

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

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. In addition, the OCFO is responsible for the preparation, justification, monitoring, and execution of the Department's annual budget. The OCFO staff also provides Departmentwide guidance and expertise on the annual appropriations process, appropriations law issues and related legislation, and is responsible for the provision of consistent, timely and comprehensive support to Congress and other stakeholders as it pertains to HUD's budget.

The OCFO establishes policies and standards for the development, maintenance, and evaluation of the Department's financial management systems and systems of internal control, including compliance with OMB Circulars A-123A 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 (FERAs), 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 annual performance and accountability 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.

TOTAL - SALARIES AND EXPENSES				
(dollars in thousands)				
	FY 2012	FY 2013	FY 2014	FY 2012 to FY 2014
Personnel Services Subtotal	34,896	35,273	36,364	1,468
Non-Personnel Services				
Travel	127	85	85	(42)
Transportation of Things	7	-	-	(7)
Rent, Communications, Utilities	51	55	55	4
Printing and Reproduction	46	46	46	-
Other Services	11,143	12,569	11,514	371
Training	184	200	195	11
Supplies	74	45	45	(29)
Non-Personnel Subtotal	11,632	13,000	11,940	308
GRAND TOTAL	46,528	48,273	48,304	1,776
Associated FTE	205	201	206	1

NOTE: FY 2014 Personnel Services include \$8,700K for Common Distributables which consist of Workers Compensation Payment, Professional Liability Insurance and Unemployment Compensation.

DESCRIPTION OF CHANGE FROM FY 2012 TO FY 2014

The OCFO is requesting \$48,304K and 206 FTE for fiscal year 2014. This request is an increase of \$1,776K from the fiscal year 2012 level. This request includes an increase of \$1,468K in Personnel Services and an increase of 1 FTE from the fiscal year 2012 level. The fiscal year 2014 level assumes .75 percent pay raise/Cost of Living Adjustment and 1 percent for promotions and within grade increases. The OCFO is requesting an increase of \$520K in Common Distributables and \$308K in non-personnel services from the fiscal year 2012 level.

SUMMARY OF SYSTEMS/TOOLS REQUIRED TO MANAGE PROGRAM

Core Financial Services Investment – supports the budget execution, accounting, and financial reporting to the U.S. Treasury Department, OMB, Congress and the public by maintaining the official records of the transactions and balances of all financial activity. A central component of this investment is to replace the Department’s current legacy core accounting and subsidiary program ledger systems. Systems required substantial enhancements over time to reduce risk associated with audit, security, financial reporting, and operational effectiveness.

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HUD's effort to replace the legacy systems is a multi-year development initiative to establish a consistent, common enterprise-wide, financial system that is compliant with OMB's "shared first" model and the Federal Financial Management Improvement Act. Using a shared service approach involves major decisions and business process changes for HUD, but will provide a more responsive and compliant financial management solution.

Replacing the legacy systems allows HUD to accomplish several primary goals. The Core Financial Services Investment will enable HUD to link agency performance to costs through consolidation of financial systems to a consistent platform resulting in increased capability to accurately measure and report on program costs and maximize return on investment.

HUD will be able to achieve greater economies of scale by processing transactions through the shared service provider and avoid costly IT support, maintenance and customization of a stand-alone HUD system. Consolidation of financial systems simultaneously allows HUD greater transparency of cost information and provides the ability to produce comprehensive and timely information to stakeholders on demand as well as providing productivity improvements and an improved staff focus on providing better analytical information.

Additionally, HUD will be able to resolve material weaknesses, reportable conditions, and other HUD Office of Inspector General (OIG) and Anti-Deficiency Act (ADA) audit findings, resolve major management challenges and program deficiencies identified by the Government Accountability Office (GAO) and provide the highest potential for success in enhancing and supporting HUD's current and future business needs, and achievement of HUD's Strategic and Annual Performance Plan goals and objectives.

BUDGET REQUEST BY FUNCTION

Business Operations

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 Department wide initiatives, including the Campaign to Cut Waste. The Chief Financial Officer (CFO) advises the Secretary and Departmental Leadership on all aspects of financial management, accounting, and budgetary matters; analyzes budgetary implications of policy and legislative proposals; and provides technical oversight with respect to all budget activities throughout the Department.

The Appropriations Law Office addresses appropriations law issues, including issues that arise from funding provisions and appropriations Acts; involve 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. Attorneys in OCFO work together with attorneys in the Office of General Counsel (OGC) as necessary to address all incoming legal issues.

OCFO 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 budget

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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 approval updates; and coordination of all other administrative services to support the organization. The Director of the OCFO Management Staff also serves as OCFO's Equal Employment Opportunity (EEO) Officer and works with the Director of Departmental EEO in establishing and maintaining programs to promote equal opportunity for employees in OCFO. This Office is 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 Department-wide to help meet HUD's mission.

Business Operations				
(dollars in thousands)				
	FY 2012	FY 2013	FY 2014	FY 2012 to FY 2014
Personnel Services	\$2,195	\$1,980	\$2,151	(\$44)
Common Distributables	8,180	8,753	8,700	520
Personnel Subtotal	10,375	10,733	10,851	476
Travel	63	8	13	(50)
Transportation of Things	7	-	-	(7)
Printing and Reproduction	2	2	2	-
Other Services:	1,008	1,321	1,321	313
Training	73	75	73	-
Supplies	74	45	45	(29)
Non-Personnel Subtotal	1,228	1,452	1,455	226
GRAND TOTAL	11,603	12,184	12,306	703
Associated FTE	17	15	16	(1)

FTE/Workload Summary & Summary of Change

- 4 FTE to provide policy and funding guidance to OCFO and all HUD program offices. This is the same level as fiscal year 2012.
- 3 FTE to provide appropriations legal support to the Department. This is the same level as fiscal year 2012.
- 9 FTE to provide administrative support and coordinate the internal management of resources available to OCFO for assigned functions and programs. This is a decrease of 1 FTE from the fiscal year 2012 level due to the restructure of office procedures and personnel.

Budget

The Office of Budget 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 Office of Budget 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 2012	FY 2013	FY 2014	FY 2012 to FY 2014
Personnel Subtotal	\$5,162	\$5,542	\$6,580	\$1,417
Travel	9	8	13	4
Printing and Reproduction	40	40	40	-
Other Services	105	105	105	-
Training	22	25	25	4
Non-Personnel Subtotal	176	178	183	8
GRAND TOTAL	5,338	5,721	6,763	1,425
Associated FTE	40	41	49	9

FTE/Workload Summary & Summary of Change

- 4 FTE to perform Management Oversight, Policy & Guidance. This is an increase of 2 FTE from the fiscal year 2012 to provide for increased emphasis on policy, oversight and guidance.
- 18 FTE to perform Salaries and Expense Budget Formulation & Execution activities. This is an increase of 3 FTE from the fiscal year 2012 level due to increased emphasis on data analysis, workforce planning and budget oversight.
- 22 FTE to perform Program Budget Formulation & Execution. This is an increase of 3 FTE from fiscal year 2012 to support efforts to improve the IT Portfolio formulation and execution process.
- 5 FTE to support Appropriations Liaison division activities including coordination of the Department’s reporting and communication with the House and Senate Committees on Appropriations. This is an increase of 1 FTE from the fiscal year 2012 level to improve liaison with OMB and congressional staff.

Accounting – HQ

Accounting manages all activities associated with Accounting including the development, administration and evaluation of accounting and financial services within the Department. 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)				
	FY2012	FY2013	FY2014	FY2012 to FY 2014
Personnel Subtotal	\$5,356	\$5,273	\$5,237	(\$119)
Travel	12	45	25	13
Printing and Reproduction	4	4	4	-
Other Services	1,333	1,930	1,376	44
Training	19	27	25	6
Non-Personnel Subtotal	1,367	2,005	1,431	64
GRAND TOTAL	6,723	7,278	6,668	(55)
Associated FTE	42	40	39	(3)

FTE/Workload Summary & Summary of Change

- 8 FTE to service approximately 14,000 loans which includes calculating the borrowings and interest, general ledger maintenance, processing collections, offsets, payoff requests, audit confirmations, refunds, monthly subsidiary reconciliations and performing in-depth analysis and correction actions to problem loans. This is the same level as fiscal year 2012.
- 11 FTE to complete cash/non-cash reconciliations. This is the same level as fiscal year 2012.
- 10 FTE to process payments and collections. This is a decrease of 2 FTE from the fiscal year 2012 level due to restructuring of the electronic payments and collections process.
- 5 FTE to prepare Consolidated Reports and Financial Statements. This is a decrease of 1 FTE from the fiscal year 2012 level due to a streamlined computerization of the Consolidated Reports and Financial Statements.
- 3 FTE to manage and oversee HUD’s Travel Management Center (TMC), The HUD Travel Management System (HTMS). This is the same level as fiscal year 2012.
- 2 FTE to provide Policy & Guidance. This is the same level as fiscal year 2012.

Accounting - Field

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.

Accounting Field				
(dollars in thousands)				
	FY 2012	FY 2013	FY 2014	FY 2012 to FY 2014
Personnel Subtotal	\$5,421	\$5,411	\$5,505	\$85
Travel	27	8	13	(14)
Rent, Communications, Utilities	51	55	55	4
Training	27	29	27	-
Non-Personnel Subtotal	105	92	95	(10)
GRAND TOTAL	5,526	5,502	5,601	75
Associated FTE	42	41	41	(1)

FTE/Workload Summary & Summary of Change

- 40 FTE to process approximately 34K Commercial Invoices, 1K Travel Vouchers and Orders, and 1K Program Payments, execute approximately 270K Obligating Documents, complete 18 Reconciliations, Relocation Requests, and manage Special Projects and Quality Control/Audits. This is a decrease of 1 FTE from the fiscal year 2012 level.
- 1 FTE to perform Management Oversight, Policy and Guidance and Monitoring of Financial Systems This is the same level as fiscal year 2012.

Financial Management

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

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Control of Funds oversight through review/approval of program office funds control plans and performing compliance reviews of funds control processes; and conducting independent investigations of potential Anti-Deficiency Act (ADA) violations.

Financial Management				
(dollars in thousands)				
	FY 2012	FY 2013	FY 2014	FY 2012 to FY 2014
Personnel Subtotal	\$3,485	\$3,431	\$3,491	\$7
Travel	8	8	13	5
Other Services	6,762	7,278	6,998	237
Training	17	18	17	-
Non-Personnel Subtotal	6,786	7,304	7,028	242
GRAND TOTAL	10,271	10,736	10,520	249
Associated FTE	27	26	26	(1)

FTE/Workload Summary & Summary of Change

- 5 FTE to monitor, coordinate, follow-up on 287 Audit Reports issued by GAO and OIG. This is the same level as fiscal year 2012.
- 4 FTE to manage the Department’s Internal Control and Risk Management Programs. This is the same level as fiscal year 2012.
- 5 FTE to implement 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 in support of the Secretary's Annual Assurance Statement regarding HUD's Internal Controls. This is the same level as fiscal year 2012.
- 2 FTE to perform program risk assessments and report improper payments. This is a decrease of 1 FTE from the fiscal year 2012 level due to the automation of the risk assessments and the reduction of improper payments.
- 2 FTE to coordinate the development of the Department's Summary of Performance and Financial Information Reports. This is the same level as fiscal year 2012.
- 2 FTE to conduct independent investigations of potential Anti-Deficiency Act (ADA) violations. This is the same level as fiscal year 2012.
- 2 FTE to review and update Financial Management Policy, Guidance and Procedures. This is the same level as fiscal year 2012.
- 2 FTE to review Funds Control Plans and performs Compliance Reviews. This is the same level as fiscal year 2012.
- 2 FTE to oversee the process for the delivery of data to the OIG for HUD's Annual Financial Statement Audit.

Systems

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

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provides support to OCFO and the Department in the stewardship of Financial and Budget systems that manage over \$40 billion annually and make over 750K in payment transactions. These systems are used Department-wide to account and budget for HUD’s grant, subsidy, loan and administrative expenses.

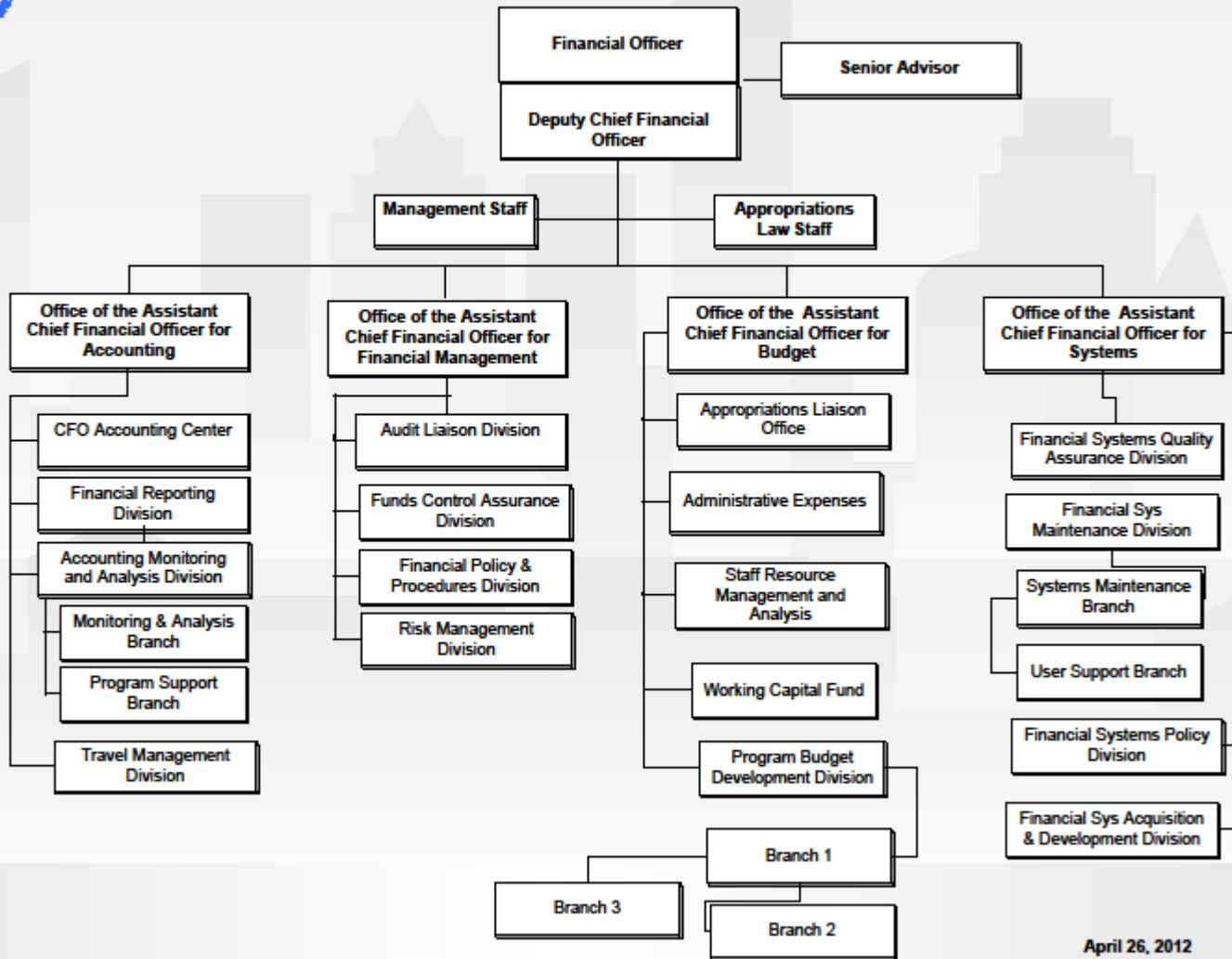
Systems				
(dollars in thousands)				
	FY 2012	FY 2013	FY 2014	FY 2012 to FY 2014
Personnel Subtotal	\$5,098	\$4,883	\$4,700	(\$398)
Travel	9	8	8	(1)
Other Services	1,935	1,935	1,713	(222)
Training	25	26	27	1
Non-Personnel Subtotal	1,969	1,969	1,748	(222)
GRAND TOTAL	7,067	6,852	6,448	(620)
Associated FTE	40	36	35	(5)

FTE/Workload Summary & Summary of Change

- 8 FTE to manage the OCFO’s Financial Systems, which support the entire Department. This is the same level as fiscal year 2012.
- 8 FTE to design and perform tests and analyses of financial management systems such as transaction processing, reports and internal controls. This is a decrease of 1 FTE from the fiscal year 2012 level due the reorganization of the performance tests and analyses.
- 9 FTE to provide Management and Oversight of Systems Policies and Procedures for all work associated with developing the HUD Performance and Accountability (P&A) Report, preparing the Departmental 5-Year Plan and status report, and coordinating cash management activities for the Department. This is a decrease of 3 FTE from the fiscal year 2012 level due to restructuring of the office and the integration of shared services contract.
- 8 FTE to perform capital planning and evaluation of systems; coordinate preparations of OMB 300Bs for OCFO systems, A-127/FFMIA activities, and prepare the financial management system section of the 5-Year Plan in accordance with OMB A-11. This is a decrease of 1 FTE from the fiscal year 2012 level due to the automation of the financial management processes and procedures.
- 2 FTE to perform Management Oversight, Policy and Guidance and Monitoring of Financial Systems. This is the same level as fiscal year 2012.



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April 26, 2012