

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT

BUDGET ACTIVITY 9: CHIEF FINANCIAL OFFICER

SCOPE OF ACTIVITY

The mission of the Office of the Chief Financial Officer (CFO) is to lead the Department's Headquarters and Field Office officials toward the understanding and practice of sound financial management in program development and operations, and in the stewardship of public resources. The CFO advises the Secretary on all aspects of financial management. The CFO 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 scope of activity cross-cuts the entire Department. The CFO is responsible for the preparation, justification and monitoring of the Department's annual budget. In addition, the CFO establishes policies and standards for development, maintenance, operation and evaluation of the Department's financial management systems, including: budget and accounting systems, internal control systems, financial reporting systems, asset and credit management systems, and systems to audit compliance with financial management and related requirements. The CFO also provides accounting services for administrative and operating activities of the Department. The CFO also has responsibility for overseeing the Departmental implementation of the Government Performance and Results Act (GPRA), including the annual strategic plan and the annual performance and accountability report.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

WORKLOAD

The workload of the Office of the Chief Financial Officer is essentially defined by the following key objectives:

- prepare, justify, and monitor the annual budget;
- prepare, justify, and monitor the strategic plan;
- prepare, justify, and monitor the annual performance plan;
- establish and maintain integrated financial management systems;
- improve Departmental management of asset and credit management functions;
- develop a strong internal control program that effectively addresses material weaknesses and reportable conditions in the Department;
- produce audited consolidated financial statements;
- develop uniform financial management policies and procedures;
- process all accounting transactions and payments; and
- coordinate Departmentwide audit resolution activities.

TRAVEL

The table below identifies travel requirements:

| | ACTUAL 2001 | ENACTED 2002 | ESTIMATE 2003 | INCREASE + DECREASE - 2003 vs 2002 |
|----------------------|------------------------|-----------------|------------------|--|
| | (Dollars in Thousands) | | | |
| Travel (HQ) | \$237 | \$498 | \$389 | -\$109 |
| Travel (Field) | \$37 | \$44 | \$34 | -\$10 |
| Total..... | \$274 | \$542 | \$423 | -\$119 |

Salaries and Expenses, Housing and Urban Development
 Budget Activity 9: Chief Financial Officer

Travel funding is required to fully carry out CFO responsibilities for improving Departmental financial management. CFO travel will focus attention on program delivery operations at the field office level and will provide oversight and review for: asset and credit management; debt collection; resolution of audit findings and internal control weaknesses; and test and establish internal controls.

CONTRACTS

| | ACTUAL 2001 | ENACTED 2002 | ESTIMATE 2003 | INCREASE + DECREASE - 2003 vs 2002 |
|----------------------------------|------------------------|-----------------|------------------|--|
| | (Dollars in Thousands) | | | |
| Management Studies | \$2,398 | \$2,712 | \$3,250 | +\$538 |
| Technical Services | \$778 | \$759 | \$891 | +\$132 |
| General Support | \$131 | \$180 | \$246 | +\$66 |
| Training Contracts, Non-Fed Emp. | \$65 | \$84 | \$117 | +\$33 |
| Total..... | \$3,372 | \$3,735 | \$4,504 | +\$769 |

Management Studies. These funds will be used to support implementation of the Resource Estimation and Allocation Process (REAP), and its associated FTE verification component known as the Total Estimation Allocation Mechanism (TEAM), business process re-engineering studies and for support to update policies and procedures throughout the OCFO. This contractual activity supports the Department's strategic management of human capital which is part of the President's Management Agenda.

Technical Services. Examples of technical services contracts include:

- FirstGov.Gov, in which the Department has a Memorandum of Agreement (MOA) authorizing fiscal year payments for information services that links visitors to information and services posted on Federal websites. The Federal Government will help our citizens gain one-stop access to existing Government information and services, increase Government accountability to its citizens;
- Professional Software Consortium, Inc., which provides the OCFO with an annual maintenance agreement and software upgrade(s) for the Civilian PCS Program for the Department's National Relocation Center;
- Federal Employment Information and Services, the Department has an agreement with Office of Personnel and Management(OPM) to provide Federal Employment Information and Services. OPM is authorized to charge fees to agencies to pay the cost of providing access to job listings and vacancy announcements worldwide;
- Economy Act Agreement, HUD has an agreement with the Small Business Administration (SBA) to reimburse SBA for costs incurred by SBA to certify small disadvantaged businesses;

Travel Management Center, provides travel services to the Department;

- Imaging Disbursement and Collection Documents, which would provide imaging services for the Department's Excess Rental Income, Section 235 and Section 236 programs; and
- Cooperative Administrative Support Unit, which provides staff for the Fort Worth Accounting Center's mailroom.

General Support Services:

- Executive Personnel Services, Inc., provides temporary clerical and accounting support for the organization whenever critical vacancies or exigencies occur.

PERFORMANCE MEASURE

Strategic Goal 6: Embrace high standards of ethics, management and accountability.

Salaries and Expenses, Housing and Urban Development
Budget Activity 9: Chief Financial Officer

Strategic Objective 6.1: Improve HUD's management and internal controls, including FHA's financial management, and resolve audit issues.

Indicator 6.1.7: HUD financial statements receive unqualified audit opinions.

Indicator 6.1.8: Ensure timely management decisions and final actions on audit recommendations by the HUD Office of Inspector General.

Detail of Chief Financial Officer Staff Requirements

| Workload Guideline | Workload Indicator | ----- Fiscal Year 2002 ----- | | | | ----- Fiscal Year 2003 ----- | | | |
|--|--|----------------------------------|--------------------------|---------------------------|-------------|----------------------------------|--------------------------|---------------------------|-------------|
| | | Underfunded Workload/ Allocation | Projected Accomplishment | Projected Unit Cost (Hrs) | FTE | Underfunded Workload/ Allocation | Projected Accomplishment | Projected Unit Cost (Hrs) | FTE |
| <u>Headquarters Employment (CFO Accounting)</u> | | | | | | | | | |
| CFO Immediate Staff & Mgmt Staff | | | | | | | | | |
| Provide Administrative Support | Number of Personnel Supported | | 221 | 85.03 | 9.0 | | 221 | 85.03 | 9.0 |
| Perform General Direction | NA | | ... | ... | 6.0 | | ... | ... | 6.0 |
| Subtotal | | | | | 15.0 | | | | 15.0 |
| OACFO for Accounting | | | | | | | | | |
| Perform General Direction Special Projects | NA | | ... | ... | 4.0 | | ... | ... | 4.0 |
| Prepare Consolidated Reports and Financial Statements | NA | 2 | ... | ... | 12.0 | 2 | ... | ... | 12.0 |
| Process Cash Reconciliations | Number of Cash Reconciliations Processed | | 1,044 | 34.00 | 17.0 | | 1,044 | 34.00 | 17.0 |
| Process Payments and Collections | Number of Payments and Collections Processed | 1,850 | 20,350 | 1.13 | 10.0 | 1,850 | 20,350 | 1.13 | 10.0 |
| Administer Travel for HUD | NA | 1 | ... | ... | 4.0 | 1 | ... | ... | 4.0 |
| Subtotal | | | | | 47.0 | | | | 47.0 |
| <u>Field Employment (CFO Accounting)</u> | | | | | | | | | |
| CFO Accounting Center | | | | | | | | | |
| Perform General Direction | NA | | ... | ... | 2.0 | | ... | ... | 2.0 |
| Perform Special Projects and Quality Control/Audit Support | NA | | ... | ... | 2.0 | | ... | ... | 2.0 |

Detail of Chief Financial Officer Staff Requirements

| Workload Guideline | Workload Indicator | ----- Fiscal Year 2002 ----- | | | | ----- Fiscal Year 2003 ----- | | | |
|--|---|----------------------------------|--------------------------|---------------------------|--------------|----------------------------------|--------------------------|---------------------------|--------------|
| | | Underfunded Workload/ Allocation | Projected Accomplishment | Projected Unit Cost (Hrs) | FTE | Underfunded Workload/ Allocation | Projected Accomplishment | Projected Unit Cost (Hrs) | FTE |
| Perform Reconciliations (Reports and Control Division) | Number of Reconciliations Completed | | 372 | 56.12 | 10.0 | | 372 | 56.12 | 10.0 |
| Process Obligation Documents (Funds Control) | Number of Obligating Documents Executed | | 50,640 | 0.45 | 11.0 | | 50,640 | 0.45 | 11.0 |
| Perform Loan Accounting for Loan Portfolio (Funds Control) | Number of Loans Managed | | 5,600 | 2.61 | 7.0 | | 5,600 | 2.61 | 7.0 |
| Process Payments (Program Payments Branch) | Number of Program Payments Processed | | 23,320 | 0.27 | 3.0 | | 23,320 | 0.27 | 3.0 |
| Provide Travel Voucher and Order Support (Travel Group) | Number of Travel Vouchers Processed | | 35,000 | 0.42 | 7.0 | | 35,000 | 0.42 | 7.0 |
| Provide Relocation Support (Relocation Branch) | Number of Relocation Requests Processed | | 54 | 193.33 | 5.0 | | 54 | 193.33 | 5.0 |
| Provide Commercial Invoice Processing (Commercial Branch) | Number of Invoices Processed | | 36,137 | 0.69 | 12.0 | | 36,137 | 0.69 | 12.0 |
| Subtotal | | | | | 59.0 | | | | 59.0 |
| Total CFO Accounting | | | | | 106.0 | | | | 106.0 |
| Headquarters | | | | | | | | | |
| Employment | | | | | | | | | |
| OACFO for Financial Management | | | | | | | | | |
| Perform General Direction | NA | | ... | ... | 2.0 | | ... | ... | 2.0 |
| Perform FERA and Compliance Reviews | NA | 6 | ... | ... | 13.0 | 6 | ... | ... | 13.0 |

Detail of Chief Financial Officer Staff Requirements

| Workload Guideline | Workload Indicator | ----- Fiscal Year 2002 ----- | | | | ----- Fiscal Year 2003 ----- | | | |
|--|---|--|----------------------------------|---------------------------------|---------------|--|----------------------------------|---------------------------------|---------------|
| | | Underfunded Workload/ Allocation | Projected Accomplish- ment | Projected Unit Cost (Hrs) | FTE | Underfunded Workload/ Allocation | Projected Accomplish- ment | Projected Unit Cost (Hrs) | FTE |
| | Number of Audits Reports (GAO and OIG) Issued | | 152 | 96.15 | 7.0 | | 152 | 96.15 | 7.0 |
| Subtotal | | | | | 22.0 | | | | 22.0 |
| OACFO for Budget | | | | | | | | | |
| Perform General Direction | NA | | ... | ... | 4.0 | | ... | ... | 4.0 |
| Support the Budget Process (Programs) | NA | 2 | ... | ... | 18.0 | 2 | ... | ... | 18.0 |
| Support the Budget Process (Salaries and Expenses) | NA | | ... | ... | 8.0 | | ... | ... | 8.0 |
| Support the Resource Management and Budget System | NA | 2 | ... | ... | 14.0 | 2 | ... | ... | 14.0 |
| Subtotal | | | | | 44.0 | | | | 44.0 |
| OACFO for Systems | | | | | | | | | |
| Perform General Direction and Oversight for the ACFO for Systems | NA | | ... | ... | 4.0 | | ... | ... | 4.0 |
| Monitor HUD Financial Management Systems | NA | | ... | ... | 3.0 | | ... | ... | 3.0 |
| Formulate Financial Policy and Procedures | Number of Systems Supported | | 73 | 371.83 | 13.0 | | 73 | 371.83 | 13.0 |
| Manage CFO's Financial Systems | Number of Systems Supported | | 73 | 800.87 | 28.0 | | 73 | 800.87 | 28.0 |
| Subtotal | | | | | 48.0 | | | | 48.0 |
| Total | | | | | 235.00 | | | | 235.00 |

Detail of Chief Financial Officer Staff Requirements

| | Estimate 2002 | Estimate 2003 | Increase + Decrease - 2003 vs 2002 |
|---------------------------------------|--------------------------|--------------------------|---|
| <u>Headquarters Employment</u> | | | |
| CFO Immediate Staff & Mgmt Staff | 15.0 | 15.0 | 0.0 |
| OACFO for Accounting | 47.0 | 47.0 | 0.0 |
| OACFO for Financial Management | 22.0 | 22.0 | 0.0 |
| OACFO for Budget | 44.0 | 44.0 | 0.0 |
| OACFO for Systems | 48.0 | 48.0 | 0.0 |
| Total | 176.0 | 176.0 | 0.0 |
| <u>Field Employment</u> | | | |
| CFO Accounting Center | 59.0 | 59.0 | 0.0 |
| Total | 59.0 | 59.0 | 0.0 |

Detail of Chief Financial Officer Staff Requirements

| | FTE | | | |
|--------------------|------------------------|--------------------------|--------------------------|---|
| | Actual 2001 | Estimate 2002 | Estimate 2003 | Increase + Decrease - 2003 vs 2002 |
| Headquarters..... | 147.0 | 176.0 | 176.0 | 0.0 |
| Field | 62.0 | 59.0 | 59.0 | 0.0 |
| Total | 209.0 | 235.0 | 235.0 | 0.0 |

HEADQUARTER EMPLOYMENT

EXPLANATION OF CHANGES FROM REAP REQUIREMENT TO 2002 BUDGET ESTIMATE

OACFO for Accounting

An under funding of two FTE will impact the preparation of Consolidated Reports and Financial Statements. Beginning in fiscal year 2002, OMB requires submission of interim unaudited financial statements and greatly accelerated submission of the annual audited statements. This is a significant workload increase without a corresponding increase of FTE.

An under funding of one FTE in processing payments and collections reduces management and control of the Section 235/236 and bonds payments process which would allow better coordination of debt management across the Department.

An under funding of one FTE in the administration of travel for HUD reduces the Department's ability to better monitor travel card delinquencies and process salary offsets in response to Congressional recognition of HUD's high credit card delinquency rate.

OACFO for Financial Management

The under funding of six FTE in the performance of FERA and Compliance Reviews will reduce the amount of time which can be devoted to resolving an unacceptable high volume of overdue final actions on audit recommendations. The Audit Resolution Division processes a heavy volume of OIG and GAO audit liaison and audit resolution activity.

OACFO for Budget

The under funding of two FTE to support the Budget Process (Programs) impacts the office's planned improvements to budget formulation with superior integration of GPRA performance requirements with program, staffing and other administrative budget resources. Most specifically, increased emphasis on program performance and results, and specific budget efforts related to unexpended balances will be impacted.

The under funding of two FTE to support the Budget Process (Budget Management and Systems) greatly limits productivity and staffing analyses required for full

Salaries and Expenses, Housing and Urban Development
Budget Activity 9: Chief Financial Officer

implementation of the Resource Estimation and Allocation Process (REAP). This has been a long-standing criticism of Congress, GAO and OMB.