

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ADMINISTRATIVE SUPPORT OFFICES
OFFICE OF THE CHIEF FINANCIAL OFFICER**

Program Area Overview

The Office of the Chief Financial Officer (OCFO) provides Departmentwide leadership and support responsibilities in the practice of sound financial management and stewardship of public resources. The OCFO advises the Secretary and Departmental leadership on all aspects of financial management and it ensures that the Department establishes and meets financial management goals and objectives and that the Department is in compliance with financial management legislation and directives. The OCFO provides policy and funding guidance to HUD's program offices regarding appropriations law issues. The OCFO is responsible for the preparation, justification, monitoring, and execution of the Department's annual budget. The OCFO staff is the Departmental lead on the annual appropriations process, responsible for the provision of consistent, timely and comprehensive information to the Committees as it pertains to HUD's appropriations and appropriations-related legislation.

The OCFO establishes policies and standards for development, maintenance, and evaluation of the Department's financial management systems and systems of internal control, including compliance with OMB Circulars A-123 Appendix A for assessing HUD's Internal Controls over Financial Reporting, and A-127 Financial Management Systems compliance reviews. Another critical responsibility of the OCFO is to provide accounting and reporting services in support of the administrative and general program activities of the Department and prepares the Department's annual consolidated financial statements. The OCFO also has responsibility for performing monitoring and oversight duties for HUD's ongoing Front-end Risk Assessments, and for overseeing Departmental implementation of the Federal Managers' Financial Integrity Act, the Federal Financial Management Improvement Act, and shared responsibilities under the Government Performance and Results Act, including assisting in the preparation of the Annual Performance Plan and the development of the annual Agency Financial Report. Also, the OCFO performs improper payments risk assessments and funds control compliance assessments, reviews (and recommends for approval) funds control plans for all HUD programs, conducts Anti-Deficiency Act investigations, and schedules and provides funds control training for HUD personnel.

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TOTAL - SALARIES AND EXPENSES				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$25,566	\$27,260	\$28,784	\$1,524
Common Distributable	\$8,818	\$8,700	\$8,524	(\$176)
Personnel Services Subtotal	\$34,384	\$35,960	\$37,308	\$1,348
Non-Personnel Services				
Travel	50	85	85	-
Transportation of Things	6	-	-	-
Rent, Communications, Utilities	55	55	55	-
Printing and Reproduction	62	46	46	-
Other Services	10,557	11,614	11,574	(40)
Training	77	195	195	-
Supplies	50	45	45	-
Non-Personnel Subtotal	10,857	12,040	12,000	(40)
GRAND TOTAL	\$45,241	\$48,000	\$49,308	\$1,308
Associated FTE	195.3	199.2	180.8	(18.4)

DESCRIPTION OF CHANGE FROM FY 2014 TO FY 2015

- OCFO requests \$49,308K and 180.8 FTE in fiscal year 2015, with an increase of \$1,308K and a decrease of 18.4 FTE from fiscal year 2014 enacted. A nominal increase in funding is included to fund the pay raise, promotions and within grade increases.
- Personnel Services: An increase of \$1,348K and a decrease 18.4 FTE from fiscal year 2014. A net decrease in FTE assumes a 20.0 FTE decrease in the Office of the Assistant Chief Financial Officer for Accounting (Field Fort Worth, TX), and a reduction of 9.0 FTE in the Office of the Assistant Chief Financial Officer for Systems. This will be accomplished through buyouts and the implementation of a shared services agreement with the Bureau of Fiscal Services. It also assumes a modest increase of 3.0 FTE in the Office of Budget, 3.8 FTE in Accounting HQ, and 3.8 FTE in Financial Management.
- Non Personnel Services: A decrease of \$40K from fiscal year 2014 is due to proposed costs associated with the reductions mentioned above.

SUMMARY OF SYSTEMS/TOOLS REQUIRED TO MANAGE PROGRAM

The CFO IT Budget submission supports the budget execution, accounting, and financial reporting to the U.S. Treasury Department, OMB, Congress and the public for all HUD programs. This is currently accomplished by the Department’s legacy accounting and subsidiary program ledger systems. However, HUD is currently replacing these legacy systems through the New Core Financial Services modernization initiative. This effort to replace the legacy systems is a multi-year development initiative that will establish a consistent, common enterprisewide, financial system.

HUD’s current financial information application portfolio is comprised of compartmentalized legacy systems that combine both program and traditional accounting functionality and are at an increasing risk of system failure. These systems are in need of enterprise consolidation and modernization in order to improve the stability and efficiency of financial management operations. HUD’s financial systems include the HUD Centralized Accounting and Program System (HUDCAPS), and Program Accounting System (PAS).

Based on OMB guidance, HUD evaluated the feasibility and is moving forward to utilize a Federal Shared Service Provider (FSSP) implementation with the Bureau of Fiscal Services (BFS) to replace HUD’s outdated systems. HUD has labeled this new initiative as “New Core”. New Core aligns with HUD’s Strategic Goal 5: Transform the Way HUD Does Business in HUD’s Strategic Plan FYs 2010-2015. The project aims to implement a core financial management system to improve data accuracy, help resolve audit findings and retire an antiquated and at-risk financial system.

BUDGET REQUEST BY FUNCTION

Function Title: Business Operations

Function Description: The Business Operation function consists of OCFO’s Immediate Office, Appropriation Law Division, and Management Staff. The primary focus of this function is to provide management oversight, administrative support, policy and guidance. The Immediate Office ensures program offices at HUD understand and implement sound financial management in program development and operations, and manages Departmentwide initiatives, including the Campaign to Cut Waste.

The Appropriations Law Office addresses appropriations law issues, including issues that arise from funding provisions and Appropriations Acts; involves the availability of amounts appropriated with respect to purpose, time or amount; or involve funding statutes or guidance, including the Anti-Deficiency Act, the Impoundment Control Act of 1974, and OMB circulars.

The Management Staff Office advises and coordinates the internal management of resources available to the OCFO for assigned programs and functions. This includes, but is not limited to controlling the use of staff and fund resources; preparing CFO budget submissions; coordinating all aspects of OCFO employee training and development; coordinating records and forms management; coordinating and advising management on employee and labor relations; space planning; overseeing performance management and

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approval updates; and coordination of all other administrative services to support the organization. It is also responsible for executing OCFO’s annual hiring plan, managing OCFO’s budget, and providing administrative support in coordinating the internal management of resources (i.e. Training, Printing, Procurement, Supplies and Professional Liability Insurance (PLI) Reimbursement) available to the Department and OCFO for assigned programs and functions. Management Staff oversees Procurement and contract services within OCFO and Departmentwide to help meet HUD’s mission.

Business Operations				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$2,526	\$2,192	\$2,211	\$19
Non-Personnel Services				
Travel	21	10	10	-
Transportation of Things	6	-	-	-
Rent, Communications, Utilities	-	-	-	-
Printing and Reproduction	11	2	2	-
Other Services	1,460	1,573	1,573	-
Training	26	73	61	(12)
Supplies	43	45	45	-
Furniture	-	-	-	-
Claims and Indemnities	-	-	-	-
Non-Personnel Services Subtotal	1,568	1,704	1,691	(12)
GRAND TOTAL	\$4,094	\$3,896	\$3,902	\$7
Associated FTE	19.3	16.0	16.0	0.0

FTE/Workload Summary & Summary of Change

- Increase of \$19K in Personnel Services assumes a nominal increase in funding for the pay raise, promotions and within grade increases though there’s no increase in FTE from fiscal year 2014 to fiscal year 2015.
- Decrease of \$12K in Training to support training costs in other OCFO function areas receiving additional FTE.

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Function Title: Budget

Function Description: The Office of the Assistant Chief Financial Officer for Budget (OACFOB) manages all activities associated with the Budget including the development of budget plans, policies and procedures and for the overall supervision and management of the budget process. This function includes advising and assisting program staff offices in their budgetary responsibilities and appraising the effectiveness of these activities. In addition, the OACFOB advises on budgetary implications of policy and legislative proposals, issues and monitors staff ceilings and staff usage in the Department and they are the liaison to the Office of Management and Budget and the Congressional Appropriations staffs.

Budget				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$5,142	\$6,704	\$7,186	\$482
Non-Personnel Services				
Travel	19	10	10	-
Printing and Reproduction	49	40	40	-
Training	5	25	36	11
Supplies	3	-	-	-
Non-Personnel Services Subtotal	76	75	86	11
GRAND TOTAL	\$5,218	\$6,779	\$7,272	\$493
Associated FTE	39.3	49.0	52.0	3.0

FTE/Workload Summary & Summary of Change

- Increase of \$482K in Personnel Services and 3.0 FTE to support budget formulation and execution priorities in Salaries and Expenses (S&E), Staff Resource Management Activities and Workforce Planning. Also, funding assumes a nominal increase in funding for the pay raise, promotions and within grade increases.
- Increase of \$11K in Training to support training costs for new FTE in fiscal year 2015.

Function Title: Accounting Headquarters

Function Description: The Office of the Assistant Chief Financial Officer for Accounting HQ manages all activities associated with Accounting including the development, administration and evaluation of accounting and financial services within the Department.

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This integral function provides advisory services on the accounting and financial status of program and administrative operations of the Department and on financial and accounting matters. The accounting staff at HUD headquarters increasingly improves the efficiency and effectiveness of HUD’s accounting practices to produce clean audit opinions, SF133s and the FACTS II report to OMB and the Department of Treasury.

Accounting HQ				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$4,568	\$4,681	\$5,251	\$570
Non-Personnel Services				
Travel	-	25	25	-
Printing and Reproduction	2	4	4	-
Other Services	129	631	631	-
Training	12	25	26	1
Supplies	1	-	-	-
Non-Personnel Services Subtotal	143	685	686	1
GRAND TOTAL	\$4,711	\$5,366	\$5,937	\$571
Associated FTE	34.9	34.2	38.0	3.8

FTE/Workload Summary & Summary of Change

- Increase of \$570K in Personnel Services and 3.8 FTE allocated to this function will support the preparation of consolidated Reports and Financial Statements, as well as support activities within the Accounting Monitoring and Analysis Division for review, analysis and clearance of audit findings. Also, funding assumes a nominal increase for the pay raise, promotions and within grade increases.
- Increase of \$1K in Training to support training costs for new FTE in fiscal year 2015.

Function Title: Accounting Field (Fort Worth, Texas)

Function Description: The CFO Accounting Center in Fort Worth, TX performs the entire program and administrative accounting functions for the Department. This function includes making all program payments and paying vendor invoices, travel claims, and other administrative expenses; maintaining the subsidiary and general ledger accounts for program and salaries and expenses; performing appropriate reconciliation and providing program and Salaries and Expenses reports and information to appropriate users.

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Accounting Field				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$5,262	\$5,610	\$5,527	(\$83)
Non-Personnel Services				
Travel	6	15	15	-
Rent, Communications, Utilities	55	55	55	-
Training	7	27	28	1
Supplies	1	-	-	-
Non-Personnel Services Subtotal	69	97	98	1
GRAND TOTAL	\$5,331	\$5,707	\$5,625	(\$82)
Associated FTE	40.2	41.0	21.0	(20.0)

FTE/Workload Summary & Summary of Change

- Decrease of \$83K in Personnel Services and 20.0 FTE due to implementation of Shared Services Agreement with the Bureau of Fiscal Services (BPS). FTE allocated to this function will manage more than 14,000 loans; process more than 1,100 travel vouchers; and process almost 34,000 commercial, administrative and intergovernmental payment invoices. Personnel Services funds will also be used to support the costs for buyouts, terminal leave and relocation costs as well as the realignment of workload activities upon transition of Shared Services with the BPS. The estimated cost for buyouts, terminal leave and relocation is \$2,625K. Also, the Personnel Services funding decrease is offset by a nominal increase for the pay raise, promotions and within grade increases. Increase of 1K to support training in conjunction with the transition of Shared Services with the BPS.

Function Title: Financial Management

Function Description: All activities associated with Financial Management including developing and maintaining policy and procedural instructions in the areas of financial management and critical cross-Departmental corrective or improvement projects. The activity also includes managing GAO, OIG, and other audit liaison and resolutions activities; implementing the Department’s internal control/management control program required by OMB Circulars A-123, A-127 and the Federal Manager’s Financial Integrity Act of 1982 including internal control over financial reporting and support for the Secretary’s annual assurance statement regarding internal controls; developing the Agency Financial Report and Summary of Performance and Financial Information; conducting program risk assessments and reporting on improper payments in accordance with the Improper Payments Elimination and Recovery Act; executing Administrative Control of Funds oversight through review/approval of program office funds control plans and performing

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compliance reviews of funds control processes; conducting independent investigations of potential Anti-Deficiency Act (ADA) violations; and coordinating financial management initiatives such as the President’s Do Not Pay Initiative as mandated by the Improper Payment Elimination and Recovery Improvement Act.

Financial Management				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$3,115	\$3,284	\$3,835	\$551
Non-Personnel Services				
Travel	-	15	15	-
Other Services	7,252	8,090	8,090	-
Training	9	17	19	2
Non-Personnel Services Subtotal	7,261	8,122	8,124	2
GRAND TOTAL	\$10,376	\$11,406	\$11,959	\$553
Associated FTE	23.8	24.0	27.8	3.8

FTE/Workload Summary & Summary of Change

- The increase of \$551K in Personnel Services and 3.8 FTE allocated to this function will support the completion of audit reports and an increased workload to include financial reporting, the Do Not Pay Initiative and Improper Payment requirements mandated by the Improper Payment Elimination and Recovery Improvement Act. Also, funding assumes a nominal increase for the pay raise, promotions and within grade increases.
- Increase of \$2K to support increase Training costs for additional FTE.

Function Title: Systems

Function Description: The Office of the Assistant Chief Financial Officer for Systems manages all activities associated with developing, administering, and evaluating the Department’s financial systems, including ensuring the systems are integrated, auditable, support funds control, and compliant with federal standards. The office provides support to OCFO and the Department in the stewardship of Financial and Budget systems that manage over \$40B annually and make over \$750K in payment transactions. These systems are used Departmentwide to account and budget for HUD’s grant, subsidy, loan and administrative expenses.

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Systems				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$4,953	\$4,789	\$4,774	(\$15)
Non-Personnel Services				
Travel	4	10	10	-
Other Services	1,716	1,321	1,281	(40)
Training	18	27	24	(3)
Supplies	2	-	-	-
Non-Personnel Services Subtotal	1,740	1,357	1,315	(43)
GRAND TOTAL	\$6,693	\$6,146	\$6,089	(\$57)
Associated FTE	37.8	35.0	26.0	(9.0)

FTE/Workload Summary & Summary of Change

- The decrease of \$15K in Personnel Services and 9.0 FTE is a result of the transition to a shared services provider. Personnel Services funds will be used to support the costs for buyouts, terminal leave and relocation costs as well as the transition and implementation of Shared Services. The estimated cost for buyouts, terminal leave and relocation is \$1,181K. FTE allocated to the Systems function will support 15 Financial Systems. Also, the Personnel Services funding decrease is offset by a nominal increase for the pay raise, promotions and within grade increases.
- Decrease of \$43K in Non-Personnel Services (Other Services and Training) to support increased training costs in other function areas with additional FTE and to support the transition and implementation of Shared Services.