

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 (OCFO) 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.

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TRAVEL

The table below identifies travel requirements:

	ESTIMATE 2003	ENACTED 2004	ESTIMATE 2005	INCREASE + DECREASE - 2005 vs 2004
	(Dollars in Thousands)			
Travel (HQ) .....	\$72	\$149	\$150	+\$1
Travel (Field) .....	96	97	98	+1
Total.....	168	246	248	+2

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

	ESTIMATE 2003	ENACTED 2004	ESTIMATE 2005	INCREASE + DECREASE - 2005 vs 2004
	(Dollars in Thousands)			
Management Studies .....	\$1,712	\$2,828	\$2,854	+\$26
Technical Services .....	1,000	1,066	1,066	...
General Support .....	362	415	416	+1
Training Contracts, Non-Fed Emp.	157	165	165	...
Total.....	3,231	4,474	4,501	+27
Funds Control Services...	3,997	15,873	...	-15,873

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#### Management Studies

##### Fiscal year 2004

Funding is required to allow the Department to 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, funding also provides analysis of prior years financial statement preparations and OCFO IT Planning Support and recommendations for improvements in accordance with the latest OMB guidance.

##### Fiscal year 2005

Funding is required to update Resource Estimation and Allocation Process (REAP) systems based on continuing modifications to existing HUD programs, organizational realignments and other changes. 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. Additional support for the submission of the OCFO IT Planning Support preparation and submissions are required. This includes completion of written procedures to ensure all WCF activity related to software acquisition and development is properly identified and recorded.

Technical Services. Examples of technical services contracts include:

- FirstGov.Gov. 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.. Provides the OCFO with an annual maintenance agreement and software upgrade(s) for the Civilian PCS Program for the Department's National Relocation Center;
- Economy Act Agreement. Provides for 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. Provides staff for the Fort Worth Accounting Center's postal operations.
- CyberFEDS Subscription. Provides access to a web accessible library for Headquarters and the Fort Worth Accounting Center for travel support.
- Ancillary Lockboxes. In support of an agreement with the Treasury Department to receive funds due the Federal Government.
- CFO Council. The Council supports two Governmentwide initiatives outlined in the President's Management Agenda: Improved Financial Performance and Expanded Electronic Government. It also provides support to Congressional Committees and Subcommittees dealing with governmentwide financial issues, which stands to benefit the Department.

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General Support Services. 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.

Funds Control Services. Examples of Funds Control Services contracts include:

- Recently, Congress appropriated \$19,870 thousand in Public Law 108-7 for the purpose of improving funds control and financial management support for the Department and ensuring compliance with HUD's new funds control policies and procedures, P.L. 107-300 and 31 U.S. Code 3561 - 3567. In fiscal year 2004, we estimate \$15,873 thousand of these funds to be used for the following activities to continue to support these efforts. Increased funds control training will be provided in the amount of \$370 thousand. Costs in the amount of \$1,800 thousand will be used for improved internal controls over HUD's Salaries and Expenses (S&E) Fund to assure HUD stays within its authorized full-time equivalent (FTE) levels. For existing systems enhancements, Business Process Reengineering (BPR) efforts and systems and operational support changes \$3,400 thousand is to be used to strengthen controls and compliance with HUD's new funds control policies and procedures. And finally, \$10,303 thousand will be used for major new systems improvement efforts.

The FTE remains the same for fiscal years 2004 and 2005.

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**OFFICE OF THE CHIEF FINANCIAL OFFICER**  
**Personal Services**  
**Summary of Change**  
**(Dollars in Thousands)**

<u>Personal Services</u>	<u>FTE</u>	<u>S&amp;E Cost</u>
2003 Actual.....	218	\$28,553
2004 Appropriation/Request.....	248	32,642
<u>Changes Due To</u>		
2005 January Pay Raise.....	0	282
2004 January Pay Raise.....	0	257
Staffing increase/decrease.....	0	0
Other benefit changes.....	0	463
2005 Request.....	248	33,644

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OFFICE OF THE CHIEF FINANCIAL OFFICER  
 Summary of Requirements by Grade  
 Salaries and Expenses  
 (Dollars in Thousands)

	<u>2003 Actual</u>	<u>2004 Appropriation/ Request</u>	<u>2005 Request</u>	<u>Increase/ Decrease</u>
Grade:				
Executive Level IV				0
ES-6	1	1	1	0
ES-5	0	0	0	0
ES-4	1	2	1	-1
ES-3	1	1	1	0
ES-2	0	1	0	-1
ES-1	2	1	3	2
GS-15	27	28	28	0
GS-14	35	36	36	0
GS-13	64	69	69	0
GS-12	24	27	27	0
GS-11	9	9	9	0
GS-10	4	4	4	0
GS-9	15	21	21	0
GS-8	4	6	6	0
GS-7	31	31	31	0
GS-6	2	2	2	0
GS-5	4	4	4	0
GS-4	2	2	2	0
GS-3	2	2	2	0
GS-2	1	1	1	0
GS-1	0	0	0	0
Total Positions	229	248	248	0
Average ES Salary	\$125,660	\$127,933	\$124,133	\$-3,800
Average GS Salary	\$54,913	\$57,164	\$58,022	+\$858
Average GS Grade	11.5	11.5	11.5	0

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**OFFICE OF THE CHIEF FINANCIAL OFFICER**  
**Summary of Requirements by Object Class**  
**Salaries and Expenses**  
**(Dollars in Thousands)**

<u>Object Class</u>	<u>2003 Actual</u>	<u>2004 Appropriation/Request</u>	<u>2005 Request</u>	<u>Increase/Decrease</u>
Personal Services.....	\$28,553	\$32,642	\$33,644	+\$1,002
Travel and Transportation of Persons.....	168	246	248	+2
Transportation of Things.....	497	466	468	+2
Rent, Communication & Utilities.....	30	8	8	0
Printing and Reproduction.....	37	95	96	+1
Other Services.....	3,231	4,474	4,501	+27
Supplies and Materials.....	67	107	108	+1
Furniture & Equipment.....	1	0	0	\$0
Insurance Claims & Indemnities.....	0	0	0	\$0
Total Obligations.....	32,584	38,038	39,073	+1,035

**OFFICE OF THE CHIEF FINANCIAL OFFICER  
 Performance Measurement Table**

Program Mission: This mission of the Office of 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.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
HUD financial statements receive unqualified audit opinion.	Inspector General's Audit	100%	100%	100%	100%
Ensure timely management decisions and final actions on audit recommendations by the HUD Office of Inspector General.	Audit Resolution and Corrective Action Tracking System -ARCATS	100%	100%	100%	100%

Indicator: HUD financial statements receive unqualified audit opinions.

HUD received an unqualified audit opinion on its fiscal year 2003 financial statements. This is the fourth consecutive fiscal year HUD received an unqualified audit opinion, which reflects the success of HUD's efforts to stabilize its financial management systems and operating environment. In addition, HUD continues to reduce the number of material internal control weaknesses and reportable conditions disclosed in the annual financial statement audit. In fiscal year 2003, material weakness issues were reduced from three to two and reportable conditions from ten to seven. HUD also continues to accelerate the preparation and audit of its financial statements to provide more timely information for program decision makers in the Congress and Executive Branch. Issuance of the fiscal year 2003 audited statements was accelerated by 6 weeks with plans for further acceleration and issuance by November 15<sup>th</sup> for fiscal year 2004 and thereafter.

A study has been initiated to assess the feasibility, risks and costs of various options for the next generation core financial management system for the Department. At the same time, HUD continues to enhance current financial systems to maintain technical currency and to comply with changing program and regulatory requirements. Enhanced financial management systems will further strengthen internal controls over HUD resources and improve the availability of financial management information for sound program decision-making.

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

The CFO fulfills the Departmental Audit Liaison function for HUD, with responsibility for providing policy, procedures, systems and oversight to assure the timely resolution of internal and external audit work conducted by the HUD Office of Inspector General (OIG). The Inspector General Act of 1978, as amended, establishes requirements for the timely resolution and reporting on OIG audit recommendations by agency managers. By statute, agency managers have six months from the date of issuance of an audit report to reach



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acceptable management decisions on OIG audit recommendations. HUD achieved its goal of "no overdue" management decisions for the last five semi-annual reporting cycles ending on September 30, 2001, March 31, 2002, September 30, 2002, March 31, 2003, and September 30, 2003. HUD had previously only achieved this goal one other time since audit resolution tracking began under the Inspector General Act of 1978. During the two reporting cycles in fiscal year 2003, timely management decisions were reached on 858 audit recommendations. In addition, final actions were completed on 831 audit recommendations, as HUD continues to reduce the number of overdue final actions on audit recommendations. HUD began the March 31, 2004, reporting cycle with 222 new audit recommendations requiring management decisions, and 810 audit recommendations pending final action.

**Overall Summary of Chief Financial Officer Staff Requirements**

	<b>Actual 2003</b>	<b>Estimate 2004</b>	<b>Estimate 2005</b>	<b>Increase + Decrease - 2005 vs 2004</b>
Headquarters.....	163.6	188.7	188.7	0.0
Field .....	54.4	59.0	59.0	0.0
<b>Total .....</b>	<b>218.0</b>	<b>247.7</b>	<b>247.7</b>	<b>0.0</b>

**Summary of Chief Financial Officer Staff Requirements**

	<b>Actual 2003</b>	<b>Estimate 2004</b>	<b>Estimate 2005</b>	<b>Increase + Decrease - 2005 vs 2004</b>
<b><u>Headquarters Employment</u></b>				
CFO Immediate Staff & Mgmt Staff	14.1	19.3	19.3	0.0
OACFO for Accounting	46.5	49.0	49.0	0.0
OACFO for Financial Management	23.0	22.5	22.5	0.0
OACFO for Budget	43.1	53.0	53.0	0.0
OACFO for Systems	36.9	44.9	44.9	0.0
<b>Total</b>	<b>163.6</b>	<b>188.7</b>	<b>188.7</b>	<b>0.0</b>
<b><u>Field Employment</u></b>				
CFO Accounting Center	54.4	59.0	59.0	0.0
<b>Total</b>	<b>54.4</b>	<b>59.0</b>	<b>59.0</b>	<b>0.0</b>

Detail of Chief Financial Officer Staff Requirements

Workload Guideline	Workload Indicator	----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				----- Fiscal Year 2005 -----			
		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
<b>Headquarters Employment (CFO Accounting)</b>												
<b>CFO Immediate Staff &amp; Mgmt Staff</b>												
Perform Management Oversight, Policy and Guidance	NA	...	...	4.0		...	...	10.6		...	...	10.6
Provide Administrative Support	Number of Personnel Supported	218	97.00	10.1		248	73.50	8.7		248	73.50	8.7
<b>Subtotal</b>				<b>14.1</b>				<b>19.3</b>				<b>19.3</b>
<b>OACFO for Accounting</b>												
Perform Management Oversight, Policy and Guidance	NA	...	...	3.0		...	...	4.0		...	...	4.0
Prepare Consolidated Reports and Financial Statements	NA	...	...	11.0		...	...	12.0		...	...	12.0
Process Cash Reconciliations	Number of Cash Reconciliations Processed	1,075	34.00	17.5		1,075	35.00	18.0		1,075	35.00	18.0
Process Payments and Collections	Number of Payments and Collections Processed	20,325	1.13	11.0		20,400	1.13	11.0		20,400	1.13	11.0
Administer Travel for HUD	NA	...	...	4.0		...	...	4.0		...	...	4.0
<b>Subtotal</b>				<b>46.5</b>				<b>49.0</b>				<b>49.0</b>
<b>Field Employment (CFO Accounting)</b>												
<b>CFO Accounting Center</b>												
Perform Management Oversight, Policy and Guidance	NA	...	...	1.4		...	...	2.0		...	...	2.0
Perform Special Projects and Quality Control/Audit Support	NA	...	...	1.0		...	...	1.0		...	...	1.0
Perform Reconciliations (Reports and Control Division)	Number of Reconciliations Completed	372	56.12	10.0		372	56.12	10.0		372	56.12	10.0
Process Obligation Documents (Funds Control)	Number of Obligating Documents Executed	46,000	0.45	10.0		46,000	0.45	10.0		46,000	0.45	10.0

Workload Guideline	Workload Indicator	----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				----- Fiscal Year 2005 -----			
		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 Loan Accounting for Loan Portfolio (Funds Control)	Number of Loans Managed	5,600	2.61	7.0		5,600	2.61	7.0		5,600	2.61	7.0
Process Payments (Program Payments Branch)	Number of Program Payments Processed	31,000	0.27	4.0		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	29,800	0.42	6.0		29,800	0.42	6.0		29,800	0.42	6.0
Provide Relocation Support (Relocation Branch)	Number of Relocation Requests Processed	54	193.33	5.0		54	193.33	5.0		54	193.33	5.0
Provide Commercial Invoice Processing (Commercial Branch)	Invoices Processed	30,259	0.69	10.0		42,200	0.69	14.0		42,200	0.69	14.0
<b>Subtotal</b>				<b>54.4</b>				<b>59.0</b>				<b>59.0</b>
<b>Total CFO Accounting</b>				<b>100.9</b>				<b>108.0</b>				<b>108.0</b>
<b>Headquarters Employment</b>												
<b>OACFO for Financial Management</b>												
Perform Management Oversight, Policy and Guidance	NA	...	...	2.0		...	...	1.0		...	...	1.0
Perform FERA and Compliance Reviews	NA	...	...	13.0		...	...	16.9		...	...	16.9
Perform Audit Coordination	Number of Audits Reports (GAO and OIG) Issued	174	96.15	8.0		150	64.00	4.6		150	64.00	4.6
<b>Subtotal</b>				<b>23.0</b>				<b>22.5</b>				<b>22.5</b>
<b>OACFO for Budget</b>												
Perform Management Oversight, Policy and Guidance	NA	...	...	3.1		...	...	4.0		...	...	4.0
Perform Budget Formulation (S&E)	NA			4.0		...	...	7.1		...	...	7.1
Perform Budget Execution (S&E)	NA			4.0		...	...	4.0		...	...	4.0
Perform Budget Formulation (Program))	NA	...	...	9.0		...	...	9.0		...	...	9.0
Perform Budget Execution (Program)	NA	...	...	8.0		...	...	7.0		...	...	7.0

Workload Guideline	Workload Indicator	----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				----- Fiscal Year 2005 -----			
		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 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			7.0					7.0
Coordinate Departmental Resource Management Activities	NA	...	...	6.0		...	11.9		...	...		11.9
<b>Subtotal</b>				<b>43.1</b>			<b>53.0</b>					<b>53.0</b>
<b>OACFO for Systems</b>												
Perform Management Oversight, Policy and Guidance and Monitoring for the ACFO Financial Systems	NA	...	...	4.0		...	10.6		...	...		10.6
Formulate Financial Policy and Procedures	NA			4.0								
Manage CFO's Financial Systems	Systems Supported	46	1,315.00	28.9		46	1,565.00	34.3		46	1,555.00	34.3
<b>Subtotal</b>				<b>36.9</b>			<b>44.9</b>					<b>44.9</b>
<b>Total</b>				<b>218.0</b>			<b>247.7</b>					<b>247.7</b>