management through strong leadership, policy, and oversight.  
 Agency Strategic Goal 2. Management uses on-line, real time financial management information for sound decision making.

PROGRAM	PROGRAM ITEMS	Dollars in thousands		
		<u>FY 2007</u>	<u>FY 2008</u>	<u>FY2009</u>
	Performance Measure: Clean audits for all agencies and USDA on a consolidated basis.	67%	100%	100%
	Performance Measure: New auditor-identified material internal control weaknesses.	2	0	0
	Performance Measure: Existing internal control weaknesses.	2	1	0
	Performance Measure: Decrease the number of Anti-Deficiency Act Violations to zero.	0	0	0
	Performance Measure: Programs meet improper payments reporting requirements.	100%	100%	100%
	Performance Measure: Improve Financial Management Performance score for the PMA.	Red	Red	Red
	Performance Measure: Compliance with A-123, Appendix A testing.	100%	100%	100%
	Performance Measure: Improve usage of Department electronic Approval and document management functionality for financial and Administrative payments through implementation of the Lean Six Sigma Transaction Process.	0% of procurement and other administrative payments use electronic approval and document management functionality	30% of procurement and other administrative payments use electronic approval and document management functionality	70% of procurement and other administrative payments use electronic approval and document management functionality
	Performance Measure: Improve USDA Grants management and processes through consolidation of obsolete systems into a core set of systems through implementation of the Lean Six Sigma Grants Process.	22 systems	15 systems	<5 systems
	Grand Total for Agency Goals	\$5,777	\$5,809	\$6,221
	FTEs	42	42	42

2009 Explanatory Notes  
Working Capital Fund

Table of Contents

	<u>Page</u>
Purpose Statement.....	4-13
Statement of Available Funds and Staff Years.....	4-14
Permanent Positions by Grade and Staff Year Summary .....	4-15
Working Capital Fund:	
Lead-Off Tabular Statement .....	4-16
Summary of Increases and Decreases .....	4-17
Project Statement:	
Program Activity .....	4-18
USDA Activity .....	4-19
Non-USDA Activity .....	4-20
Justification of Increases and Decreases .....	4-21
Geographic Breakdown of Funding and Staff Years .....	4-23
Classification by Objects .....	4-25
Departmental Reimbursable Program .....	4-26
Presidential E-Government Initiatives .....	4-30
Status of Program.....	4g-7
National Finance Center Revolving Fund .....	4-36

## WORKING CAPITAL FUND

Purpose Statement

The USDA Working Capital Fund (WCF) was established in fiscal year 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 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.

In the categories of Administration, Financial Management, and Information Technology, WCF activities are aggregated under functional categories to simplify presentation. The aggregated functions are as follows:

Administration:

Beltsville Service Center: (Belts. Svc. Ctr.).	Central Supply Stores Consolidated Forms and Publications Distribution Center Central Excess Property Operation Central Shipping and Receiving
Mail and Reproduction Mgt.: (Mail/Repr. Mgt.)	Central Mail Unit Copier and Duplicating Services Departmental Mailing List Service

Finance and Management:

National Finance Center Controller Operations Corporate Fin. Mgt. Systems Competitive Sourcing	Financial Services: Internal Control Support Services A-123 Support Services Grants Management Support Services
---	--

Information Technology:

National Information Technology Center (NITC): includes both mainframe/IT services and applications support services

Information Technology Services

Telecommunications  
Services:

National Telecommunications Services Office  
Computer Services Unit  
Telecommunications Customer Services Center  
Network Services

Enterprise Services: ..... Enterprise Messaging Services  
Enterprise Shared Services

Management of the WCF is through the Office of the Chief Financial Officer.

## WORKING CAPITAL FUND

Available Funds and Staff Years  
2007 Actual and Estimated 2008 and 2009

Item	<u>Actual 2007</u>		<u>Estimated 2008</u>		<u>Estimated 2009/a</u>	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
<u>Working Capital Fund/a</u>						
Recurring Oper. (USDA)						
Administration.....	\$37,929,636	144	39,694,000	174	38,210,000	174
Communications...	8,164,088	20	8,113,000	29	8,379,000	29
Fin. & Mgt.....	142,193,235	847	162,087,000	861	98,194,000	379
Info. Technology...	343,902,896	866	324,759,000	913	339,369,000	928
Exec. Secretariat...	3,036,529	21	3,114,000	24	3,226,000	24
Intrafund Adj. b/...	<u>-49,779,000</u>	<u>0</u>	<u>-51,634,000</u>	<u>0</u>	<u>-12,616,000</u>	<u>0</u>
Subtotal.....	485,447,384	1,898	486,133,000	2,001	474,762,000	1,534
Purch of Equip.....	17,758,351	0	13,600,000	0	9,000,000	0
Purch. Card Rebate	3,609,585	0	7,587,000	0	0	0
Unobl. Bal. Exp....	0	0	11,066,000	0	0	0
Discr. Hurricane Suppl. (appr.).....	8,771,325	0	0	0	0	0
Disaster Recovery (appr.).....	<u>17,090,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal (USDA)...	532,676,658	1,898	518,386,000	2,001	483,762,000	1,534
Recurring Oper. (Non-USDA)						
Administration.....	1,561,271	0	1,725,000	0	1,368,000	0
Communications...	40,349	0	9,000	0	10,000	0
Fin. & Mgt.....	86,256,221	343	86,565,000	484	0	0
Info. Technology...	<u>11,778,763</u>	<u>20</u>	<u>16,080,000</u>	<u>32</u>	<u>16,887,000</u>	<u>25</u>
Subtotal (Non-USDA).....	99,636,604	363	104,379,000	516	18,265,000	25
Total, WCF.....	<u>632,313,262</u>	<u>2,261</u>	<u>622,765,000</u>	<u>2,517</u>	<u>502,027,000</u>	<u>1,559</u>

a/ Funding and staffing for the National Finance Center are shown as a "National Finance Center Revolving Fund" for FY 2009. Those resources are depicted in a separate section of these explanatory notes.

b/ 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  
2007 Actual and Estimated 2008 and 2009

Grade	2007			2008			2009		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	0	12	12	0	10	10	0	4	4
GS-15	11	37	48	11	41	52	11	30	41
GS-14	39	114	153	40	122	162	37	72	109
GS-13	65	395	460	68	370	438	64	216	280
GS-12	32	683	715	33	668	701	28	456	484
GS-11	15	317	332	16	314	330	16	243	259
GS-10	0	38	38	0	18	18	0	4	4
GS-9	6	125	131	6	67	73	6	30	36
GS-8	4	54	58	4	42	46	4	11	15
GS-7	8	480	488	8	316	324	8	127	135
GS-6	9	172	181	9	107	116	9	46	55
GS-5	34	141	175	36	105	141	36	24	60
GS-4	9	75	84	9	36	45	9	18	27
GS-3	1	8	9	1	3	4	1	2	3
GS-2	0	10	10	0	4	4	0	1	1
GS-1	0	0	0	0	0	0	0	0	0
Other Graded Positions.....	33	13	46	33	13	46	33	13	46
Ungraded Positions.....	15	0	15	0	7	7	0	0	0
Total Permanent Positions.....	281	2,674	2,955	274	2,243	2,517	262	1,297	1,559
Unfilled Positions end of year.....	-15	-679	-694	0	0	0	0	0	0
Total, Permanent Full-Time Employment, end- of-year.....	266	1,995	2,261	274	2,243	2,517	262	1,297	1,559
Staff Yr. Estimate..	266	1,995	2,261	274	2,243	2,517	262	1,297	1,559

## WORKING CAPITAL FUND

Lead-Off Tabular Statement

<u>Recurring Operations</u> <sup>1/</sup>		
Current Estimate, 2008	.....	\$590,512,000
Budget Estimate, 2009	.....	<u>493,027,000</u>
Change in Estimate	.....	<u>-97,485,000</u>
 <u>Capital Acquisitions</u>		
Current Estimate, 2008	.....	\$13,600,000
Budget Estimate, 2009	.....	<u>9,000,000</u>
Change in Estimate	.....	<u>-4,600,000</u>
 <u>Unobligated Balances Expended</u>		
Current Estimate, 2008	.....	\$11,066,000
Budget Estimate, 2009 <sup>2/</sup>	.....	<u>0</u>
Change in Estimate	.....	<u>-11,066,000</u>
 <u>Purchase Card Rebate Proceeds</u>		
Current Estimate, 2008	.....	\$7,587,000
Budget Estimate, 2009 <sup>3/</sup>	.....	<u>0</u>
Change in Estimate	.....	<u>-7,587,000</u>
 <u>Total, Working Capital Fund</u>		
Current Estimate, 2008	.....	\$622,765,000
Budget Estimate, 2009	.....	<u>502,027,000</u>
Change in Estimate	.....	<u>120,738,000</u>

<sup>1/</sup> Net of intrafund transfers.

<sup>2/</sup> The Secretary has authority to transfer unobligated balances to the WCF, to be available until expended, for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. A total of \$11,066,000 in transfers from FY 2005, FY 2006, and FY 2007 is available for obligation in FY 2008. A spending plan for the use of FY 2005 and FY 2006 transfers was provided to Congress in May 2007. A plan for the expenditure of FY 2007 funds will be provided to Congress as soon as decisions are made in the Department regarding those initiatives most advantageous to the Department to pursue. The amount for FY 2009 (unobligated FY 2008 funds) will not be known until the end of the current fiscal year.

<sup>3/</sup> Under 7 U.S.C. 2235(a), "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 . . . 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."



WORKING CAPITAL FUND  
Summary of Increases and Decreases  
(Program Activity)

<u>Item of Change</u>	<u>2008 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>2009 Estimated</u>
Recurring Operations:				
1. Administration:	\$41,419,000	+\$139,000	-\$1,980,000	\$39,578,000
Beltsville Service Center.....	8,665,000	+38,000	-1,322,000	7,381,000
Mail and Reproduction Management...	15,802,000	+85,000	-635,000	15,252,000
Integrated Procurement Systems.....	16,952,000	+16,000	-23,000	16,945,000
2. Communications:	8,122,000	+30,000	+237,000	8,389,000
Broadcast Media & Technology Ctr....	2,780,000	+18,000	+108,000	2,906,000
Creative Services Center.....	5,342,000	+12,000	+129,000	5,483,000
3. Finance & Management:	248,652,000	+376,000	-150,834,000	98,194,000
NFC/USDA.....	67,927,000	0	-67,927,000	0
NFC/Non-USDA.....	86,565,000	0	-86,565,000	0
Controller Operations.....	33,938,000	+247,000	-2,613,000	31,572,000
Corporate Financial Mgt. Systems.....	55,632,000	+107,000	+5,973,000	61,712,000
Competitive Sourcing.....	524,000	+5,000	+14,000	543,000
Financial Services.....	4,066,000	+17,000	+284,000	4,367,000
4. Information Technology:	340,839,000	+1,138,000	+14,279,000	356,256,000
NITC/USDA.....	57,319,000	+195,000	+5,000	57,519,000
NITC/External Support.....	16,080,000	+40,000	+767,000	16,887,000
Information Technology Services.....	201,719,000	+800,000	+6,559,000	209,078,000
Telecommunications Services.....	32,141,000	+60,000	+2,854,000	35,055,000
Enterprise Services.....	33,580,000	+43,000	+4,094,000	37,717,000
5. Executive Secretariat.....	3,114,000	+23,000	+89,000	3,226,000
Intrafund Adjustment <u>1/</u> .....	-51,634,000	0	+39,018,000	-12,616,000
Total Recurring Operations.....	590,512,000	+1,706,000	-99,191,000	493,027,000
Capital Equipment.....	13,600,000	0	-4,600,000	9,000,000
Purchase Card Rebate Proceeds.....	7,587,000	0	-7,587,000	0
Unobligated Balances Expended.....	11,066,000	0	-11,066,000	0
<b>Total.....</b>	<b>622,765,000</b>	<b>+1,706,000</b>	<b>-122,444,000</b>	<b>502,027,000</b>

1/ Intrafund adjustments are estimated costs of service provided by one WCF activity to another. They are identified so as to avoid the double counting of expenses.

WORKING CAPITAL FUND  
Project Statement  
(Program Activity)

	<u>2007 Actual</u>		<u>2008 Estimated</u>		Increase or Decrease	<u>2009 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
1. Admin.:	\$39,490,907	144	\$41,419,000	174	-\$1,841,000	\$39,578,000	174
Belts. Svc. Ctr.....	10,523,484	42	8,665,000	46	-1,284,000	7,381,000	43
Mail/Repr. Mgt.....	13,637,975	93	15,802,000	117	-550,000	15,252,000	117
Integr. Proc. Syst....	15,329,448	9	16,952,000	11	-7,000	16,945,000	14
2. Commun.:	8,204,437	20	8,122,000	29	+267,000	8,389,000	29
BMTC.....	2,535,304	13	2,780,000	16	+126,000	2,906,000	16
Creative Svcs. Ctr...	5,669,133	7	5,342,000	13	+141,000	5,483,000	13
3. Fin. & Mgt.:	228,449,456	1,190	248,652,000	1,345	-150,458,000	98,194,000	379
NFC/USDA.....	59,535,292	514	67,927,000	470	-67,927,000	0	0
NFC/Ext. Supp.....	86,256,221	343	86,565,000	484	-86,565,000	0	0
Contr. Oper.....	28,366,807	255	33,938,000	300	-2,366,000	31,572,000	300
Corp. Fin. Mgt.....	53,885,355	77	55,632,000	77	+6,080,000	61,712,000	65
Comp. Src.....	405,781	1	524,000	3	+19,000	543,000	3
Financial Svcs.....	0	0	4,066,000	11	+301,000	4,367,000	11
4. Info. Tech.:	355,681,659	886	340,839,000	945	+15,417,000	356,256,000	953
NITC/USDA.....	66,772,129	171	57,319,000	173	+200,000	57,519,000	180
NITC/Ext. Supp....	11,778,763	20	16,080,000	32	+807,000	16,887,000	25
Info. Tech. Svcs....	246,491,678	659	201,719,000	670	+7,359,000	209,078,000	670
Telecom. Svcs.....	30,639,089	36	32,141,000	43	+2,914,000	35,055,000	46
Enterprise Svcs.....	0	0	33,580,000	27	+4,137,000	37,717,000	32
5. Exec. Secr.....	3,036,529	21	3,114,000	24	+112,000	3,226,000	24
Intrafund Adj.....	-49,779,000	0	-51,634,000	0	+39,018,000	-12,616,000	0
Total Rec. Oper.....	585,083,989	2,261	590,512,000	2,517	-97,485,000	493,027,000	1559
Capital Equip.....	17,758,351	0	13,600,000	0	-4,600,000	9,000,000	0
Purch. Card Rebates...	3,609,585	0	7,587,000	0	-7,587,000	0	0
Unobl. Bal. Exp.....	0	0	11,066,000	0	-11,066,000	0	0
Discr. Hurricane Suppl. (appr.).....	8,771,325	0	0	0	0	0	0
Disaster Rec. (appr.)...	17,090,013	0	0	0		0	0
Tot. Avail. or Est.....	632,313,263	2,261	622,765,000	2,517	-120,738,000	502,027,000	1,559

## WORKING CAPITAL FUND

Project Statement  
(USDA Activity)

	<u>2007 Actual</u>		<u>2008 Estimated</u>		Increase or Decrease	<u>2009 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
1. Admin.:	\$37,929,636	144	\$39,694,000	174	-\$1,484,000	\$38,210,000	174
Belts. Svc. Ctr.....	8,962,213	42	6,940	46	-927,000	6,013,000	43
Mail/Repr. Mgt.....	13,637,975	93	15,802,000	117	-550,000	15,252,000	117
Integr. Proc. Sys.....	15,329,448	9	16,952,000	11	-7,000	16,945,000	14
2. Commun.:	8,164,088	20	8,113,000	29	+266,000	8,379,000	29
BMTC.....	2,535,012	13	2,780,000	16	+126,000	2,906,000	16
Creative Svcs. Ctr...	5,629,076	7	5,333,000	13	+140,000	5,473,000	13
3. Fin. & Mgt.:	142,193,235	847	162,087,000	861	-63,893,000	98,194,000	379
NFC/USDA.....	59,535,292	514	67,927,000	470	-67,927,000	0	0
Contr. Oper.....	28,366,807	255	33,938,000	300	-2,366,000	31,572,000	300
Corp. Fin. Mgt.....	53,885,355	77	55,632,000	77	+6,080,000	61,712,000	65
Comp. Src.....	405,781	1	524,000	3	+19,000	543,000	3
Financial Svcs.....	0	0	4,066,000	11	+301,000	4,367,000	11
4. Info. Tech.:	343,902,896	866	324,759,000	913	+14,610,000	339,369,000	928
NITC.....	66,772,129	171	57,319,000	173	+200,000	57,519,000	180
Info. Tech. Svcs....	246,491,678	659	201,719,000	670	+7,359,000	209,078,000	670
Telecom. Svcs.....	30,639,089	36	32,141,000	43	+2,914,000	35,055,000	46
Enterprise Svcs.....	0	0	33,580,000	27	+4,137,000	37,717,000	32
5. Exec. Secr.....	3,036,529	21	3,114,000	24	+112,000	3,226,000	24
Intrafund Adj.....	-49,779,000	0	-51,634,000	0	+39,018,000	-12,616,000	0
Total Rec. Oper.....	485,447,385	1,898	486,133,000	2,001	-11,371,000	474,762,000	1,534
Capital Equip.....	17,758,351	0	13,600,000	0	-4,600,000	9,000,000	0
Purch. Card Rebates...	3,609,585	0	7,587,000	0	-7,587,000	0	0
Unobl. Bal. Exp.....	0	0	11,066,000	0	-11,066,000	0	0
Discr. Hurricane Suppl. (appr.).....	8,771,325	0	0	0	0	0	0
Disaster Rec. (appr.)...	17,090,013	0	0	0	0	0	0
Tot. Avail. or Est.....	532,676,660	1,898	518,386,000	2,001	-34,624,000	483,762,000	1,534

## WORKING CAPITAL FUND

Project Statement  
(Non-USDA Activity)

	<u>2007 Actual</u>		<u>2008 Estimated</u>		Increase or <u>Decrease</u>	<u>2009 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
1. Admin.:	\$1,561,271	0	\$1,725,000	0	-\$357,000	\$1,368,000	0
Belts. Svc. Ctr.....	1,561,271	0	1,725,000	0	-357,000	1,368,000	0
2. Commun.:	40,349	0	9,000	0	+1,000	10,000	0
BMTC.....	292	0	0	0	0	0	0
Creative Svcs. Ctr..	40,057	0	9,000	0	+1,000	10,000	0
3. Fin. & Mgt.:	86,256,221	343	86,565,000	484	-86,565,000	0	0
NFC/Ext. Supp.....	86,256,221	343	86,565,000	484	-86,565,000	0	0
4. Info. Tech.:	11,778,763	20	16,080,000	32	+807,000	16,887,000	25
NITC/Ext. Supp...	11,778,763	20	16,080,000	32	+807,000	16,887,000	25
Tot. Avail. or Est.....	<u>99,636,604</u>	<u>363</u>	<u>104,379,000</u>	<u>516</u>	<u>-86,114,000</u>	<u>18,265,000</u>	<u>25</u>

Justification of Increases and Decreases

Justifications of increases and decreases among WCF activities are as follows:

Recurring Operations (all costs – pay costs and program-related costs – are recovered via reimbursements from serviced agencies):

- (1) A net increase of \$17,540,000 for recurring operations consisting of:
  - (a) An increase of \$1,706,000 for pay costs.
  - (b) An increase of \$15,834,000 for program-related costs in response to agency demand for financial management, administrative support, information technology, communications, and executive secretariat services.

Capital Acquisitions:

Capital acquisitions reflect the economical purchases 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 that where it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset), capital acquisition resources are allocated. 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 an eye toward 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.

- (2) A decrease in allocation for capital acquisitions of \$4,600,000 (\$13,600,000 allocated for capital acquisitions in FY 2008; \$9,000,000 allocated in FY 2009):

(a) Expenditures for capital acquisitions are as follows:	<u>2008</u>	<u>2009</u>
<u>Administration:</u>		
Integrated Procurement Systems.....	\$1,000,000	0
<u>Finance and Management:</u>		
Corporate Financial Management Systems.....	5,200,000	\$4,500,000
<u>Information Technology:</u>		
National Information Technology Center .....	<u>7,400,000</u>	<u>4,500,000</u>
 TOTAL, Working Capital Fund.....	 <u>13,600,000</u>	 <u>9,000,000</u>

The allocation level in FY 2009 reflects 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.

(3) A net decrease of \$7,587,000 in purchase card rebate proceeds.

7 U.S.C. 2235(a) authorizes the Department to deposit and to retain refunds or rebates received on an on-going basis from a credit card services provider under the Department of Agriculture's charge card programs without fiscal year limitation in the Department's WCF. These proceeds may be 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. The FY 2009 proceeds cannot be projected until the end of the fiscal year. For purposes of presentation, an assumption of zero proceeds is provided in the budget year (FY 2009). Estimates of the budget year proceeds cannot be computed until collections in the prior year (FY 2008 in this instance) are made and projections for future year activity can be made.

(4) A net decrease of \$11,066,000 in unobligated balances.

Among the General Provisions of appropriations language, the Secretary has authority to transfer unobligated balances to the WCF, to be available until expended, for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. The estimate of balances available for obligation in FY 2008 includes amounts transferred from USDA agencies from available FY 2007 balances, as well as all unexpended, unobligated balances from previous years. A spending plan for use of FY 2005 and FY 2006 funds was provided to Congress in May 2007. A spending plan for the use of FY 2007 funds will be provided to Congress as soon as decisions are taken in the Department regarding those initiatives most advantageous to the Department to pursue. The amount for FY 2009 (unobligated FY 2008 funds) will not be known until the end of the fiscal year.

## WORKING CAPITAL FUND

Geographic Breakdown of Funding and Staff-Years  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>		<u>2008</u>		<u>2009</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Alaska	\$367,898	1	\$324,000	1	\$333,000	1
Alabama	2,207,388	6	1,943,000	6	1,999,000	6
Arkansas	4,046,878	11	3,562,000	11	3,664,000	11
Arizona	2,207,388	6	1,943,000	6	1,999,000	6
California	3,311,082	9	2,914,000	9	2,998,000	9
Colorado	28,200,635	54	27,766,000	59	30,924,000	59
Connecticut	1,103,694	3	971,000	3	999,000	3
District of Columbia	77,439,671	266	101,171,000	312	112,114,000	334
Delaware	1,471,592	4	1,295,000	4	1,332,000	4
Florida	3,678,980	10	3,238,000	10	3,331,000	10
Georgia	3,678,980	10	3,238,000	10	3,331,000	10
Guam	367,898	1	324,000	1	333,000	1
Hawaii	735,796	2	648,000	2	666,000	2
Iowa	6,254,266	16	5,504,000	17	5,663,000	17
Idaho	2,575,286	7	2,267,000	7	2,332,000	7
Illinois	3,678,980	9	3,238,000	10	3,331,000	10
Indiana	4,414,776	11	3,885,000	12	3,997,000	12
Kansas	5,150,572	13	4,533,000	14	4,664,000	14
Kentucky	4,782,674	13	4,209,000	13	4,330,000	13
Louisiana	271,396,442	1,139	251,205,000	1,300	95,282,000	334
Massachusetts	1,103,694	3	971,000	3	999,000	3
Maryland	17,110,136	61	14,050,000	64	14,044,000	63
Maine	2,207,388	6	1,943,000	6	1,999,000	6
Michigan	4,414,776	11	3,885,000	12	3,997,000	12
Minnesota	5,150,572	13	4,533,000	14	4,664,000	14
Missouri	133,428,218	334	144,215,000	363	122,374,000	349
Mississippi	4,782,674	12	4,209,000	13	4,330,000	13
Montana	3,311,082	9	2,914,000	9	2,998,000	9
North Carolina	5,150,572	13	4,533,000	14	4,664,000	14
North Dakota	3,311,082	9	2,914,000	9	2,998,000	9
Nebraska	5,518,470	14	4,857,000	15	4,997,000	15
New Hampshire	735,796	2	648,000	2	666,000	2
New Jersey	1,103,694	3	971,000	3	999,000	3
New Mexico	2,575,286	7	2,267,000	7	2,332,000	7
Nevada	1,103,694	3	971,000	3	999,000	3
New York	3,678,980	10	3,238,000	10	3,331,000	10

## WORKING CAPITAL FUND

Geographic Breakdown of Funding and Staff-Years  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>		<u>2008</u>		<u>2009</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Ohio	3,311,082	9	2,914,000	9	2,998,000	9
Oklahoma	3,678,980	10	3,238,000	10	3,331,000	10
Oregon	2,943,184	8	2,590,000	8	2,665,000	8
Pennsylvania	3,311,082	9	2,914,000	9	2,998,000	9
Puerto Rico	1,471,592	4	1,295,000	4	1,332,000	4
South Carolina	2,575,286	7	2,267,000	7	2,332,000	7
South Dakota	3,678,980	10	3,238,000	10	3,331,000	10
Tennessee	4,414,776	12	3,885,000	12	3,997,000	12
Texas	14,348,023	37	12,628,000	39	12,991,000	39
Utah	3,678,980	10	3,238,000	10	3,331,000	10
Virginia	4,046,878	11	3,562,000	11	3,664,000	11
Vermont	2,207,388	6	1,943,000	6	1,999,000	6
Washington	1,839,490	5	1,619,000	5	1,666,000	5
Wisconsin	5,150,572	12	4,533,000	14	4,664,000	14
West Virginia	2,207,388	6	1,943,000	6	1,999,000	6
Wyoming	1,471,592	4	1,295,000	4	1,332,000	4
Total, Available or Estimate.....	682,092,263	2,261	674,399,000	2,517	514,643,000	1,559



## WORKING CAPITAL FUND

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Washington, D.C.....	\$16,572,915	\$23,077,000	\$23,511,000
Field .....	<u>145,057,085</u>	<u>152,239,000</u>	<u>94,038,000</u>
11 Total personnel compensation .....	161,630,000	175,316,000	117,549,000
12 Personnel benefits .....	42,820,940	45,825,000	30,571,000
13 Benefits for former personnel .....	<u>699,279</u>	<u>14,000</u>	<u>14,000</u>
Total personnel comp. & benefits .....	205,150,219	221,155,000	148,134,000
Other Objects:			
21 Travel.....	3,463,336	3,811,000	3,155,000
22 Transportation of things .....	971,121	990,000	883,000
23.1 Rental payments to GSA .....	4,323,162	5,281,000	3,824,000
23.2 Rental payments to others .....	2,974,396	3,710,000	821,000
23.3 Communications, utilities, and misc. charges .....	105,586,617	90,008,000	75,676,000
24 Printing and reproduction .....	732,593	1,094,000	529,000
25.1 Advisory & Assistance Services .....	25,922	31,000	32,000
25.2 Other services .....	148,193,268	177,428,000	137,569,000
25.3 Purchases of goods and services from Government Accounts.....	56,392,180	54,168,000	51,742,000
25.4 Operation and maintenance of facilities .....	913,806	577,000	396,000
25.7 Operation and maintenance of equipment .....	65,562,146	75,576,000	62,632,000
26 Supplies and materials .....	9,240,022	15,952,000	13,421,000
31 Equipment.....	78,058,834	<u>24,618,000</u>	<u>15,829,000</u>
Total other objects .....	<u>476,942,044</u>	<u>453,244,000</u>	<u>366,509,000</u>
Total, Working Capital Fund 1/ .....	<u>682,092,263</u>	<u>674,399,000</u>	<u>514,643,000</u>
Position Data:			
Average Salary, ES positions.....	\$135,000	\$137,000	\$139,000
Average Salary, GS positions .....	\$57,000	\$58,000	63,000
Average Grade, GS positions.....	9.9	10.5	10.9

1/ Totals include all intrafund transfers

**Departmental Reimbursable Programs**

<b>Department Wide Reimbursable Programs</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Estimate</b>	<b>FY 2009 Estimate</b>
Advisory Committee Liaison Services	193,000	199,000	204,970
USDA Tribal Liaison	65,000	69,000	71,070
Faith-Based Initiatives	240,385	400,000	412,000
Hispanic Association of Colleges and Universities	1,400,000	1,442,000	1,485,260
1890 USDA Initiatives	2,287,278	2,425,000	2,497,750
American Indian Higher Education Consortium	366,587	389,000	400,670
Diversity Council	504,062	513,000	528,390
Visitors Center	236,607	268,000	276,040
Honor Awards	79,909	80,000	82,400
TARGET Center	889,176	927,000	954,810
Drug Testing Program	78,351	100,000	103,000
Sign Language Interpreter Services	203,856	231,000	237,930
Emergency Operations Center	1,886,553	2,563,000	2,639,890
Personnel and Document Security	1,556,318	1,648,000	1,697,440
Labor and Employee Relations System	69,890	72,000	74,160
Continuity of Operations Planning	1,617,220	1,820,000	1,874,600
Federal Biobased Procurement Program	334,280	350,000	360,500
Radiation Safety	904,415	927,000	954,810
Self-Services Dashboard Web App.	326,964	338,000	348,140
Enterprise -wide Time and Attendance	1,745,267	1,500,000	1,545,000
Preauthorized Funding	4,754,733	3,600,000	3,708,000
Financial Management Modernization Initiative	1,129,835	2,000,000	2,060,000
E-GOV Presidential Initiatives	9,992,428	9,000,000	9,270,000
E-Gov Presidential Initiatives HSPD12	12,469,000	12,469,000	12,843,070
USDA E-Gov Enablers - Content Management	1,270,000	1,310,000	1,349,300
USDA E-Gov Enablers Eauthentication 1_/	4,961,000	0	0
USDA E-Gov Enablers - Ag Learn 1_/	850,000	0	0
USDA E-Gov Enablers - Enterprise Services 1_/	12,746,000	0	0
USDA Enterprise Contingency Planning	850,000	880,000	906,400
USDA IT Infrastructure Security	0	3,000,000	3,090,000
USDA Cyber Security Management (CSAM)	447,000	1,593,000	1,640,790
<b>Total All Programs</b>	<b>\$ 64,455,114</b>	<b>\$ 50,113,000</b>	<b>\$ 51,616,390</b>

1\_/ Activity moved to Working Capital Fund beginning in FY 2008

<b>Department Wide Reimbursable Programs Agency Cost Shares</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Estimate</b>	<b>FY 2009 Estimate</b>
Office of the Secretary	13,032	13,764	14,177
Agricultural Marketing Service	1,448,301	1,117,317	1,150,837
Agricultural Research Service	5,080,037	4,091,198	4,213,934
Rural Development	3,604,246	2,793,157	2,876,952
Risk Management Agency	274,727	210,644	216,963
Foreign Agricultural Service	969,916	805,168	829,323
Forest Service	21,379,742	16,468,400	16,962,452
Office of Communications	52,176	40,253	41,461
Office of General Counsel	170,692	131,780	135,733
Natural Resources Conservation Service	5,750,391	4,427,889	4,560,726
Economic Research Service	239,595	184,576	190,113
National Agricultural Statistics Service	642,969	494,947	509,795
Cooperative State Research, Education and Ext Serv,	309,402	239,897	247,094
Office of the Inspector General	465,011	407,110	419,323
Food and Nutrition Service	1,081,319	835,331	860,391
Animal and Plant Health Inspection Service	5,039,385	4,010,160	4,130,465
Grain Inspection, Packers and Stockyards Admin.	412,827	321,857	331,513
Food Safety and Inspection Service	5,032,157	3,889,100	4,005,773
Office of Chief Economist	92,270	70,790	72,914
Office of Budget and Program Analysis	31,317	24,628	25,367
Office of the Chief Financial Officer	1,086,840	869,375	895,455
Departmental Administration	261,006	204,343	210,473
Office of Civil Rights	93,180	71,314	73,453
Office of Executive Secretary	9,778	7,484	7,709
Farm Service Agency	8,297,274	6,364,252	6,555,180
Office of the Chief Information Officer	2,566,000	1,978,802	2,038,166
National Appeals Division	51,524	39,464	40,648
<b>Totals</b>	<b>64,455,114</b>	<b>50,113,000</b>	<b>51,616,390</b>

#### Departmental Reimbursable Programs Descriptions

##### Office of the Secretary:

Advisory Committee Liaison Services: The Office of the Secretary provides guidance and direction to USDA agencies on Advisory Committees and Boards. Costs to support this function and screening/selection of members are reimbursed from agencies to the Office of the Secretary.

USDA Tribal Liaison: Provides for travel for the national program director, support for an intern or other personnel, and other related programs. An update of the guide to USDA Programs for Native Americans was completed in 2007.

USDA Faith Based Initiatives: Provides for Departmental level oversight of the USDA implementation efforts in this area and to support the White House Office of Faith-Based and Community Initiatives regional outreach conferences. President Bush established the Office of Faith-Based and Community Initiatives at the U.S. Department of Agriculture by executive order on December 12, 2002.

##### Office of Communications:

American Consumer Satisfaction Index: Supports the USDA Home Page rating, which is required for reporting to OMB beginning in FY 2006.

Office of Civil Rights:

American Indian Higher Education Consortium: Promotes, fosters, and encourages implementing programs for improving post-secondary and higher education opportunities for American Indians, and establishing information centers for post-secondary and higher education institutions.

1890's USDA Initiatives: Supports White House initiatives on Historically Black Colleges and Universities and the USDA 1890 institutions (Land Grant colleges and universities). USDA maintains an agricultural liaison office at each of the 17 1890 campuses, including Tuskegee University.

USDA Diversity Council: Supports the following: Hispanic Advisory Council , Secretary's Advisory Council on Employees with Disabilities, African-American Group, Asian-American Group and Pacific Islanders Group, Native American Group, Women's Group and Gay and Lesbians Group. These groups provide the Secretary with ongoing advice on matters that affect their respective communities.

Agricultural Research Service:

Hispanic Association of College and Universities (HACU) Programs: Fosters educational excellence in the Hispanic community and to promote Hispanic participation in fulfilling the USDA mission.

Departmental Administration:

Sign Language Interpreter Services: Provides interpretive services for Departmental programs and USDA agencies.

Target Center: Supports the Department's workforce diversity and Federal Workforce 2001 policies; provides information on technologies to ensure equal access to electronic technologies and automated systems essential to today's jobs for people with visual, hearing, speech, mobility, or dexterity impairments.

USDA Visitor Information Center: A showcase for USDA programs and initiatives.

Honor Awards: designed to recognize significant accomplishments of USDA employees through the Department's highest honor awards program.

USDA Drug Testing Program: Program is mandated by Executive Order 12564 and PL 102-143. It's purpose is to help ensure a drug free work place with programs such as: random, reasonable suspicion, post accident, volunteer and applicant testing.

Emergency Operations: Operates a secure emergency operations center on a 24/7 basis. The center provides critical communications and coordination systems.

Continuity of Operations Planning: Provides for USDA COOP activities including awareness training, exercises and COOP plan reviews.

Labor and Employee Relations Tracking and Reporting System: Supports a Department-wide Web-based system for tracking employee and labor relations cases.

Federal Biobased Products Preferred Procurement Program: Supports the completion of a model procurement plan, the development of a unified USDA biobased Web site, and the establishment of a biobased resource center to provide information resources to public and Federal agencies.

Self Service Dashboard (SSD) and Retirement Processor Web Application: Serves as an e-authenticated single sign-on portal for several USDA human resources systems and contains a historical database that

together with the Retirement Processor Web application enables employees to run various retirement calculation scenarios.

Personnel and Document Security: Responsible for ensuring the proper protection of classified national security information through the adjudicative process of personnel clearances; and the proper handling, storage and transmission of classified information.

Radiation Safety: Responsible for the USDA radiation safety program that ensures the safe use of radioactive materials and compliance with Federal requirements. The program maintains the license to use radioactive materials issued by Nuclear Regulatory Commission and provides technical advice and oversight to agencies in which radioactive materials are used.

Enterprise-Wide Time and Attendance: This program will implement a standard enterprise-wide T&A system that will offer cost savings, resource reductions, training and helpdesk support.

Office of the Chief Financial Officer:

Pre-Authorized Funding: Provides a funding mechanism for reimbursable activities involving other Federal departments and USDA that arise during the current fiscal year.

Financial Management Modernization Initiative: The U.S. Department of Agriculture (USDA) is in the initial stages of procuring a new Core Financial Management System through the Financial Management Modernization Initiative (FMMI).

Office of the Chief Information Officer:

E-Gov Presidential Initiatives: Assists with improving IT planning through the expansion of electronic government to deliver significant productivity and performance gains across all Federal departments.

USDA Enablers (eGovernment) Projects: This program provides for Department level development and modernization of various corporate information systems. USDA Enablers include: Living Disaster Recovery Planning System, AgLearn, E-Authentication, Enterprise Content Management Module, and Enterprise Shared Services.

E-Gov Presidential Initiatives HSPD12: Supports the implementation of the Homeland Security Presidential Directive 12 (the Common Identification Standard for Federal Employees and Contractors).

USDA IT Infrastructure Security: Provides security tools to monitor and detect and report PII information in agency systems, to monitor changes in network security baseline configurations and to reverse changes if needed.

USDA Cyber Security Assessment and Management (CSAM): CSAM is a comprehensive FISMA compliance tool developed for and by the Department of Justice. It provides the ability to identify threats and vulnerabilities through use of the embedded NIST 800-53 (Rev.1) control requirements for Federal IT systems.

## PRESIDENTIAL E-GOVERNMENT INITIATIVES AND LINES OF BUSINESS

### Benefits of USDA's Participation in Presidential E-Government Initiatives and Lines of Business:

#### Business Gateway

- By creating access to consolidated compliance information, Business Gateway directly benefits USDA's "customers" (e.g., farm owners, food industries, and agricultural chemical producers), all of whom are subject to complex compliance requirements across multiple agencies.
- Business Gateway provides savings and operational cost avoidance:
  - By making 548 forms (to date) available on Forms.gov, USDA saves agency time in forms management; and,
  - By directing compliance-related inquiries to Business.gov, agencies will save training and staff-time dollars.

#### Disaster Assistance Improvement Plan

- This initiative will provide a single location where USDA's customers can find and personally apply for USDA disaster assistance programs online. The majority of the benefits will be realized by the public through increased access to Federal assistance in emergency situations.

#### Disaster Management

- Disasterhelp.gov provides emergency information for USDA's first responders and its customers, partners, and employees. The Web site provides readily available information to enhance Disaster Management on an interagency and intergovernmental basis.

#### E-Authentication

- E-Authentication is a public-private partnership that enables citizens, businesses, and government employees to access online government services using credentials issued by trusted third-parties, both within and outside the government. Once an agency's system has been enabled to accept E-Authentication credentials, it will be able to grant access to end users who have an identity credential from one or more of the Federation's Credential Service Providers (CSPs). USDA's E-Authentication Service was the first GSA-approved, government-wide CSP, which enables USDA to provide Level 2 credentials to employees, customers, and partners. A Level 2 credential provides a higher degree of confidence to ensure that the customer accessing an application on the USDA Web site is indeed the person he claims to be.
- More than 96,000 employees and approximately 150,000 customers owned an E-Authentication credential in a typical month in FY 2007.
- In an average month in FY 2007, USDA E-Authentication Service customers used their credentials for nearly 75,000,000 authorizations of system access and over 2,000,000 authentications of personal identities.

#### E-Clearance

- E-Clearance enables employees to move from one Department to another and take their security clearances with them. This portability of clearances reduces unnecessary costs and lost professional time associated with often long waits for redundant background checks to be completed.
- USDA replaced disparate, manual, and paper-based security clearance processes with Electronic Questionnaires for Investigations Processing system (eQIP), a single electronic system that ensures compliance with government standards. All USDA agencies and offices continue to use eQIP to record information needed to obtain security clearances in support of E-Clearance.

#### E-Government Travel

- E-Government Travel provides a government-wide, Web-based service that applies world-class travel management practices to consolidate Federal travel, minimize cost and produce superior customer satisfaction. The E-Government Travel service is commercially hosted to minimize

technology costs to the government and guarantee refreshed functionality. USDA began processing pilot transactions with the new E-Government Travel Service provider in the third quarter of FY 2007.

#### Enterprise Human Resources Integration (EHRI)

- USDA migrated to the eOPF in August 2006. The eOPF streamlines and automates the electronic exchange of standardized human resource data needed for an official employee record. USDA realizes significant savings and reduced staff time through migration to the eOPF.
- All agencies have access to data provided by EHRI tools. USDA was the first Federal Department to successfully begin using their E-Authentication credentials to access eOPF documents.

#### E-Records Management

- The E-Records Management initiative provides policy guidance to help USDA better manage electronic records, so that records information can be effectively used to support timely and effective decision-making, enhance service delivery, and ensure accountability.

#### E-Rulemaking

- USDA's fourteen rule-making agencies completed migration to the Federal Docket Management System (FDMS) on December 8, 2006. As a result, all USDA *Federal Register* rules, proposed rules, and notices are available for public comment on E-Rulemaking's Regulations.gov.
- In calendar year 2007, USDA posted 300 *Federal Register* rules and proposed rules, 843 notice documents, and 7,133 public comments through Regulations.gov.

#### E-Training

- AgLearn is USDA's implementation of the E-Training Presidential Initiative. E-Training and AgLearn provide a single, USDA-wide learning management system that replaces seven legacy, agency-specific systems and widespread manual tracking of training.
- The consolidation of training within AgLearn allows agencies to cooperate in developing, tracking, and purchasing training. Training that has proved successful for one agency can easily be made available for others, eliminating redundant costs for course development and sharing subject matter expertise to a broader audience.
- The coordination of agency purchases of online courseware provides volume discounts. USDA negotiated a volume discount with SkillSoft, a leading provider of educational software. Licenses for the SkillSoft catalog are available for all USDA employees through an enterprise agreement. A leadership development channel is also available for USDA's senior leadership.
- AgLearn provides linkages to external training providers; such as the USDA Graduate School. Online training minimizes the need for travel, on the part of both trainers and trainees.

#### Federal Asset Sales

- USDA leverages government-wide efficiencies and benefits from our leadership role in the Federal Asset Sales Initiative. USDA's Departmental Administration is a Shared Service Provider for Federal Asset Sales.
- The initiative provides a one-stop online network place for Federal sellers, buyers, and service providers to interact and share best practices. The Web site, [www.GovSales.gov](http://www.GovSales.gov), serves as a clearinghouse for information about Federal Asset Sales. The initiative reduces the need for redundant, agency-specific systems that support Federal Asset Sales.
- HomeSales.gov provides information on previously owned single family homes for sale by the Federal Government. Rural Development lists single family homes for sale on HomeSales.gov.

#### Geospatial One-Stop

- The Geospatial One-Stop initiative (GOS) promotes coordination and alignment of geospatial data collection and maintenance among all levels of government. USDA is a major Federal producer/distributor and metadata contributor to GOS, and its large repository of current and historical data is accessible through the GOS Portal at [www.GeoData.gov](http://www.GeoData.gov).

#### GovBenefits.gov

- GovBenefits.gov provides a self-service tool for citizens to get information about agency benefit programs, which reduces the need for traditional channels such as call centers and mail. In FY 2007, approximately 600,000 citizens viewed USDA benefit program pages on GovBenefits.gov, which generated over 120,000 referrals to USDA program pages.
- GovBenefits.gov supports USDA's mission to work to reduce food insecurity in America by helping increase public awareness of USDA benefit programs and providing access to safe, affordable and nutritious food.
- USDA features 34 benefit programs on GovBenefits.gov. The benefits programs include the Food Stamp Program, Women, Infants and Children Program, Child Nutrition Programs, and Farmer's Market Nutrition Program (provided by the FNS), Farm Labor Housing Loan and Grant programs (provided by the Rural Housing Service), various farm loan and disaster assistance programs (provided through the Farm Service Agency), the Wildlife Habitat Incentives and other conservation programs (provided by the Natural Resources Conservation Service) and the Crop Insurance Program (provided by the Risk Management Agency).

#### Grants.gov

- Grants.gov provides a single location to publish grant (funding) opportunities and application packages, and provides a single site for the grants community to apply for grants using common forms, processes, and systems.
- In FY 2007, USDA posted 142 funding opportunities on Grants.gov, and received 6,599 electronic applications via Grants.gov. USDA continues to offer the option to apply electronically to 100 percent of its discretionary grants and cooperative agreements to applicants through the Web site.
- Grants.gov has also allowed USDA to avoid the cost of maintaining its own front-end system to allow applicants to search and apply for grants online. However, the majority of the benefits are being realized by the public by eliminating the cost of submitting paper applications through the traditional mail delivery service.

#### Integrated Acquisition Environment - Loans and Grants:

- This initiative will help USDA meet the requirements of the Federal Funding Accountability and Transparency Act to provide DUNS numbers for the Transparency Act Web site to satisfy the unique identifier data requirement under the Act.

#### Integrated Acquisition Environment (IAE)

- IAE provides a secure business environment that facilitates and supports cost-effective acquisition of goods and services by agencies, with the goal of eliminating inefficiencies in the current Federal acquisition landscape. USDA uses the initiative's standards and best practices as it continues to enhance its Integrated Acquisition System.



#### International Trade Process Streamlining

- Export.gov makes it easy for Small and Medium Enterprises to obtain the information and documents needed to conduct business abroad. Exports.gov provides links to USDA, eliminating duplicative information.
- The Foreign Agricultural Service U.S. Supplier List and implemented USDA Export Credit Guarantee (Loan) program online with Export.gov.
- USDA participates with Export.gov as a one-stop customer solution. This eliminates expensive, unnecessary duplication of efforts.

#### Recreation One-Stop

- Recreation One-Stop consolidates information about Federal recreation areas from disparate sources (databases, Web sites, and publications) by standardizing data and interfacing recreation-related computer systems. The initiative provides information for planning visits to Federal recreation sites and making campground/tour reservations through a customer-friendly recreation portal (Recreation.gov).
- In FY 2007, the National Recreation Reservation Service launched. This service gives the public telephone and Internet access to 49,500 camping facilities at more than 1,700 locations nationwide.

#### Recruitment One-Stop

- Recruitment One-Stop provides state-of-the-art online recruitment services to Federal job seekers that include online job posting, intuitive job searching, resume warehousing, online application submission, automated eligibility and status feedback, applicant data mining and integration with sophisticated automated assessment tools.
- USDA posts its position vacancies on USAJobs.gov, the Web site of the Recruitment One-Stop initiative. USDA also uses the automated assessment tools to speed and improve the quality of candidate screening and selection.

#### SAFECOM

- SAFECOM functions as the key Federal coordinator for promoting and providing support to Federal, State, Tribal and local, public safety agencies for the improvement of public safety response through more effective and efficient interoperable wireless communications. USDA takes advantage of the SAFECOM standards to ensure that its public safety officers are able to collaborate effectively with other agency officials.

#### USA Services

- USA Services provides contact center services (such as help desk support, information centers, and emergency help lines) through the FirstContact contract vehicle and provides leadership to contact center and Web managers across all levels of government.
- USDA used procurement vehicles provided by the USA Services initiative to plan for emergency hotline and help desk needed for a Department-wide emergency. The availability of USA Services procurement vehicles significantly reduced the cost and time of that effort.

#### Budget Formulation and Execution LoB

- The purpose of the Budget Formulation and Execution LoB is to focus on building a “budget of the future,” employing standards and technologies for electronic information exchange to link budget execution, performance, and financial information throughout all phases of the annual budget formulation and execution cycle. USDA plans to leverage the standards developed by the LoB to improve its budgeting processes.

#### Financial Management LoB

- The Financial Management LoB supports efficient and improved business performance while ensuring integrity in accountability, financial controls, and mission effectiveness.
- The Financial Management LoB established an advisory board to govern the activities and decision-making process for the initiative. USDA's involvement with this board affords us the opportunity to review critical issues affecting their financial management systems, voice our unique needs and concerns, and collaboratively offer recommendations and influence decisions on how best to implement the common solution. USDA awarded contracts to integrate financial management software to meet the standards defined by the initiative in FY 2007.

#### Geospatial LoB

- The Geospatial LOB will identify opportunities for optimizing and consolidating Federal geospatial-related investments to reduce the cost of government and improve services to citizens.
- USDA is currently focused on the development of the Geospatial LOB segment architecture. The analysis will identify areas of duplication and redundancy across the Department, and highlight opportunities for collaboration. This can result in substantial savings from common purchases and through the redundant expenditures on resources.

#### Grants Management LoB

- The Grants Management LoB promotes citizen access, customer service, and agency financial and technical stewardship through end-to-end grants management activities.
- By sharing services, USDA can avoid the cost of building and maintaining grants management systems.
- All 13 USDA grant-making agencies are collaborating with the Grants Management LoB to simplify the disparate application processes, improve timely reporting and delivery of services, and allow greater coordination among USDA service providers.

#### IT Infrastructure Optimization LoB

- The IT Infrastructure LoB will identify the opportunities for IT infrastructure consolidation and optimization, and develop government-wide common solutions. USDA plans to leverage the cost-savings opportunities identified by this LoB.

#### Information Systems Security LoB

- The Information Systems Security LoB intends to establish a comprehensive and consistently implemented set of risk-based, cost-effective controls and measures that adequately protects information contained in Federal information systems. USDA fully participates in the Information System Security LoB and will adopt standards designed to improve the efficiency and effective of security practices as they are established by the initiative.
- USDA currently uses the Information System Security LoB-approved Automated System Security Evaluation and Remediation Tracking system for FISMA reporting. The Information System Security LoB-approved Cyber Security Assessment and Management was migrated in December 2007.
- USDA's mandatory Cyber Security Awareness Training course is approved by the ISSLoB.

#### E-Loans (GovLoans)

- E-Loans is a single point of access for USDA customers to locate information on loan programs. The site provides quicker and easier access to program information on the Web. It allows USDA to reduce costs and provides faster service to it customers.

#### E-Payroll

- E-Payroll simplifies USDA payroll services and processes. It allows USDA to define and standardize human resource payroll policies and procedures and better integrates payroll, human

resources, and finance functions. It improves information sharing between performance, budgets, and financial management, and enables key USDA personnel to make well-informed decisions.

#### Federal Health Architecture LoB

- The Federal Health Architecture LoB improves coordination and collaboration for USDA on national health IT solutions. It provides improved efficiency, standardization, reliability, and availability of comprehensive health information solutions. It incorporates all health-related activities into one Federal architecture. USDA has played an integral part in this initiative through its Food Safety programs.

#### Human Resource Management LoB

- The Human Resource Management LoB improves USDA's internal efficiency and effectiveness by streamlining and automating the exchange of employee human resource information. USDA has reduced process cycle times and increased the accuracy on all EHRI information exchanges and transactions. It has enabled oversight and allowed agencies access to current raw data and easy-to-use strategic workforce planning/analysis tools.

The following table reflects estimated funding amounts for USDA contributions to the Presidential Initiatives under the guidance of the Office of Management and Budget. The funding source varies depending upon the service associated with each Initiative.

Initiative	FY08 Agency Contributions (Includes In-Kind)	FY08 Agency Service Fees**	FY09 Agency Contributions (Includes In-Kind)	FY09 Agency Service Fees**
Recreation One-Stop	\$50,000		\$50,000	
GovBenefits.gov		\$459,042		\$473,732
Disaster Assist Improvement Plan	\$696,866		\$696,866	
E-Rulemaking	\$735,000			\$1,307,536
Business Gateway	\$435,000		\$249,299	
Grants.gov	\$1,105,885		\$1,067,887	
E-Training		\$5,219,300		\$5,219,300
Recruitment One-Stop		\$579,150		\$602,316
EHRI		\$6,314,250		\$3,082,165
E-Payroll		\$14,661,190		\$15,244,398
E-Travel	\$670,112	\$1,205,631		\$4,435,928
Integrated Acquisition Environment	\$397,023			\$403,549
IAE-Loans and Grants	\$1,285,570		\$1,285,570	
E-Authentication		\$630,000		\$4,264,500
Financial Management LoB	\$75,000		\$75,000	
Human Resources Management LoB	\$260,870		\$260,870	
Grants Management LoB	\$112,833		\$112,833	
Federal Health Architecture LoB	*		*	
Geospatial LoB	\$105,060		\$102,000	
Budget Formulation and Execution LoB	\$85,000		\$95,000	
IT Infrastructure LoB	\$160,000			
<b>USDA Total</b>	<b>\$6,174,219</b>	<b>\$29,068,563</b>	<b>\$3,995,325</b>	<b>\$35,033,424</b>

\* - Specific Funding Level is still pending

\*\* - Service fees are estimates as provided by the E-Gov initiatives

## WORKING CAPITAL FUND

## STATUS OF PROGRAM

The WCF is a financing mechanism that provides support to more than 20 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 Working Capital Fund (WCF). The Associate Chief Financial Officer for Financial Policy and Planning serves as Controller of the WCF in charge of day-to-day financial management. A staff attached to the Controller supports the OCFO in fulfilling this mission. In addition to its responsibilities for administration of the WCF, OCFO also manages four WCF activities: the National Finance Center, Controller Operations, Corporate Financial Management Systems, and Competitive Sourcing.

Current activities and examples of recent progress are outlined below.

ADMINISTRATIONCurrent 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):

## Beltsville Service Center (Beltsville, MD):

- Central Supply Stores (self-service store operations managed in Washington, D.C.)
- Consolidated Forms and Publications Distribution Center
- Central Excess Property Operation
- Central Shipping and Receiving (services both Washington, D.C. offices and the George Washington Carver Center (GWCC))

## Mail and Reproduction Management:

- Central Mail Unit
- Copier and Duplicating Unit (combining the Copier Service and Duplicating Unit)
- Departmental Mailing List Service

## Integrated Procurement Systems

The Beltsville Service Center (BSC) provides on-demand customer services to all USDA agencies and activities, to non-USDA agencies and activities served by the USDA National Finance Center, and to certain other non-USDA agencies and activities 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, warehousing and sales.

The Mail and Reproduction Management Division (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, Departmental mailing list system, copier/duplicating, printing and mailing operations. MRMD has responsibility for 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 world-class mail management

and print on-demand programs through the implementation of technology and achieving cost savings through postal discount programs and centralized services.

Since services are demand-based, the primary goals are sustaining high quality in service delivery and minimizing unit costs for services delivered.

Integrated Procurement Systems (IPS) provides modern, integrated procurement automation tools to the USDA acquisition community through the Integrated Acquisition System (IAS) that will enable it to enhance support of USDA's mission. IAS serves as the enterprise administrative procurement system for the Department and continues to prove its value on a daily basis. USDA procurement activity in FY 2007 progressively increased over the previous year in IAS reaching \$2.0 billion – an 18 percent growth rate. Obligations extended to \$1.7 billion, an increase of 8 percent over FY 2006.

Selected Examples of Recent Progress:

Under BSC:

The George Washington Carver Center Self-Service Store was closed in response to increased use of the on-line ordering system.

BSC continued to work with personnel at the Agricultural Research Service (ARS) to supply biodiesel fuel for the division's vehicle fleet, which includes the Carver Center Shuttle Buses. By converting the Shuttle fleet to biodiesel fuel, we were able to reduce our Melwood contract cost by \$25,000 annually. Before converting to biodiesel, Melwood was reimbursed the cost of fuel to operate the shuttle fleet (\$25,000 annually). Through a partnership with ARS, the shuttle fleet now obtains biodiesel from ARS (saving \$25,000 annually). This reduction helped to reduce some of the stress on the Agriculture Buildings and Facilities funding. Additional savings will be realized as the back-up diesel generators at both the George Washington Carver Center and the warehouse complex are refueled with the biodiesel fuel.

Sales of surplus government personal property were held on a monthly basis and generated a total of \$313,884 of additional income.

The BSC recycled over 58 tons of surplus electronic equipment under the Federal Electronic Challenge Program.

The BSC successfully completed the E-authentication, System Certification and Accreditation (C&A) process associated with the Warehouse Management System.

The National Art Gallery and the Department of State selected BSC as their Federal Asset Center. One sale was conducted exclusively for the gallery. The range and depth of the surplus items available for sale is expected to increase.

Under MRMD:

MRMD conducted a review of the operational areas (mail, copier, duplicating) to assess how the work is currently performed and to reorganize the workforce into a most efficient organization to perform the critical operations of the Mail and Reproductive Management Division as effectively and efficiently as possible. As a result, contract support in the mail center will be reduced by 3 positions and 10 government vacancies will not be filled.

MRMD conducted a review of staffed and self-service copier stations that resulted in the closure of 11 stations due to low utilization and the retirement of two employees. The copiers at these locations will be re-cycled through the loaner copier program, reassigned or turned in as leases expire. This will result in an

additional annual savings of \$137,906 in copier leases/maintenance/supplies and an additional \$100,000 in salaries/benefits.

MRMD conducted a comprehensive review of the copier billing process that resulted in identifying actions to be implemented to improve the accuracy of copier production billing units.

MRMD expanded its marketing of services through direct contacts with customers and a monthly "Mailers' Memo" to increase its customer base and improve financial performance of the Mail Preparation Unit and the Departmental Mailing List System.

Under IPS:

All program performance measures for the IAS were achieved in the areas of providing a stable system, support to IAS end users, and achieving IAS business benefits. Most notable is that the system achieved a 99.99 percent availability rate. The IAS Exhibit 300 received a preliminary score from OCIO of 37 with a security score of 4. Based on the Office of Management and Budget's description, the combined score of 37 classified IAS as a well managed project and as a result IAS was not on the OMB Watch List during this review period. Additionally, the triennial C&A of IAS was completed. This year, again, the Department's Integrated Procurement Systems reviewed under A-123 were free of any material weaknesses.

## COMMUNICATIONS

### Current Activities:

Activities under this heading are managed by the Office of Communications and include the following (all activities in Washington, D.C.):

- Broadcast Media and Technology Center (BMTC)
- Creative Services Center (CSC)

Centrally managed teleconferencing services, video and multimedia production technologies afford users cost efficiencies. These strategies allow users to avoid higher costs of travel while maintaining contact between headquarters offices and field offices, program participants, and the general public. BMTC produces informational videos, TV public service announcements, national telecasts, satellite media interviews, video and audio conferences, data exchange for interactive Internet conferencing and training, multimedia products such as DVD and video CD, and audio and video Web streaming (live and archived) on the Internet.

CSC provides review/clearance, photography, design and printing services as a one-stop center, centralizing services that provide efficiencies to USDA agencies. A highly-trained, experienced, and specialized staff provides a wide array of communication products and services including: publications, exhibit, outreach campaigns, educational campaigns, photography, visitor center design and production.

### Selected Examples of Recent Progress:

Under BMTC:

Major clients and productions for this activity include the following:

- Food Safety and Inspection Service (FSIS). BMTC produces a weekly audio/video Podcast on such issues as food labeling, safe food handling as well as the history of food handling in the United States. Podcasting allows FSIS to produce weekly critical food safety tips which are available for USDA employees as well as the general public. Prior to BMTC providing this

service, information of this nature was provided via a monthly magazine. Additionally, this technology is currently allowing FSIS officials to engage industry stakeholders to support the common goal of protecting public health as well as providing healthful information to a younger demographic. FSIS has discovered that Podcasting offers a critical, cost saving approach, as well as a new way to provide information in a clear and expeditious manner to the American consumer.

- Farm Service Agency (FSA). BMTC currently produces training modules using ReadyTalk as a delivery tool. In conjunction with AgLearn, BMTC currently provides a seamless transition from the production of training modules to the actual hosting on AgLearn. This is accomplished by producing the training modules in a format that is technically compatible with AgLearn's Web portal.
- Foreign Agricultural Service (FAS). BMTC provides Web-casting as a way to link international FAS employees with domestic employees. Due to the global nature of USDA's FAS employees, BMTC was asked to provide a technical solution that would allow immediate interactive access to FAS employees regardless of their duty station. BMTC developed a blended solution of satellite, Web-streaming, Podcasting, compressed video conferencing, desktop sharing and audio conferencing in a manner in which all FAS employees were able to connect using one of the many technologies. Consequently, FAS officials now have the ability to connect with domestic and international employees in a manner that has proven to be a cost effective means of technically consolidating FAS employees regardless of duty station.

#### Under CSC:

For FY 2007, CSC responded to 290 design requests. CSC also managed projects that consisted of campaigns with marketing and media planning, as well as theme, content, and creative development. Products and services included publications, photography, information kits, Web sites, trade show exhibits, ad development for various media from print to radio, negotiations for value-added efforts in media, placement of ads, news release support, and events coordination both for USDA agencies and for other Federal agencies and organizations. In FY 2007, the campaign effort was expanded to include other forms of advertising: print, Internet, radio, and cable TV. Materials being developed for the campaign include advertising schedules, radio public service announcements, scripts for cable TV sponsorship spots, and print ads. The following is a list of campaigns:

- National Animal Identification System
- Biosecurity for Birds/Avian Influenza
- Emerald Ash Borer Advertising
- Smuggling Interdiction and Trade Compliance Outreach
- Wild Bird Surveillance/Avian Influenza Outreach
- Risk Management Education/Outreach
- Personally Identifiable Information (PII) - Protect It Like Your Own
- 2007 Farm Bill

### FINANCE AND 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)
- Controller Operations (Washington and New Orleans)

- Corporate Financial Management Systems (Washington and New Orleans)
- Competitive Sourcing
- Financial Support Services

The National Finance Center (NFC), along with Corporate Financial Management Systems (CFMS), continues to play a central role in the reengineering and operation of financial management and administrative systems in USDA, consistent with the goals and objectives of both the USDA 5-Year Financial Management Plan and the Chief Financial Officer's Strategic Plan. NFC and CFMS 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.

NFC also provides government-wide support services to the Office of Personnel Management (OPM) and provides operational payroll support to the United States Coast Guard.

Controller Operations (COD) operates a unified corporate controller organization integrating accountability for sustained financial management processes and systems throughout USDA.

CFMS, under the Associate Chief Financial Officer/Financial Systems, administers the Foundation Financial Information System (FFIS), which is the corporate integrated financial management system for USDA that:

- Is the basis for sound financial management at USDA; and
- Provides a critical tool for the Department to achieve an unqualified opinion on its Consolidated and Agency Financial Statements.

USDA's Competitive Sourcing function is overseen by the OCFO. USDA is implementing competitive sourcing reasonably and rationally to achieve significant cost savings, improve performance and achieve a better alignment of the agency's workforce to its mission. This initiative is aimed at improving organizations through efficient and effective competition between public and private sources. The Department will continue to simplify and improve the procedures for evaluating sources. The Department improved its use of the competitive sourcing process by ensuring that the studies it conducts reflect more strategically grouped and related functions to maximize the impact of this initiative. USDA plans to continue to evaluate its positions to identify those that can be studied to achieve efficiency and/or quality improvement.

Financial Support Services include three business lines:

- Internal Control Support Services
- A-123 Support Services
- Grants Management Support Services

All business lines under this category are new services under the finance and management service umbrella.



Selected Examples of Recent Progress:

Under NFC:

NFC continued to support the e-Payroll Initiative by participating fully with OPM and other key stakeholders, ensuring continued compliance with all critical and mandatory requirements. NFC served on the Multi Agency Executive Steering Committee. OPM's leadership efforts were also supported. Also, NFC:

- Implemented the OPM dental/vision plan for Federal employees;
- Expanded Forest Service participation in EmpowHR in FY 2007;
- Developed and installed applications that provide the e-Authentication of all NFC Web-based applications including the Reporting Center and the Employee Personal Page;
- Expanded its suite of services to include a new business line related to the hosting of a commercial-off-the-shelf Time and Labor Management application;
- Coordinated with the payroll community, the development of a plan to reduce exposure of PII data on more than 120 mailed outputs; and
- Processed the January 2007 pay raise for approximately 600,000 accounts.

NFC processed payroll disbursements in excess of \$41 billion for approximately 600,000 Federal employees. NFC generated and mailed more than 706,000 W-2 Statements and 5,000 W-2C statements prior to the January 31, 2007 deadline.

NFC branded the "EmpowHR" name throughout the government, a term that refers to the applications and services developed by NFC to further the President's Management Agenda (PMA) item, "Strategic Management of Human Capital." In addition to its marketing plan to drive revenue growth in the human resources services marketplace, NFC developed an Human Resources Line of Business public partnership with USDA Animal and Plant Health Inspection Service Marketing and Regulatory Programs Business Services that extends the EmpowHR offering to provide full human resource office services to customers, including such services as position classifications, recruitment functions, and personnel action processing.

NFC updated its continuity of operations, pandemic, and hurricane plans in FY 2007, including the development of a devolution plan with the coordination of its trading partners. Coordination with local emergency preparedness officials, disaster and recovery teams, and USDA and government management officials ensured that customer needs and employee safety concerns are appropriately addressed. Presently all continuity of operation plans are up to date and tested. Additional focus on data security is evidenced by:

- Completing C&A on six major applications and five general support systems;
- Achieving "Green" on the Department's IT security scorecard for Privacy Act and security training;
- Conducting an incident response capability exercise to measure effectiveness of NFC's Computer Incident Response Guide; and
- Implementing an Intrusion Detection System (IDS) and vulnerability scanning capability.

NFC continued to achieve 99.98 percent operational system availability, ensuring virtually uninterrupted customer access to systems and avoidance of adverse mission impacts.

Since Hurricane Katrina, NFC operated their data center from a commercial site in Philadelphia until the September 15, 2007, production transfer to Denver. At the time of the production cutover, NFC's Philadelphia site was shut down. Since September 15, 2007, in order to provide a disaster recovery backup for the Denver operation, NFC has a subscription service contract with SunGard which will stay in effect until such time as NFC's backup computing facility is established and operational.

Under CFMS:

As part of the e-Government Travel Initiative, Associate Chief Financial Officer-Financial Systems (ACFO-FS) implemented the pilot agency, Office of Inspector General (OIG) into GovTrip and continued to assist OIG with the post-implementation issues. ACFO-FS began the second phase of e-Government Travel implementation activities with Risk Management Agency and FAS.

The C&A for all of the applications that are under the control of the Office of the Associate Chief Financial Officer for Financial Systems were completed. In FY 2007, ACFO-FS started the C&A of Corporate Property Automated Information System to support the implementation of e-Authentication and User Managed Access module. In addition, ACFO-FS began the conversion and implementation of the system security controls National Institute of Standards and Technology (NIST) 800-53 for all ACFO-FS applications.

The Automated Cash Reconciliation Worksheet System (ACRWS) is USDA's cash reconciliation research tool and is used to facilitate the daily and monthly reconciliation of USDA's General Ledger data to Treasury Financial Management Service data, State Department data, and Health and Human Services' letters of credit and to perform other cash reconciliation processes. Implementation of the ACRWS software Release 4.7 was completed in FY 2007.

In FY 2007, the Financial Data Warehouse (FDW) server operating systems were upgraded to the current release of the AIX UNIX operating system. While improving operational stability and performance, this upgrade also improved the implementation of NIST 800-53 controls by providing a more granular control over the access granted to the development staff and administrators. During this time, the database file layout was completely restructured to provide improved processing for user queries and data loads

The processes used to extract, transform and load data from the FFIS were migrated from the NFC legacy mainframe environment to the FDW UNIX servers to take advantage of the parallel processors.

The FDW audit extract process was modified to dramatically reduce extract time and eliminate manual processing.

FSA/Commodity Credit Corporation data was implemented into Financial Statements Data Warehouse (FSDW) for financial statements and the Federal Agencies' Centralized Trial-Balance System II (FACTS II) reporting. Food and Nutrition Service data was implemented into FSDW for FACTS I reporting.

In FY 2007, the Performance Assessment Rating Tool module was implemented. ACFO-FS continues to support the Department for producing the PMA – Score Card contained within the Management Information Tracking System PMA module. In addition, the Audit Tracking and Budget Modules have been developed.

In FY 2007 the Corporate Property Automated Information System (CPAIS) implemented American National Standards Institute/Electronics Industries Alliance (ANSI/EIA) 748-A for Earned Value Management. Also, implemented was the CPAIS Real Property release 1.4.2, Federal Real Property

Profile reporting modifications to GSA through the Extensible Markup Language (XML) file process. Efforts continue to provide support for the implementation of the personal property into CPAIS.

In FY 2007, ACFO-FS continued its partnership with Department of Veterans Affairs in converting telephone and utility invoices to electronic data interchange (EDI). To date, 38 percent of the Utility and Telephone vendors have been converted to EDI.

In FY 2007, the Financial Statements Entry Tool application was retired because reporting is now included in FSDW. In addition, the Purchase Order System was retired because of the implementation of the IAS.

A review was performed on all ACFO-FS managed system applications to identify any potential personal information. As applications were identified, corrective action was developed to either eliminated or mask the personal information.

Under COD:

COD commenced the Lean Six Sigma process which is a discipline designed to improve processes and generate cost savings through improved efficiencies. Fourteen key managers received the requisite training – supported by COD – and initiated a division-wide review of all processes to expand the Lean Six Sigma program.

COD assumed a critical leadership role to achieve full compliance under significantly expanded OMB Circular A-123 (Management Responsibility for Internal Controls, Appendix A: Internal Control over Financial Reporting) requirements. The FY 2007 assessment was substantially more detailed and complicated with the number of internal controls reviewed and tested increasing from 53 in 2006 to 147 in 2007. COD was compliant in all processes reviewed.

COD led the development and preparation of comprehensive, detailed Human Pandemic COOP Plans for vendor payments and financial reporting. COD facilitated input from agency representatives, procurement staff, and other stakeholders in the formulation of the plan. This COOP plan would be implemented Department-wide to continue these essential functions in the event of a flu pandemic or any similar disasters resulting in a disruption of work.

COD accomplished efficiencies and improvements that included the following:

- Implemented significant process improvements to the cash reconciliation process which reduced the average number of days to reconcile Fund Balances with U.S. Treasury from 31 to 14 days.
- Developed corrective data files to facilitate the clean up of the Automated Cash Reconciliation Worksheet System (ACRWS) resulting in the removal of \$216.3 million of differences that existed prior to ACRWS implementation, the correct categorization of 18,000 payroll records totaling \$1.3 billion, and other cash transactions totaling \$2.8 billion that were incorrectly categorized. ACRWS is a system which facilitates the matching of reconciling items in the cash reconciliation function which COD performs on behalf of USDA agencies.
- Directed the research process that resulted in the removal of \$80 million of payroll differences in ALC 12-40-002 from the cash reconciliation process. This achievement is a part of an initiative to improve the quality of financial information by resolving old accounting issues.
- Maintained an active advisory role on behalf of the Department financial community for the implementation of CPAIS, the new Department system for personal property accounting. COD

staff developed the Personal Property Accounting and Posting Model Guide, and a policy establishing CPAIS roles and responsibilities for Department-wide use.

- Directed activities that achieved a clean up of IAS hold file by reducing rejects between IAS and the FFIS accounting system to zero. Resolved 100 percent of 6,007 rejected IAS invoices resulting from the initial IAS conversion in January 2007.
- Proactively created a monthly analysis of delinquent debt for ARS and conducted several meetings with ARS headquarters and area offices to review the data. This effort resulted in ARS achieving a “Green” score on the delinquent debt metric – “Delinquent Accounts Receivable from Public over 180 Days – a government-wide metric reported in the metric tracking system..
- The Intragovernmental Payment and Control Branch implemented the DDGEN Phase III System. DDGEN is an automated system for processing IPAC transactions that reduces manual intervention by accounting technicians, resulting in a significant efficiency improvement.
- Converted 3,600 telephone and 1,500 utility vendor accounts to the Veterans Administration Electronic Data Interchange (EDI) platform. EDI electronically transmits billing invoices eliminating paper invoices for improved processing efficiency. The conversion of utility bills to EDI was implemented primarily to meet a continuity of operations plan objective to reduce the risk of untimely payments and utility service disruption in the even of a disaster that could interrupt operations at the payment processing center.
- Developed a process to track and eliminate unreconciled intra-agency and intra-governmental transactions related to transfer appropriations. Over \$3 billion was recorded in the appropriate general ledger accounts to eliminate these differences and improve the quality of financial reporting.
- Conducted 22 training conferences to 791 USDA finance staff to improve skills or introduce staff to accounting and finance systems, procedures, and processes.
- Coordinated testing of all systems and applications with agency customers in preparation for the transfer of the primary computing facility from Philadelphia to Denver. This successful transfer enabled reliable data center support as we entered the yearend financial closing cycle.
- Directed the upgrade of the COD Web page to make relevant information, policies, and daily accounting system information available to agency customers. This information included daily accounting cycle processing status, processing calendars, and current event announcements. This upgrade provides a significant communications improvement in support of agency customers.
- Implemented the IAS production daily report showing invoice entry. The report enables agencies and vendors to track invoices sent to the Administrative Payments Branch for processing. The report is posted daily on the COD Web site.

#### INFORMATION TECHNOLOGY

##### Current Activities:

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

Activity Centers:

National Information Technology Center (mainframe operations in Kansas City, MO; applications support services in Fort Collins, CO)

Information Technology Services

Telecommunications Services:

- National Telecommunications Services and Operations
- Computer Services Unit
- Telephone Customer Service Center
- Network Services

The National Information Technology Center (NITC) continues to provide users with a comprehensive range of automated data processing operations, consultation, training, and application design services. Mainframe computing services continue to show significant reductions in unit costs of operation. Applications services continue to be characterized by high demand for design support. Midrange computing services continue to add new USDA and non-USDA customers.

Information Technology Services (ITS) incorporates the infrastructure roles of FSA, Natural Resources Conservation Service (NRCS), and the Rural Development (RD) mission areas. In February 2003, in response to a number of mandates to improve information technology (IT) support and thus improve service center program delivery, the Secretary made the decision to converge elements of the IT staffs of the Service Center Agencies (SCAs) – FSA, NRCS, RD – into one organization within the OCIO. The activity was established on November 28, 2004. ITS replaced a network of 11 cross-agency teams that coordinated IT infrastructure investment among the SCAs, and enables unified management of the IT infrastructure not possible previously.

In addition, ITS exercises direct management responsibility for the integrated technology portion of the Service Center Modernization Initiative (SCMI). The Common Computing Environment (CCE) is the integrated technology infrastructure portion of the SCMI. In addition to providing a modern integrated technology infrastructure, SCMI involves office co-location, business process re-engineering, culture change, building partnerships and improving customer satisfaction. The objective of SCMI is to enhance service delivery of the SCAs by improving: 1) citizens' knowledge and access to USDA services, 2) collaboration with public and private partners, and 3) internal efficiency. The CCE provides the shared IT to assist the SCAs in accomplishing this objective.

The National Telecommunications Services and Operations office in OCIO provides a wide variety of Department-wide telecommunications management support services, as well as an integrated information system for inventory management, billing, reporting, and validation. The system is also 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.

Under Washington Communications and Technology Services (WCTS), the Computer Services Unit 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 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, and administers the Departmental voice mail system service. Network Services 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.

Selected Examples of Recent Progress:

Under NITC:

NITC received official classification as an Enterprise Class Data Center for the Department; and operates a Level IV Secure, Data Center of Excellence servicing all of USDA and 15 additional government agencies. As part of the USDA Data Center Strategy announced on June 21, 2007, the Department has developed a set of standards for existing and future computer rooms to be classified as an Enterprise Data Center. Major information systems, financial systems and systems containing sensitive data (such as PII) must be hosted at Enterprise Data Centers. NITC's Kansas City Data Center is one of only two USDA data centers to be awarded this classification.

NITC is a leading participant in the government's Green Initiative. The NITC's average Power Usage Effectiveness (PUE) ratio of 1.69 meets the Environmental Protection Agency recommendation of data center PUE ratios of 1.7 by 2011. The NITC estimates that by implementing additional technologies, that it can achieve a PUE ratio of 1.6 or less by 2011. Since 1996, the NITC has been actively involved in evaluating new technologies and implementing more energy efficient solutions for its infrastructure systems and computing environments. Subsequent to enactment of the Energy Policy Act (dated August 2005), which accelerated energy consumption reductions to 2 percent annually, the NITC reprioritized many infrastructure upgrades to ensure that these goals were met.

NITC received an Unqualified Audit Opinion from the OIG Audit, for the third consecutive year.

NITC was given full responsibility for the management and operation of USDA Enterprise Shared Services (ESS) in March 2005. During FY 2007, the NITC continued to host ESS - USDA.gov received recognition as one of top 2 Federal portals by Brown University's Taubman Center for Public Policy. The ESS increased by 38 percent and integrated an additional 14 customer applications.

In FY 2007, the NITC began the planning and implementation of the Whole Disk Encryption project for USDA. The benefits of the Whole Disk Encryption project include having one system that is centrally managed, hosted, and budgeted for that will provide data encryption protection for the Department's mobile computing devices (such as laptops) to enhance the security and protection of sensitive information (i.e., PII).

During the year, the NITC achieved the following goals:

- 99.99 percent scheduled processing availability for USDA and Federal Aviation Administration mainframe production environments;
- 100 percent scheduled availability of USDA Storage Area Network (target is 99.9 percent). Provided data mirroring for all USDA shared mainframe permanent data. Successfully competed and awarded off-site storage contract;
- Effectively defined objectives and established measuring criteria to improve the quality of services offered to customers. Improved responsiveness by the monitoring of resources via automated management tools (Big Brother); and
- Achieved application delivery dates within +/- 10 percent of the customer agreed upon completion date. NITC was able to achieve application delivery dates for all customers having such agreements as to application code delivery.

NITC's specific examples of cost avoidance initiatives are as follows:

- Consolidated 3 mainframe logical partitions and realized over \$6 million annual cost avoidance;
- Successfully implemented the IBM Sub Capacity Reporting Tool – cost avoidance of approximately \$1.02 million in annual expenditures;
- Realized \$90,000 cost avoidance for mainframe customer as a result of hardware acquisition negotiations;
- Detected and corrected USP Storage proposal error by vendor, and avoided \$238,000 in erroneous costs annually;
- Cost avoidance for Forest Service customer \$50,000 on power requirements through optimized use of Power Distribution Modules;
- Cost avoidance for FSA customer over \$60,000 annually by redesigning Extend-DASD support;
- Cost avoidance for OCIO over \$160,000 in Oracle database licenses for AgLearn; and
- Gained 800 square feet of critical computer room floor space by successfully reducing tape infrastructure.

These examples equate to over \$7.618 million annually in cost avoidance. In addition, the NITC implemented a plan to align the capacity of the USDA Shared Production environment with the current workload. The impact of lower overall costs for goods and services resulted in lower unit costs, and allows NITC to purchase higher quantities of needed equipment and technology upgrades to its infrastructure, which it would not have otherwise been able to do.

NITC increased its customer base through a number of business development activities. Fifty-Six percent of proposals submitted resulted in new business. New business includes USDA agencies and 15 non-USDA clients.

Existing Business Documentation has undergone continuous process improvement, to include Internal Controls, A-123, FISMA, and operational processes to ensure they are auditable and in compliance. The NITC standardized and streamlined new operational processes including Vulnerability and Patch Management, Hardware Release Management, Definitive Media Library; and upgraded the Configuration Management Information Tracking System.

NITC security programs endeavored to ensure the confidentiality, availability and integrity of USDA mission critical systems through a layered defense, including: intrusion detection, firewalls, anti-virus software, hardening of servers, system scans, and patches. The NITC had the following security projects:

- Initiated data tape encryption (CopyCrypt Installation Project) to ensure privacy information is encrypted;
- Implemented new vulnerability network scanning system that improves accuracy and reduced scan times by 80 percent;
- Upgraded Wireless Intrusion Detection System to monitor all WiFi network activity; identified by OIG to be model for Department;

- Performed application network assessments for six new critical applications;
- Completed 100 percent of training in security awareness and privacy for employees and contractors; and
- Processed personnel security packages for OCIO through OPM and the USDA Personnel Security Office; completed 516 adjudications this fiscal year.

NITC conducted disaster recovery exercises of mainframe and mid-range mission critical systems, updated COOP, documented test results, and initiated after action plans. NITC participated with 40 Federal agencies in the Kansas City Regional Interagency COOP Exercise.

Under ITS:

Completed and updated the technical architecture for the SCAs, including a standardized desktop configuration (image), which is used on all 55,000 workstations connected to the ITS network.

Completed the server inventory of all 3,200 USDA SCA sites across the network as a part of a physical security assessment for FSA's AS400s. Over 95 percent of the servers were found to be currently not physically secured.

Completed a physical inventory of over 160,000 devices used by the SCAs, which are centrally managed through the Enterprise Assets Tracking System. The tracking system includes information about each asset ranging from warranty information to police reports.

Provided leadership responsibility for management oversight of the FSA Stabilization Project. To date over \$50 million in projects have been authorized to establish a more stable environment.

Completed the FY 2007 vulnerability scanning. ITS achieved a "Green" score twelve of twelve months (100 percent) in FY 2007 on the FISMA Scorecard. Operations Security has been able to focus on vulnerability remediation, during the year, which is the true value of the scanning program. ITS enhanced its security vulnerability scans, so that all end user devices are checked monthly, and risks are identified and remediated.

Developed the Interactive Voice Response application to allow for RD Single Family Housing borrowers to make customer initiated payments over the telephone.

Under Telecommunications Services:

National Telecommunications Services Office (NTSO):

- Researched potential ways to reduce Universal Telecommunications Network (UTN) costs resulting in \$480,000 annually in cost avoidance and/or direct savings for USDA as a result of reducing network bandwidth in Fort Collins. There were no service impacts as a result of the bandwidth reduction in Fort Collins. The original bandwidth was designed to service a large web farm that was located in Fort Collins and remote agency locations using Fort Collins as a hub site, as well as normal bandwidth requirements for the Fort Collins USDA campus. After Fort Collins was transitioned to UTN, many of the services provided by the Fort Collins web farm were subsequently transitioned to Kansas City. Additionally as agencies sites transition to direct connections to USDA UTN, their traffic no longer goes through the original hub sites, further reducing the bandwidth requirement. Bandwidth utilization and trends are carefully monitored by



NTSO. As a result, it was determined the Fort Collins bandwidth could safely be reduced prior to ordering the reduction.

- Reviewed over 14,000 voice and WATS/800 lines to correct agency billing and discrepancies in response to vendor requests. These reviews resulted in savings of over \$1.5 million annually for USDA.
- Identified a large savings opportunity for inactive cell phones by creating a Wireless "Sleep Mode" process to reduce charges by 99 percent during periods of inactivity resulting in planned savings of \$2 million annually.
- Addressed the top overage charges attributable to wireless services within USDA. The plans were optimized to reduce overage charges. This ultimately reduced the charges held attributable to USDA.
- Refunded \$265,000 to customers as a result of cost savings due to reductions in bandwidth on the UTN Backbone Network.
- Completed four agency UTN migration projects and eight more are in progress.
- Worked on developing and supporting USDA's transition to the GSA Networx Replacement Program.
- Migrated to a new support vendor with no interruptions in service. The NTSO successfully provided operational and engineering support for the USDA UTN. This support included independent validation of the UTN carrier Service Level Agreement reports, providing daily and weekly network status reports, change and configuration management, fault and performance monitoring, and providing 24 x 7 x 365 tier 2 helpdesk services

Computer Services Unit (CSU):

- Increased productivity and anytime anywhere network access for the CSU/LAN Enterprise
- CSU achieved cost avoidances, including:
  - Negotiated Citrix support engineer availability on-site for 300 hours free of cost annually;
  - Consolidated servers which reduced maintenance, hosting, backup and administration costs for a one-time cost savings of approximately \$75,000;
  - Reduced server procurement costs for simulated product environment through a test lab virtualization for a one-time cost savings of approximately \$70,000; and
  - Downloaded terminal service licenses for Thin Client implementation for a one-time cost savings of approximately \$144,000.

Telecommunications Customer Services Center (TCSC):

- TCSC began the telephone line reduction process. TCSC reduced the total number of USDA telephone lines by over 5,500 at a yearly savings of \$814,848.
- TCSC modified an existing telephone line management system to better manage cellular services for LAN enterprise staff offices. The results were no occurrences of USDA executives losing service and significantly better account management.

Network Services (NS):

- NS reduced the support contract value by approximately \$500,000.
- NS completed certifications and accreditations for the USDA Downtown Headquarters Network (HQMAN) and the LAN Enterprise consolidated domain services that support the Office of the Secretary, National Appeals Division, Office of Civil Rights, OCIO, and the Office of the Executive Secretariat.
- NS implemented Phase I of its firewall improvement process. New, more robust Checkpoint firewalls were installed in the HQMAN with existing rule sets in place. Phase II involves verifying rule sets with agencies and Cyber Security and is underway.
- NS installed more robust Tumbleweed email scanning servers within the USDA email gateway that processes all usda.gov emails. Through Tumbleweed Inc., Network Services also certified that the Tumbleweed service is configured to meet all manufacturer and USDA specifications.
- NS successfully provided IT support and services for the FY 2007 government-wide Pinnacle COOP Test.

EXECUTIVE SECRETARIAT

Current Activities:

The Office of the Executive Secretariat (OES) serves as the central office for processing and managing correspondence for the Office of the Secretary and is responsible for document control, records management, correspondence management, and correspondence policy and procedures.

Selected Examples of Recent Progress:

In support of the Department's COOP, OES drafted policy and guidance to ensure the execution of the mission-essential functions in the event that an emergency threatens or incapacitates operations, and that may result in a relocation of selected personnel and functions. To enhance our involvement in COOP, OES participated in Exercise Pinnacle 07 to observe a simulation of an emergency, in which agencies and offices within USDA demonstrated tasks that would be expected of them in a real crisis. The exercise provided an emergency simulation that promoted preparedness and helped OES to validate its plans, policies, procedures and systems. To improve our preparedness, select members of the COOP relocation team visited the alternate work facility to deliver essential equipment and evaluate the set-up to make certain the site is ready, with little or no advance warning, to house and support OES personnel during COOP activation. Additionally, essential employees were given laptops and needed equipment to perform essential operations from home.

To produce changes to improve our business processes, OES developed a reorganization plan that supports and incorporates staffing the office with individuals who possess advanced information technology, analytical and communication skills into key positions. To execute this plan, specific positions were reclassified to incorporate higher level tasks and skills required to proficiently perform the job.

OES hired an instructor to train USDA users on the enterprise document management application. The instructor develops and provides correspondence management training for beginning and intermediate levels. This individual also teaches Microsoft Outlook and Word since they are integrated into the application. He is expected to evaluate and recommend the need for advanced training and additional courses. The instructor is also responsible for developing and maintaining the training guides and other course materials, scheduling the classes, attendance and follow-up with the attendees.

Within the Enterprise Content Management (ECM) System, OES users completed 97,729 tasks during calendar year 2007. This includes analyzing 17,298 pieces of correspondence, reviewing 862 draft responses, verifying 11,414 responses, and closing 35,722 folders for transmittal to the National Archives and Records Administration as part of the Office of the Secretary's official records.

2009 Explanatory Notes

National Finance Center Revolving Fund

Table of Contents

	<u>Page</u>
Purpose Statement.....	4-36
Statement of Available Funds and Staff Years.....	4-37
Permanent Positions by Grade and Staff Year Summary .....	4-38
National Finance Center Revolving Fund:	
Lead-Off Tabular Statement .....	4-39
Summary of Increases and Decreases .....	4-39
Project Statement (Program Activity) .....	4-39
Justification of Increases and Decreases .....	4-40
Geographic Breakdown of Funding and Staff Years .....	4-40
Classification by Objects .....	4-41

## NATIONAL FINANCE CENTER REVOLVING FUND

Purpose Statement

The USDA National Finance Center Revolving Fund (NFCRF) is proposed for establishment in FY 2009.

Such fund, if authorized, will support the operation of government-wide services by the National Finance Center via reimbursements from serviced agencies. The fund also provides the means for the National Finance Center to address other needs, including:

- Investments in information technology to support the delivery of such services approved by the Secretary under the authority of this Act;
- Reimbursement of costs for:
  - (i) Continuity of operations;
  - (ii) Disaster operations;
- Costs of termination of service agreements, including extraordinary personnel expenses and write-off of equipment; or
- Costs of system asset write-offs, including obsolete capitalized internal-use software.

This fund will serve as the financing mechanism for operations of the National Finance Center (NFC) and will be managed, operated, and administered in a manner separately from the U.S. Department of Agriculture Working Capital Fund, for which resource estimates are presented elsewhere in this budget submission.

Description of Programs and Activities:

The Office of the Chief Financial Officer (OCFO) oversees the National Finance Center (NFC), which is located in New Orleans, LA (additional activity, including headquarters support and information technology support, will be performed in Washington, DC, and Denver, CO). NFC provides government-wide financial and administrative management services, including payroll/personnel services, to all USDA agencies and more than 100 non-USDA entities.

NFC is currently included among Working Capital Fund activities and employs 954 permanent full-time employees, including six in Washington, D.C. and 948 in New Orleans, LA.

## NATIONAL FINANCE CENTER REVOLVING FUND

Available Funds and Staff Years  
2007 Actual and Estimated 2008 and 2009

Item	<u>Actual 2007 a/</u>		<u>Estimated 2008 a/</u>		<u>Estimated 2009</u>	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
<u>National Finance Center Revolving Fund</u>						
Recurring Oper. (USDA) .....	0	0	0	0	\$77,519,000	470
Capital Equipment ..	0	0	0	0	0	0
Recurring Oper. (Non-USDA) .....	0	0	0	0	91,884,000	485
Total, WCF .....	0	0	0	0	169,403,000	955

a/ Previously funded within the WCF.

## NATIONAL FINANCE CENTER REVOLVING FUND

Permanent Positions by Grade and Staff Year Summary  
2007 Actual and Estimated 2008 and 2009

Grade	2007			2008			2009		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	0	0	0	0	0	0	0	6	6
GS-15	0	0	0	0	0	0	0	11	11
GS-14	0	0	0	0	0	0	1	49	50
GS-13	0	0	0	0	0	0	2	154	156
GS-12	0	0	0	0	0	0	2	217	219
GS-11	0	0	0	0	0	0	0	71	71
GS-10	0	0	0	0	0	0	0	14	14
GS-9	0	0	0	0	0	0	0	37	37
GS-8	0	0	0	0	0	0	0	31	31
GS-7	0	0	0	0	0	0	1	188	189
GS-6	0	0	0	0	0	0	0	61	61
GS-5	0	0	0	0	0	0	0	81	81
GS-4	0	0	0	0	0	0	0	18	18
GS-3	0	0	0	0	0	0	0	1	1
GS-2	0	0	0	0	0	0	0	3	3
GS-1	0	0	0	0	0	0	0	0	0
Other Graded Positions.....	0	0	0	0	0	0	0	0	0
Ungraded Positions.....	0	0	0	0	0	0	0	7	7
Total Permanent Positions.....	0	0	0	0	0	0	6	949	955
Unfilled Positions end of year.....	0	0	0	0	0	0	0	0	0
Total, Permanent Full-Time Employment, end- of-year.....	0	0	0	0	0	0	6	949	955
Staff Yr. Estimate..	0	0	0	0	0	0	6	949	955

## NATIONAL FINANCE CENTER REVOLVING FUND

Lead-Off Tabular Statement

<u>Recurring Operations</u>		
Current Estimate, 2008 .....		0
Budget Estimate, 2009 .....		<u>\$169,403,000</u>
Change in Estimate .....		<u>+169,403,000</u>

Summary of Increases and Decreases  
(Program Activity)

<u>Item of Change</u>	<u>2008</u> <u>Estimated</u>	<u>Pay Costs</u>	<u>Program</u> <u>Changes</u>	<u>2009</u> <u>Estimated</u>
Recurring Operations:				
1. Finance & Management:	0	\$751,000	+\$168,652,000	\$169,403,000
NFC/USDA .....	0	353,000	+77,166,000	77,519,000
NFC/External Support .....	0	398,000	+91,486,000	91,884,000
<hr/>				
Total Recurring Operations .....	0	+751,000	+168,652,000	169,403,000
<hr/>				
Total Available or Estimate .....	0	+751,000	+168,652,000	169,403,000

Project Statement  
(Program Activity)

	<u>2007 Actual</u>		<u>2008 Estimated</u>		Increase or Decrease	<u>2009 Estimated</u>	
	<u>Amount</u>	<u>Staff</u> <u>Years</u>	<u>Amount</u>	<u>Staff</u> <u>Years</u>		<u>Amount</u>	<u>Staff</u> <u>Years</u>
Recurring Operations:							
1. Finance & Management:	0	0	0	0	+\$169,403,000	\$169,403,000	955
NFC/USDA .....	0	0	0	0	+77,519,000	77,519,000	470
NFC/Ext. Supp. ...	0	0	0	0	+91,884,000	91,884,000	485
<hr/>							
Total Rec. Oper. ....	0	0	0	0	+169,403,000	169,403,000	955



Justification of Increases and Decreases

Justifications of increases and decreases among activities are as follows:

Recurring Operations (all costs – pay costs and program-related costs – are recovered via reimbursements from serviced agencies):

- (1) A net increase of \$169,403,000 for recurring operations consisting of:
- (a) An increase of \$751,000 for pay costs.
  - (b) An increase of \$168,652,000 for program-related costs in response to agency demand for payroll/personnel, financial management, administrative support, and related services provided by the National Finance Center.

Geographic Breakdown of Funding and Staff-Years  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>		<u>2008</u>		<u>2009</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Colorado . . . . .	0	0	0	0	\$38,051,000	6
District of Columbia . .	0	0	0	0	967,000	6
Louisiana . . . . .	0	0	0	0	130,385,000	943
<b>Total, Available or Estimate . . . . .</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169,403,000</b>	<b>955</b>

## NATIONAL FINANCE CENTER REVOLVING FUND

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Washington, D.C.....	0	0	\$407,000
Field .....	<u>0</u>	<u>0</u>	<u>64,453,000</u>
11 Total personnel compensation .....	0	0	64,860,000
12 Personnel benefits .....	0	0	17,147,000
13 Benefits for former personnel .....	<u>0</u>	<u>0</u>	<u>0</u>
Total personnel comp. & benefits .....	0	0	82,007,000
Other Objects:			
21 Travel.....	0	0	795,000
22 Transportation of things.....	0	0	130,000
23.1 Rental payments to GSA.....	0	0	1,562,000
23.2 Rental payments to others .....	0	0	2,910,000
23.3 Communications, utilities, and misc. charges.....	0	0	23,287,000
24 Printing and reproduction .....	0	0	599,000
25.1 Advisory & Assistance Services .....	0	0	0
25.2 Other services .....	0	0	24,076,000
25.3 Purchases of goods and services from Government Accounts.....	0	0	6,488,000
25.4 Operation and maintenance of facilities .....	0	0	191,000
25.7 Operation and maintenance of equipment .....	0	0	20,095,000
26 Supplies and materials .....	0	0	2,214,000
31 Equipment.....	<u>0</u>	<u>0</u>	<u>5,049,000</u>
Total other objects .....	<u>0</u>	<u>0</u>	<u>87,396,000</u>
Total, National Finance Center Revolving Fund.....	<u>0</u>	<u>0</u>	<u>169,403,000</u>
Position Data:			
Average Salary, ES positions .....	--	--	\$149,000
Average Salary, GS positions .....	--	--	\$55,000
Average Grade, GS positions.....	--	--	9.7