

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

(Dollars in Thousands)

	FY 2016 Actuals	FY 2017 Annualized CR	FY 2018 President's Budget
Personnel Services	26,484	26,636	27,658
Common Distributable	6,392	6,881	7,000
Personnel Services Subtotal	\$32,876	\$33,517	\$34,658
Non-Personnel Services			
Travel	194	150	150
Printing	20	46	46
Other services/Contracts	17,359	20,432	11,625
Training	182	195	195
Supplies	-	45	45
Non-Personnel Services Subtotal	\$17,755	\$20,868	\$12,061
Working Capital Fund (WCF)	-	\$24,190	\$3,621
Grand Total	\$50,631	\$78,575	\$50,340
Associated FTE	174.4	174.7	177.1

1. Program Purpose and Fiscal Year 2018 Budget Overview

The Office of the Chief Financial Officer (OCFO) provides HUD-wide leadership to support HUD's mission through sound financial management in programs and operations. OCFO leads HUD in practicing financial integrity, fiscal responsibility, accountability, and stewardship of public resources. While advising the Secretary and HUD leadership on all aspects of financial management and budget, OCFO works to ensure that HUD 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 HUD.

The fiscal year 2018 President's Budget of \$50,340K, is \$28,235K less than the fiscal year 2017 Annualized CR level. This total includes \$3,621K for OCFO's allocation towards the Working Capital Fund (WCF) and the fiscal year 2017 CR level includes \$23,859K

Administrative Support Offices - Office of the Chief Financial Officer

in support of HUD-wide financial management shared services. The fiscal year 2018 President's Budget will support optimal outcomes for HUD's mission through consistent, strong financial management and internal controls across HUD; transparent, accurate, and timely financial reporting; best shared practices; and continued focus on building and sustaining HUD's core workforce in Budget, Accounting, Systems and Financial Management.

Personnel Services (PS): OCFO requests \$27,658K to support an estimated 177.1 FTE – an increase of \$1,022K and 2.4 FTE from the fiscal year 2017 CR level. The net increase reflects the restoration of core supervisory budget staff and onboarding of key Budget, Accounting and Financial Management personnel, and is offset by reductions in non-personnel spending.

Common Distributable (CD): OCFO requests \$7,000K, an increase of \$119K from fiscal year 2017, to support its Common Distributable payments for Professional Liability Insurance, Worker's Compensation and Unemployment Compensation.

Non-Personnel Services (NPS): OCFO requests \$12,061 to support funding requirements for Travel, Printing, Contracts/Other Services, Training, and Supplies. The fiscal year 2018 request reflects a cost savings from OCFO's fiscal year 2017 contract consolidation and other efficiencies.

Working Capital Fund (WCF): In 2016, OCFO established the Department's WCF as provided in the 2016 Consolidated Appropriations Act. For fiscal year 2018, OCFO requests \$3,621K to pay WCF fees for shared services and other investments as directed by the Secretary. The fiscal year 2018 request reflects distribution of Shared Services costs throughout the Department.

2. Full-time Equivalents

Full-time Equivalents			
Staffing	FY 2016 FTE	FY 2017 FTE (Est)	FY 2018 FTE (Est)
Immediate Office	1.3	4.5	6.5
Management Staff Division	17.2	15	12
Appropriations Law Staff	4	4	4
Assistant CFO for Budget	38.9	44.1	45.5
Assistant CFO for Accounting	28.1	24.5	26
Ft Worth Accounting Center	27.4	24	24
Assistant CFO for Financial Management	21.1	23.6	24.1
Assistant CFO for Systems	36.4	35	35
Total	174.4	174.7	177.1

3. Key Operational Initiatives

- Business Alignment to adapt Shared Services – OCFO’s business alignment to its operations under Shared Services may include restructuring, realignment and/or possible reorganization within the OCFO. These options are currently under consideration. In addition, HUD is working towards strengthening financial management and budgeting, through centralization of certain functions in the Department.
- Improve Financial Governance and make progress towards regaining our Clean Audit opinion – HUD will regain a clean audit opinion by strengthening financial governance through a collaborative approach with OCFO and other Program Offices. Through a multi-year integrated audit remediation approach, commonalities among HUD’s material weaknesses will be evaluated for discussion and resolution to address long-standing issues holistically. OCFO will reassess the changes in our program and financial environments through the application of federal accounting standards and financial management requirements. In addition, OCFO will seek external expertise and explore new options to resolve long-standing issues. This initiative will result in streamlined and compliant processes, expanded knowledge of program complexities and resolution of deviations in application of standards/requirements, improved financial information for better decision making and more reliable reporting, and resolution of

Administrative Support Offices - Office of the Chief Financial Officer

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.

- Building HUD staff financial skills – A continued key objective of OCFO is to recruit, retain, and develop highly-skilled financial management and budget staff. The request will continue to support the Training Academy, established in 2015, and other targeted training efforts to strategically deploy training resources across OCFO. These training investments will dovetail with other financial management improvement efforts, including the move to shared services for financial reporting and strong governance and coordination with program offices. The Training Academy provides curriculum-based financial training across the OCFO workforce with emphasis on improved internal controls and enterprise risk management, vigorous analytics, highly effective leadership and problem solving. OCFO's fiscal year 2018 training efforts will provide both broad and targeted learning opportunities and emphasize performance to achieve valued identifiable core financial competencies and apply them in their work assignments.
- Maturing the WCF - The WCF is a mechanism for HUD to finance enterprise goods and services that supports more efficient operations, stronger governance, and increased transparency. In fiscal year 2018, OCFO anticipates continued movement towards a true WCF, where offices will pay for their own use of WCF goods and services. OCFO will build on progress made in fiscal year 2017 from the establishment of sound financial management and governance practices. OCFO will continue working to refine the WCF price allocation model for all goods and services financed through the Fund, with emphases on transparency and replicability. Finally, OCFO will normalize the governance structure for the WCF as part of annual HUD operations, working closely in coordination with business line owners and customers. Please see the Congressional Justification for the WCF for more information.
- Develop Financial Management systems and processes to support the grants and loans programs within the HUD – the OCFO 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. OCFO's investment will seek to address existing audit findings and mitigate future audit risk to HUD for these mission-centric programs. Additionally, OCFO will support analysis of HUD's mission programs and facilitate proactive, data-driven management decisions by Program Offices.
- Contract Consolidation – OCFO will continue to review and scrub its Non-Personnel Services contracts to maximize efficiency and reduce duplication of efforts 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 and identify opportunities to address new mandates.