

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 in the 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 accountings, internal control, financial reporting, asset and credit management, 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 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
Travel (HQ)	\$47	\$125	\$133	+\$8
Travel (Field)	194	166	115	-51
Total.....	241	291	248	-43

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. Also, all change of station travel associated with the Department's employee relocation program is reflected in this activity.

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CONTRACTS

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
Management Studies	\$383	\$2,404	\$3,339	+\$935
Technical Services	85,947	11,231	861	-10,370
General Support	242	216	261	+45
Training Contracts, Non-Fed Emp.	32	40	40	...
Total.....	86,603	13,891	4,501	-9,390

A net decrease of \$9,390 thousand in 2004 reflects a decrease of \$10,500 thousand due to the Department's decision not to request S&E funding for transfer to the Working Capital Fund, partially offset by an increase of \$980 thousand--\$935 thousand for management studies and \$45 thousand for general support contracts.

Management Studies. An increase of \$935 thousand in Management Studies funding is required to update Resource Estimation and Allocation Process (REAP) system based on modifications to existing HUD programs, organizational realignments and other changes. Additionally, the Department must act in accordance with the five government wide initiatives in the President's Management Agenda. Specifically, competitive sourcing goals require the Department to perform competitive public-private cost comparisons. Additional funds will be required for competitive sourcing studies and analysis within the Department.

In addition to REAP system updates and competitive sourcing studies, funding also provides analysis of prior years financial statement preparations and recommendations for improvements in accordance with the latest OMB guidance.

Determination of the best option for meeting the Federal Accounting Standards at HUD and the feasibility of using data in REAP and TEAM to allocate S&E costs across programs will also be completed. Support for the submission of the exhibit 300B preparation and submissions are required. Completion of written procedures to ensure all WCF activity related to software acquisition and development is properly identified and recorded. Establishment of an Interagency Agreement with OMB is required to obtain A-133 Clearinghouse Support Services.

Technical Services. A net decrease of \$10,370 thousand is the result of a decrease of \$10,500 thousand in the S&E transfer to the Working Capital Fund for ADP Services, partially offset by an inflationary adjustment of \$130 thousand. 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;
- Cooperative Administrative Support Unit, which provides staff for the Fort Worth Accounting Center's mailroom.
- CFO Council supports and implements two Governmentwide initiatives outlined in the President's Management Agenda: improved Financial Performance and Expanded Electronic Government. Also serves on committees and subcommittees dealing with governmentwide financial issues, which stands to benefit the Department.
- S&E Transfer to the WCF in fiscal years 2002 and 2003 were \$85,000 thousand and \$10,500 thousand respectively. These funds are included in the CFO for transfer to the Working Capital Fund. No funds are requested for transfer in 2004.

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General Support Services. An inflationary adjustment of \$45 thousand is requested in 2004. Examples of General Support contracts include:

- Executive Personnel Services, Inc., provides temporary clerical and accounting support for the organization whenever critical vacancies or exigencies occur.
- Relocation Center funding is provided for storage of household goods related to relocation of employees.

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	149	204	204
Field	57	58	58
Total FTE	206	262	262
S&E Cost (Dollars in Thousands)			
Personal Services	\$29,471	\$39,375	\$40,439
Travel	241	291	248
Transportation of Things	464	451	468
Rent, Communications & Utilities	...	7	8
Printing	98	94	96
Other Services	86,603	13,891	4,501
Supplies	79	107	108
Total S&E Cost	\$116,956	\$54,216	\$45,868

Overall Summary of Chief Financial Officer Staff Requirements

	FTE			
	Actual 2002	Estimate 2003	Estimate 2004	Increase + Decrease - 2004 vs 2003
Headquarters.....	149.9	204.1	203.9	-0.2
Field	56.5	58.0	57.9	-0.1
Total	206.4	262.1	261.8	-0.3

Summary of Chief Financial Officer Staff Requirements

	Actual 2002	Estimate 2003	Estimate 2004	Increase + Decrease - 2004 vs 2003
<u>Headquarters Employment</u>				
CFO Immediate Staff & Mgmt Staff	11.9	17.0	17.0	0.0
OACFO for Accounting	42.0	51.5	51.5	0.0
OACFO for Financial Management	17.0	28.5	28.5	0.0
OACFO for Budget	36.0	48.5	48.5	0.0
OACFO for Systems	43.0	58.6	58.4	-0.2
Total	149.9	204.1	203.9	-0.2
<u>Field Employment</u>				
CFO Accounting Center	56.5	58.0	57.9	-0.1
Total	56.5	58.0	57.9	-0.1

Detail of Chief Financial Officer Staff Requirements

REAP ID	Workload Indicator	----- Fiscal Year 2002 -----			----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Perform Management Oversight, Policy and Guidance	NA			5.0		...	...	6.0		...	...	6.0
Provide Administrative Support	Number of Personnel Supported	206	70.27	6.9		262	88.00	11.0		262	88.00	11.0
				11.9				17.0				17.0
Perform Management Oversight, Policy and Guidance	NA	...	...	3.0		...	...	4.0		...	...	4.0
Prepare Consolidated Reports and Financial Statements	NA	...	...	8.0		...	...	14.0		...	...	14.0
Process Cash Reconciliations	Number of Cash Reconciliations Processed	1,044	34.00	17.0		1,075	34.00	17.5		1,075	34.14	17.5
Process Payments and Collections	Number of Payments and Collections Processed	18,500	1.13	10.0		20,325	1.13	11.0		20,400	1.13	11.0
Administer Travel for HUD	NA	...	...	4.0		...	...	5.0		...	...	5.0
				42.0				51.5				51.5
Perform Management Oversight, Policy and Guidance	NA	...	...	2.0		...	...	2.0		...	...	2.0
Perform Special Projects and Quality Control/Audit Support	NA	...	...	2.0		...	...	1.0		...	...	1.0
Perform Reconciliations (Reports and Control Division)	Number of Reconciliations Completed	375	56.12	10.1		372	56.12	10.0		372	56.12	10.0

REAP ID	Workload Indicator	----- Fiscal Year 2002 -----			----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Process Obligation Documents (Funds Control)	Number of Obligating Documents Executed	51,000	0.45	11.1		50,500	0.45	11.0		50,500	0.45	10.9
Perform Loan Accounting for Loan Portfolio (Funds Control)	Number of Loans Managed	4,900	2.61	6.1		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		31,000	0.27	4.0		31,000	0.27	4.0
Provide Travel Voucher and Order Support (Travel Group)	Number of Travel Vouchers Processed	30,000	0.42	6.0		35,000	0.42	7.0		35,000	0.42	7.0
Provide Relocation Support (Relocation Branch)	Number of Relocation Requests Processed	45	193.33	4.2		54	193.33	5.0		54	193.33	5.0
Provide Commercial Invoice Processing (Commercial Branch)	Invoices Processed	36,137	0.69	12.0		33,287	0.69	11.0		33,287	0.69	11.0
Total CFO Accounting				56.5				58.0				57.9
				98.5				109.5				109.4
Perform Management Oversight, Policy and Guidance	NA	...	...	2.0		...	...	2.0		...	...	2.0
Perform FERA and Compliance Reviews	NA	...	...	8.0		...	...	18.5		...	...	18.5
Perform Audit Coordination	Number of Audits Reports (GAO and OIG) Issued	152	96.15	7.0		174	96.15	8.0		174	96.36	8.0
				17.0				28.5				28.5
Perform Management Oversight, Policy and Guidance	NA	...	...	3.0		...	...	4.0		...	...	4.0

REAP ID	Workload Indicator	----- Fiscal Year 2002 -----			----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Perform Budget Formulation (S&E)	NA			3.0			4.0		...	...	4.0
Perform Budget Execution (S&E)	NA			4.0			4.0		...	...	4.0
Perform Budget Formulation (Program))	NA	...	...	5.0		...	9.0		...	...	9.0
Perform Budget Execution (Program)	NA	...	...	7.0		...	8.0		...	...	8.0
Perform Periodic Reporting and GPRA-related activities; help produce Strategic Plan and Annual Performance Plan	NA			3.0			3.0				3.0	
Provide Budget Systems Support	NA			6.0			8.5				8.5	
Coordinate Departmental Resource Management Activities	NA	...	...	5.0		...	8.0		...	...	8.0
				36.0			48.5				48.5	
Perform Management Oversight, Policy and Guidance and Monitoring for the ACFO Financial Systems	NA	...	...	6.0		...	6.0		...	...	6.0
Formulate Financial Policy and Procedures	NA			10.0			11.0				11.0	
Manage CFO's Financial Systems	Systems Supported	66	859.76	27.0		66	1,315.00	41.6		66	1,315.00	41.4
				43.0			58.6				58.4	
Total				206.40			262.10				261.80	

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HEADQUARTERS EMPLOYMENT

EXPLANATION OF CHANGES FROM FISCAL YEAR 2002 TO FISCAL YEAR 2003

The Office of the Chief Financial Officer's (OCFO) end of year FTE of 206 was only 81 percent of the Department's Resource Estimation and Allocation Process (REAP) estimate, which defined and justified 255 FTE for the OCFO. The seven additional FTE requested in fiscal year 2003 will be utilized to provide effective Funds Control Management and to investigate and research potential or actual Anti-Deficiency Act occurrences. Overall, the OCFO is responsible for the Department meeting established financial management goals and ensuring the Department is in compliance with financial management legislation and directives. It is critical to the mission of the OCFO and the Department to fill the vacancies as soon as possible; therefore, the OCFO will continue to aggressively recruit up to its allocation of 262 FTE through fiscal year 2003.