

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

(\$ in Thousands)

	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Personnel Services	27,728	27,903	28,832
Common Distributable	7,121	8,067	8,000
Personnel Services Subtotal	\$34,849	\$35,970	\$36,832
Non-Personnel Services			
Travel	133	85	85
Rent and Utilities	60	60	60
Printing	51	46	46
Other services/Contracts	11,087	42,599	14,936
Training	226	195	195
Supplies	45	45	45
Attorney's Fees	-	-	-
Working Capital Fund (WCF)	-	-	692
OIG WCF			560
Non-Personnel Services Subtotal	\$11,602	\$43,030	\$16,619
Grand Total	\$46,451	\$79,000	\$53,451
Associated FTE	190.3	192.0	195.0

Program Area Overview:

The Office of the Chief Financial Officer (OCFO) provides Department-wide leadership to further the practice of sound financial management in programs and operations. OCFO leads the Department in the financial integrity, fiscal responsibility, accountability, and stewardship of public resources. While advising the Secretary and Departmental leadership on all aspects of financial management and budget, OCFO works to ensure the Department meets established financial management goals and complies with pertinent legislation and directives. In addition, OCFO analyzes budgetary implications of policy and legislative proposals and oversees budget activities throughout the Department. Starting in 2016, OCFO will establish and manage the Department's Working Capital Fund, as provided in the 2016 Consolidated Appropriations Act.

Requested Level and Justification

OCFO requests \$53,451K in fiscal year 2017 to support an estimated 195.0 Full Time Equivalents (FTE). The decrease of \$25,549K reflects the move of the shared service transaction costs to the Working Capital Fund structure, where program offices will begin paying for these services based on use.¹ It also reflects the Department's continued efforts to strengthen financial management and budget formulation and execution by streamlining across the Department, and centralizing functions where appropriate.

- Personnel Services: OCFO requests \$28,832K to support an estimated 195.0 FTE—a slight increase over 2016 enacted. CFO will continue offering buyouts during first quarter of fiscal year 2017 to support the Department's transition to Shared Services. The net increase reflects the restoration of core budget staff and the establishment of the working capital fund management team. It also reflects HUD efforts in working towards centralization of financial management and budget functions.
- Common Distributable: OCFO requests \$8,000K, a decrease of \$67K from fiscal year 2016, to support CFO's Common Distributable payments for Professional Liability Insurance, Worker's Compensation and Unemployment Compensation.
- Non-Personnel Services: OCFO requests \$16,619K to support funding requirements for Travel, Rent/Utilities, Printing, Contracts, Training, and Supplies. The 2017 request reflects the move of shared services costs for Travel, Financial Management and procurement from OCFO, to the Department's Working Capital Fund starting in 2016.
 - Working Capital Fund: Estimates include \$1,252K to pay working capital fund fees for shared services and other investments determined by the Secretary. OCFO's estimate includes OIG's portion of WCF costs in the amount of \$560K for financial management, procurement, and travel.

¹ Please see the Congressional Justification for the Working Capital Fund for more information.

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Full-time Equivalents

Staffing	FY 2015 FTE	FY 2016 FTE (Est)	FY 2017 FTE (Est)
Immediate Office	3.5	5.5	6.0
Management Staff Division	17.9	15.0	16.0
Appropriations Law Staff	3.3	3.5	3.5
Assistant CFO for Budget	37.3	50.0	59.0
Assistant CFO for Accounting HQ	32.4	28.5	26.0
Ft Worth Accounting Center	33.1	28.0	26.0
Assistant CFO for Financial Management	22.0	22.5	22.0
Assistant CFO for Systems	40.8	39.0	36.5
Total	190.3	192.0	195.0

Key Operational Initiatives

- Business Alignment to adapt Shared Services – CFO’s business alignment to adapt Shared Services may include restructuring, VERA/VSIP, realignment and/or possible reorganization within the CFO. These options are under consideration at this time. In addition, HUD is working towards strengthening financial management and budgeting, through centralization of certain functions in the Department.
- Improve Financial Governance and work towards regaining our clean audit opinion - HUD will regain a clean audit opinion by strengthening financial governance through a collaborative approach with CFO and other Program Offices. CFO will reassess the changes in our program and financial environments through the application of federal accounting standards and financial management requirements. In addition, CFO will seek external expertise and explore new options to resolve long-standing issues. This initiative will result in streamlined and compliant processes, expanded understanding of program complexities and appropriate application of standards/requirements, improved financial information for better decision making and more reliable reporting, and, ultimately, resolution of audit findings. In addition, the initiative will position the agency to identify and address potential issues before they arise to the material weakness level impacting the audit opinion.

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- Building HUD staff financial skills - A key objective of OCFO is to recruit, retain, and develop highly-skilled financial management and budget staff. At the end of fiscal year 2015, OCFO initiated a new Training Academy to strategically employ training resources across the CFO in a more targeted and efficient manner to achieve greater results. The CFO has incorporated guidance for the Academy efforts from the Office of Personnel Management, the Office of Management and Budget, the National Academy of Public Administration, other agencies, and the Association of Government Accountants. These training investments will dovetail with other improvements in our financial management, including the move to shared services for financial reporting and stronger governance and coordination with program offices. The Academy program will provide curriculum-based financial training across the CFO workforce, including an emphasis on improved internal controls and vigorous analytics. The Academy and other training efforts will reflect increased enrollment in courses, an emphasis on performance and expanded opportunities to achieve valued identifiable core financial competencies including widely recognized certifications of expertise.
- Establishing the working capital fund - Establishing the working capital fund will create a mechanism for the Department to finance enterprise goods and services that supports more efficient operations, stronger governance, and increased transparency. Starting in 2017, OCFO anticipates moving further towards a true working capital fund, where offices will pay for their own use of goods and services through the working capital fund. OCFO will stand up a WCF financial management and governance the WCF. OCFO will continue working to stand up and improve transparent and reliable price allocation models for all goods and services financed through the Fund. The OCFO will also establish a governance structure for the WCF, working closely in coordination with business line owners and customers. Please see the Congressional Justification for the Working Capital Fund for more information.
- Develop Financial Management systems and processes to support the grants and loans programs within the Department - CFO will work with OCIO and Program Offices to develop modernized business systems, policies and procedures for grant and loan programs affected by the replacement of HUD's legacy systems. CFO's investment will ensure existing audit findings are addressed and will mitigate future audit risk to the Department for these mission centric programs. Additionally, CFO will support analysis of HUD's mission programs and facilitate proactive, data-driven management decisions by Program Offices.
- Shared service implementation – OCFO is focused on continued strong management and oversight of financial management, procurement, and travel shared services. With the Department's transition to Shared Services, CFO established the Business Operations and Support Execution (BOSE) work group as the primary point-of-contact between the Shared Services provider and HUD employees. BOSE provides customer care and support through facilitation and escalation of unresolved ARC Help Desk requests; management of system errors and issue resolution for transaction processing; and managing process and system change requests. This work group is also responsible for oversight of the Shared Services Provider to ensure HUD receives the intended value for services being purchased in a timely and effective manner.

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- Contract Consolidation - Working with the Office of the Deputy Secretary, OCFO is scrubbing its NPS contracts to maximize efficiency and reduce duplication of efforts. OCFO will increase efficiency and reduce duplication by consolidating contracts to better align with changes in Federal financial management requirements, focus on delivering value to the programs, leverage methods and approaches used by other Federal agencies in the execution of improper payment programs, and identify opportunities to address new mandates such as the Data Act and enterprise risk management.