# 2023 USDA EXPLANATORY NOTES – OFFICE OF THE CHIEF FINANCIAL OFFICER

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*AGENCY-WIDE*

## PURPOSE STATEMENT

The Secretary established the Office of the Chief Financial Officer (OCFO) in 1995 under authority provided in Reorganization Plan Number 2 of 1953 (7 U.S.C. 2201) to comply with the Chief Financial Officer Act of 1990. The OCFO focuses on the Department's financial management activities to improve program delivery and assure maximum contribution to achieving the mission of USDA.

OCFO operations are led by the Chief Financial Officer (CFO), who is assisted by the Deputy CFO; three Associate CFOs for Shared Services, Financial Operations, Financial Policy and Planning; and the Director of the National Finance Center (NFC). OCFO is responsible for:

- Financial system management policy and the provision of timely, accurate, and reliable information from financial systems;
- Development of financial statements, cost accounting policy, and financial management budgets;
- Policy guidance and oversight of the Department's internal controls and management accountability programs and reporting to ensure adequate controls over the Department's assets;
- Oversight of the Departmental Working Capital Fund (WCF) and the Shared Cost Programs (SCP); and
- Providing policy guidance and oversight of the travel system, grants management, cash and credit management operations, and other financial management functions.

NFC employs staff in the operation and support of centralized, automated, and integrated payroll, personnel, administrative payments, and central accounting systems which serves more than 40 Federal Departments, independent agencies, and Congressional entities, including USDA. Operations at NFC are financed entirely by fee-for-service contracts with customers through the USDA WCF. No direct appropriated funding for NFC is reflected in the OCFO operating budget.

The OCFO headquarters is located in Washington, D.C. As of September 30, 2021, there were 1,138 full-time permanent employees funded by appropriated funds (28) and the Working Capital Fund (1,107).

**OIG AND GAO REPORTS**

*Table OCFO-1. FY2021 Completed OIG Reports (closed audits)*

| Audit Report Number | Issuance Date | Title |
|---|---|---|
| 50401-0013-11 | 11/15/2017 | U.S. Department of Agriculture's Consolidated Balance Sheet for Fiscal Year 2017 |

*Table OCFO-2. In-Progress OIG Reports (audits pending closure)*

| Audit Report Number | Title |
|---|---|
| 11601-0001-12 | USDA Fiscal Year 2019 First Quarter Data Act Submission |
| 50016-0001-23 | Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture |
| 50024-0001-24 | USDA'S Fiscal Year 2020 Compliance with Improper Payment Requirements |

*Table OCFO-3. FY2021 Completed GAO Reports*

| ID | Date | Title |
|---|---|---|
| GAO-16-510 | 9/24/2021 | Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans |
| GAO-16-554 | 9/24/2021 | Improper Payments: CFO Act Agencies Need to Improve Efforts to Address Compliance Issues |

*Table OCFO-4. In-Progress GAO Reports (Pending closure)*

| ID | Title |
|---|---|
| GAO-17-159 | Single Audits: Improvements Needed in Selected Agencies' Oversight of Federal Awards |
| GAO-20-336 | Agencies Improper Payment Corrective Action Plans |

**AVAILABLE FUNDS AND FTES**

*Table OCFO-5. Available Funds and FTEs (thousands of dollars, FTEs)*

| Item | 2020 Actual | FTE | 2021 Actual | FTE | 2022 Estimated | FTE | 2023 Estimated | FTE |
|---|---|---|---|---|---|---|---|---|
| Salaries and Expenses: | | | | | | | | |
| Discretionary Appropriations | $6,028 | 28 | $6,109 | 28 | $6,109 | 34 | $7,374 | 39 |
| Lapsing Balances | -136 | - | -275 | - | - | - | - | - |
| Total Obligations | 5,892 | 28 | 5,834 | 28 | 6,109 | 34 | 7,374 | 39 |
| Transfers Out: | | | | | | | | |
| Working Capital Fund:a/ | -100 | - | - | - | - | - | - | - |
| Total Obligations, OCFO | 5,792 | 28 | 5,834 | 28 | 6,109 | 34 | 7,374 | 39 |
| Working Capital Fund:a/ | | | | | | | | |
| ASC OCFO Oversight...................................... | 1,179 | 5 | 974 | 4 | 1,533 | 7 | 1,593 | 7 |
| ASC WCF Controller........................................ | 2,253 | 10 | 1,972 | 10 | 2,651 | 12 | 2,788 | 12 |
| Financial Management Support Services............. | 3,331 | 16 | 3,092 | 16 | 3,344 | 17 | 3,344 | 17 |
| Financial Shared Services................................. | 171,205 | 513 | 167,547 | 579 | 167,072 | 617 | 171,818 | 620 |
| Internal Control Support Services...................... | 2,920 | 8 | 2,466 | 8 | 2,622 | 11 | 2,596 | 11 |
| National Finance Center................................. | 132,706 | 596 | 142,616 | 495 | 147,136 | 549 | 149,844 | 549 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total, Other USDA | 313,594 | 1,148 | 318,667 | 1,112 | 324,358 | 1,213 | 331,983 | 1,216 |
| Total Available, OCFO | 319,522 | 1,176 | 324,776 | 1,140 | 330,467 | 1,247 | 339,357 | 1,255 |

**PERMANENT POSITIONS BY GRADE AND FTEs**

*Table OCFO-6. Permanent Positions by Grade and FTEs*

| Item | 2020 Actual Total | 2021 Actual Total | 2022 Estimated Total | 2023 Estimated Total |
|---|---|---|---|---|
| SES | 2 | 2 | 2 | 2 |
| SL | - | - | - | - |
| GS-15 | 2 | 2 | 4 | 4 |
| GS-14 | 3 | 4 | 7 | 8 |
| GS-13 | 13 | 13 | 13 | 18 |
| GS-12 | 4 | 3 | 5 | 5 |
| GS-11 | 3 | 3 | 2 | 2 |
| GS-9 | 1 | 1 | 1 | - |
| Total Perm. FT EOY | 28 | 28 | 34 | 39 |
| FTE | 28 | 28 | 34 | 39 |

**SHARED FUNDING PROJECTS**

*Table OCFO-7. Shared Funding Projects (dollars in thousands)*

| Item | 2020 Actual | 2021 Actual | 2022 Estimated | 2023 Estimated |
|---|---|---|---|---|
| **Working Capital Fund:** | | | | |
| Administrative Services: | | | | |
| Material Management Service.................................................... | 36 | 36 | 61 | 61 |
| Mail and Reproduction Services............................................... | 89 | 97 | 80 | 81 |
| Integrated Procurement Systems.............................................. | 208 | 148 | 151 | 150 |
| Procurement Operations Services............................................. | 2,277 | 2,221 | 2,274 | 2,081 |
| Human Resources Enterprise Management Systems ................. | 12 | 13 | 10 | 10 |
| Subtotal.................................................................. | 2,622 | 2,515 | 2,576 | 2,383 |
| Communications: | | | | |
| Creative Media & Broadcast Center.......................................... | 1 | 34 | 37 | 49 |
| Finance and Management: | | | | |
| National Finance Center............................................................ | 1,913 | 1,318 | 2,104 | 2,142 |
| Financial Management Systems................................................. | 1,110 | 1,122 | 1,222 | 1,270 |
| Internal Control Support Services............................................ | 260 | 352 | 349 | 416 |
| Financial Management Support Services................................... | 87 | 83 | 86 | 87 |
| Subtotal.................................................................. | 3,370 | 2,875 | 3,761 | 3,915 |
| Information Technology: | | | | |
| Client Experience Center.......................................................... | 4,258 | 7,776 | 7,174 | 7,574 |
| Department Administration Information Technology Office........ | 746 | 1,115 | 1,121 | 1,144 |
| Digital Infrastructure Services Center....................................... | 8,803 | 42,145 | 40,865 | 40,874 |
| Enterprise Network Services..................................................... | 2,481 | 2,777 | 2,386 | 1,772 |
| Subtotal.................................................................. | 16,288 | 53,813 | 51,546 | 51,364 |
| Correspondence Management Services....................................... | 40 | - | - | - |
| Office of the Executive Secretariat........................................... | - | 41 | 52 | 52 |
| Total, Working Capital Fund....................................... | 22,321 | 59,278 | 57,972 | 57,763 |
| **Department-Wide Shared Cost Programs:** | | | | |
| Agency Partnership Outreach.................................................... | 114 | 96 | 90 | 90 |
| Human Resources Self-Service Dashboard................................. | 9 | - | - | - |
| Medical Services....................................................................... | 6 | 37 | 35 | 35 |
| Office of Customer Experience................................................. | 86 | 134 | 106 | 106 |
| Personnel and Document Security Program................................ | 36 | 40 | 38 | 38 |
| Physical Security...................................................................... | 87 | 60 | 51 | 52 |
| Security Detail.......................................................................... | 69 | 64 | 55 | 56 |
| Security Operations Program..................................................... | 87 | 90 | 75 | 75 |
| TARGET Center........................................................................ | 17 | 16 | 16 | 16 |
| National Capital Region Interpreting Services............................ | - | - | 14 | 18 |
| USDA Enterprise Data Analytics Services................................. | 121 | 76 | 54 | 54 |
| Total, Department-Wide Reimbursable Programs....................... | 632 | 613 | 534 | 540 |
| **E-Gov:** | | | | |
| Budget Formulation and Execution Line of Business...................... | 1 | 1 | 1 | 2 |
| Financial Management Line of Business...................................... | 2 | 2 | 2 | 2 |
| Human Resources Line of Business............................................ | 4 | 4 | 3 | 3 |
| Integrated Acquisition Environment........................................... | 50 | 61 | - | - |
| Hiring Assessments Tool........................................................... | - | - | 3 | 3 |
| Total, E-Gov.............................................................. | 57 | 68 | 9 | 10 |
| Agency Total.............................................................. | 23,010 | 59,959 | 58,515 | 58,313 |

*ACCOUNT 1: SALARIES AND EXPENSES*

**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Office of the Chief Financial Officer, [$7,118,000]$7,374,000.

**LEAD-OFF TABULAR STATEMENT**

*Table OCFO-8. Lead-Off Tabular Statement (In dollars)*

| Item | Amount |
|---|---|
| Estimate, 2022 | $6,109,000 |
| Change in Appropriation | + 1,265,000 |
| Budget Estimate, 2023 | 7,374,000 |

**PROJECT STATEMENT**

*Table OCFO-9. Project Statement (thousands of dollars, FTEs)*

| Item | 2020 Actual | FTE | 2021 Actual | FTE | 2022 Estimated | FTE | 2023 Estimated | FTE | Inc. or Dec. | FTE Inc. or Dec. | Chg Key |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Discretionary Appropriations: | | | | | | | | | | | |
| Office of the Chief Financial Officer.. | $6,028 | 28 | $6,109 | 28 | $6,109 | 34 | $7,374 | 39 | +$1,265 | +5 | (1) |
| Transfers Out: | | | | | | | | | | | |
| Working Capital Fund............................ | -100 | - | - | - | - | - | - | - | - | - | |
| Total Transfers Out............................ | -100 | - | - | - | - | - | - | - | - | - | |
| Total Available...................................... | 5,928 | 28 | 6,109 | 28 | 6,109 | 34 | 7,374 | 39 | 1,265 | 5 | |
| Lapsing Balances................................... | -136 | - | -275 | - | - | - | - | - | - | - | |
| Total Obligations................................... | 5,792 | 28 | 5,834 | 28 | 6,109 | 34 | 7,374 | 39 | +1,265 | +5 | |

*Table OCFO-11. Project Statement (thousands of dollars, FTEs)*

| Item | 2020 Actual | FTE | 2021 Actual | FTE | 2022 Estimated | FTE | 2023 Estimated | FTE | Inc. or Dec. | FTE Inc. or Dec. |
|---|---|---|---|---|---|---|---|---|---|---|
| Discretionary Obligations: | | | | | | | | | | |
| Office of the Chief Financial Officer | $5,792 | 28 | $5,834 | 28 | $6,109 | 34 | $7,374 | 39 | +$1,265 | +5 |
| Add back:.............................................. | | | | | | | | | | |
| Lapsing Balances................................... | 136 | - | 275 | - | - | - | - | - | - | - |
| Total Available...................................... | 5,928 | 28 | 6,109 | 28 | 6,109 | 34 | 7,374 | 39 | 1,265 | 5 |
| Less: | | | | | | | | | | |
| Total Transfers Out............................... | 100 | - | - | - | - | - | - | - | - | - |
| Total Appropriation............................. | 6,028 | 28 | 6,109 | 28 | 6,109 | 34 | 7,374 | 39 | 1,265 | 5 |

**Office of the Chief Financial Officer**

Base funds will allow the OCFO to continue to serve as the principal advisor to the Secretary and Senior Officials on all matters related to financial management, financial management systems, financial control and accounting, internal control and assessment and financial management training.

1) A net increase of $1,265,000 and 5 FTEs ($6,109,000 and 34 FTEs available in 2022).
   The funding change is requested for the following items:

   A) An increase of $135,000, which includes $65,000 for pay inflation and $70,000 for FERS.
      This increase supports the pay increase which went into effect January 1, 2022, of a 2.7 percent Cost of Living pay increases for civilian employees, and a 1.1 percent increase to cover the expenses for the mandated increase of USDA's contribution to FERS.

   B) An increase of $249,000 for 2023 Pay.

      This increase will support the annualization of the 2022 2.7 percent Cost of Living pay increase and the 2023 4.6 percent Cost of Living pay increase.

      This increase will support the pay increase for civilian employees. This increase will allow the OCFO to continue to meet its objective in administering and overseeing programs and policies relating to USDA operations. This critical increase is needed to support and maintain current staffing levels to meet the Department's needs and statutory requirements. Elimination of the pay cost increase means the OCFO would not be able to fund approximately 1 FTE and/or would need to significantly cut travel, training, and mission support. Approximately 82 percent of OCFO's budget supports personnel compensation and benefits. Failure to receive this increase would prevent the agency from fully performing its mission, which is necessary to ensure continued financial management and stewardship of financial resources for the Department.

   C) An increase of $7,000 for Working Capital Fund Expenses and Shared Cost Expenses.

      An increase of $7,000, which includes $1,000 for WCF and $6,000 for Shared Cost Programs inflationary costs. This increase will support an inflationary percentage increase of 3 percent for the Office of the Secretary to continue to fund the required fixed Departmental programs.

   D) An increase of $874,000 and 5 FTEs.
      The OCFO continuously strives to deliver high quality, consistently accurate, timely information, and data across its lifecycle to its stakeholders. The additional FTEs are necessary to ensure that OCFO is prepared to address the Administration's priorities and OMB's requirement for agencies to maximize the quality, objectivity, utility, and integrity of data and information disseminated. The OCFO has endured eight years of maintaining its current budget levels to support ever-increasing mission-critical strategic priorities, initiatives, and organizational requirements. The current funding level limits the Office's ability to fully address many of OCFO's priorities.

      OCFO is responsible for the financial leadership of an enterprise that has more than 100,000 employees, 14,000 offices and field locations, $208 billion in assets, and $143 billion in annual spending. As USDA has grown to meet the demands of the American farmers and ranchers, OCFO's funding has remained relatively flat. In order to meet the Department's needs and ensure proper fiscal stewardship, OCFO has had to absorb inflation, cost of living adjustments, promotions, and within grade increases, which has resulted in reduced services to USDA. These additional resources will enable OCFO to better meet the needs of its customers, meet critical deadlines, and remain in compliance with USDA's Department policies and federal laws and regulation

## GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTEs

*Table OCFO-10. Geographic Breakdown of Obligations and FTEs (thousands of dollars, FTEs)*

| State/Territory/Country | 2020 Actual | FTE | 2021 Actual | FTE | 2022 Estimated | FTE | 2023 Estimated | FTE |
|---|---|---|---|---|---|---|---|---|
| District of Columbia | $5,792 | 28 | $5,834 | 28 | $6,109 | 34 | $7,374 | 39 |
| Obligations | 5,792 | 28 | 5,834 | 28 | 6,109 | 34 | 7,374 | 39 |
| Lapsing Balances | 136 | - | 275 | - | - | - | - | - |
| Total, Available | 5,928 | 28 | 6,109 | 28 | 6,109 | 34 | 7,374 | 39 |

## CLASSIFICATION BY OBJECTS

*Table OCFO-11 Classification by Objects (thousands of dollars)*

| Item No. | Item | 2020 Actual | 2021 Actual | 2022 Estimated | 2023 Estimated |
|---|---|---|---|---|---|
| | Personnel Compensation: | | | | |
| | Washington D.C. | $3,535 | $3,386 | $4,298 | $5,004 |
| | Personnel Compensation, Field | - | - | - | - |
| 11 | Total personnel compensation | 3,535 | 3,386 | 4,298 | 5,004 |
| 12 | Personal benefits | 1,238 | 1,182 | 1,510 | 1,827 |
| 13.0 | Benefits for former personnel | - | - | - | - |
| | Total, personnel comp. and benefits | 4,773 | 4,568 | 5,808 | 6,831 |
| | Other Objects: | | | | |
| 21.0 | Travel and transportation of persons | 19 | 3 | 30 | 45 |
| 23.1 | Rental payments to GSA | 10 | 10 | 12 | 13 |
| 23.3 | Communications, utilities, and misc. charges | 150 | 60 | 10 | 13 |
| 24.0 | Printing and reproduction | 41 | 12 | 3 | 5 |
| 25.1 | Advisory and assistance services | 274 | 676 | 25 | 75 |
| 25.2 | Other services from non-Federal sources | 53 | 84 | 65 | 175 |
| 25.3 | Other goods and services from Federal sources | 353 | 371 | 130 | 160 |
| 25.5 | Research and development contracts | 14 | - | - | - |
| 26.0 | Supplies and materials | 101 | 50 | 16 | 20 |
| 31.0 | Equipment | 4 | - | 10 | 15 |
| | Total, Other Objects | 1,019 | 1,266 | 301 | 543 |
| 99.9 | Total, new obligations | 5,792 | 5,834 | 6,109 | 7,374 |
| | DHS Building Security Payments (included in 25.3)...... | $54 | $45 | $24 | $25 |
| | Position Data: | | | | |
| | Average Salary (dollars), ES Position | $177,000 | $181,000 | $186,000 | $186,000 |
| | Average Salary (dollars), GS Position | $110,000 | $114,000 | $118,000 | $121,000 |
| | Average Grade, GS Position | 13.3 | 13.4 | 13.5 | 13.6 |

## Advertising Expenditures

There are no contracts for advertising expenses to report.

STATUS OF PROGRAMS

The Office of the Chief Financial Officer (OCFO) has Department-wide responsibility and leads USDA's financial management, financial management systems, financial control and accounting, internal control and assessment, and financial management training. OCFO is also responsible for the administration of the Working Capital Fund (WCF) and directly manages four WCF-funded activities:

(1) the National Finance Center;

(2) Financial Management Services;

(3) Internal Controls and Support Services; and

(4) Financial Management Support Services.

The Chief Financial Officer (CFO) is USDA's principal financial management policy officer and the chief financial advisor to the Secretary and Senior Officials. The CFO also serves as the Departmental official charged with the responsibility for the financial health of the WCF, and effective day-to-day financial management.

**Current Activities**

**Departmental Financial Statements**

USDA received an unmodified opinion on its Fiscal Year (FY) 2021 financial statements. OCFO maintains continuous process improvement for financial management and information technology security. USDA will continue to make improvements to USDA's internal controls regarding its financial reporting and financial systems, including:

- Reducing the number and severity of material weaknesses and significant deficiencies for financial reporting and financial systems, including compliance with the Federal Information Security Management Act; and
- Effectively monitoring, reviewing, and certifying unliquidated obligations.

**Budget Services**

A wide variety of budgetary services are provided by the Budget Division to the Office of the Secretary and Departmental staff offices. These services include:

- Preparation of detailed exhibits and tables and supporting justification for the President's budget requests submitted to the Office of Management and Budget (OMB) and Congress;
- Establishment of budgetary amounts and financial controls in the Department's financial system; and
- Financial advice and assistance to policy and program officials relating to ongoing operating programs, including analysis of issues, monitoring of resource utilization via status of funds reporting, and development of alternatives and recommended courses of action for resource allocation, development, and budget execution.

This service covers over 20 appropriation accounts which encompass diverse functions, programs, and activities, each of which require technical service at a level equivalent to the operation of a separate appropriation. The Budget Division also provides services to the Departmental Shared Cost Program Advisory Committee by conducting reviews and making resource recommendations to the Advisory Committee in setting funding levels and priorities for decision by the Secretary.

**Payment Integrity, Cash Management, and Debt Management and Collections**

The Office of the Chief Financial Officer's Fiscal Policy Division (FPD) leads USDA agencies and staff offices for meeting the requirements of the Payment Integrity Information Act of 2019 (PIIA) and the Debt Collection Improvement Act of 1996. FPD oversees agency programs to ensure compliance with the laws and provisions of the Office of Management and Budget (OMB), Department of Treasury (Treasury), Government Accountability Office (GAO), and the Office of Inspector General (OIG).

In part, FPD provides a Department-wide consolidated response to laws, guidance, and policy by coordinating data calls, analyzing submissions, and giving feedback to agencies regarding:
- Improper payments and overpayment recovery;
- Cash management of Administrative Wage Garnishments and Salary Waivers;
- Debt management and collections; and

- USDA-Treasury Interdepartmental efforts regarding Do Not Pay database utilization.

FPD also plans and communicates up-to-date, relevant guidance with Departmental user groups to coordinate, track, and monitor the preparation to meet government-wide financial policy and planning initiatives' requirements. Specifically, FPD affects the management of agency programs for these requirements by addressing the issues of PIIA related mandates such as Do Not Pay (DNP), Overpayment Recovery Auditing, High Dollar Overpayments, Improper Payments Testing and Reporting, and Corrective Action Plans (CAPs) to minimize monetary loss. FPD coordinates the reporting for the Improper Payment section of the USDA's annual Agency Financial Report; serves as USDA's official representatives to OMB, GAO, and Treasury; and functions as the Department's audit support in OIG's mandatory audits.

USDA leadership is committed to improving USDA's payment integrity and accuracy by addressing root causes of payment error, pursuing advances in anti-fraud efforts, managing debt, and taking collective actions to ensure proper collections of outstanding debt, and ultimately eliminating waste abuse.

Current activities include:
- Assisting agencies in meeting required reporting deadlines for risk assessments, statistical sampling, improper payment rate reporting, corrective actions that address root causes of improper payments, DNP, and recovery/recapture auditing;
- Monitoring USDA agencies' CAPs for development of internal controls, systems enhancements, and payment recapture/recovery of identified improper payments, assuring program integrity and the improvement of payment integrity rates;
- Coordinating a consolidated Departmental response to PIIA reporting requirements for the USDA's Agency Financial Report, which includes recapture/recovery auditing accomplishments; and
- Establishing DNP within USDA to increase the accuracy of financial payments and disbursements. DNP is an enhancement to current processes by offering a one-stop database that makes available various prepayment and pre-award reviewing procedures to minimize erroneous payments and monetary loss.

**Travel and Conference Activities**
OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services, the travel card program and conference management.

Current activities include:
- Minimizing inappropriate use of the travel card through the use of training and compliance/data mining activity;
- Conducting data calls to ensure various reports to outside entities are submitted on time;
- Reviewing and analyzing conference proposals to ensure responsible use of government time, and resources; and
- Holding meetings with the electronic travel system provider, vendor bank, compliance/data mining partners and agency travel and policy points of contacts.

**U.S. Government Accountability Office (GAO) and Office of Inspector General (OIG) Audits**
**OIG Audit Follow-up**
As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to the OMB Circular A-50, Audit Follow-up; and (2) researches and analyzes audits, making determinations on final actions, monitoring management's actions on audits, tracking individual audit recommendations, and reporting results annually to the Congress.

**GAO Audit Closures**
GAO provides Congress, the heads of executive agencies, and the public with timely, fact-based, non-partisan information that can be used to improve government and save taxpayers billions of dollars. GAO performs audits at the request of Congressional committees or subcommittees or is statutorily required by public laws or committee reports, per our Congressional Protocols. OCFO maintains an inventory of open GAO audits, but is not involved in making determinations of final action. Supporting documentation for closure of GAO audit recommendations is submitted by the auditee directly to GAO for a decision. When recommendations are successfully closed, the GAO records this information in the GAO audit database and notifies the auditee. The auditee will in turn notify OCFO of the closure to facilitate updates to our records in the Audit Follow-up Tracking and Reporting tool.

*Specifically Addressed Areas*
OCFO also provides policy guidance and assistance to agencies on technical matters related to the OIG and Government Accountability Office audits. Specific efforts by OCFO related to the OIG audits included:

- Periodic coordination with USDA's OIG to share the current status of open audit recommendations;
- Collaborating with the Department to develop dashboards on the CXO Tableau site to depict USDA agencies and staff office status and compliance on the resolution of OIG Audit recommendations;
- Following-up with USDA agencies' management and/or agency audit liaison officials to ensure corrective action responses to audit findings and recommendations are appropriate and achievable, cost-effective, and tracked to achievement of final action by the estimated completion dates;
- Reviewing and analyzing USDA agencies' progress in completing corrective action for audits one-year or more past the management decision date, without final action and behind schedule;
- Providing useful and timely information on the status of audits to USDA management and Congress for decision-making and resource allocation purposes;
- Working with OIG on a Final Action Verification to determine if the agency/staff office provided OCFO with sufficient documentation to support corrective action as agreed in the original management decision;
- Collaborating with the Office of Budget & Program Analysis to include a report on outstanding OIG and GAO recommendations with the annual budget justification to Congress; and
- Increasing efforts to monitor agency/staff office progress on closure of GAO audit recommendations.

**Management Accountability and Control**
The OCFO is responsible for management accountability and control under the CFO Act; Federal Managers' Financial Integrity Act (FMFIA); Federal Financial Management Improvement Act (FFMIA) and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. OCFO establishes policy and guidance to ensure that USDA agencies comply with the requirements of FMFIA and FFMIA, and report on material weaknesses, financial system non-conformances, and FFMIA noncompliance in the Agency Financial Report to the Congress and the President.

To accomplish this task, OCFO prepares the annual data call to the Under and Assistant Secretaries, heads of USDA staff offices, USDA component agency Chief Financial Officers, and Management Control Officers, requesting a certification statement on compliance with FMFIA and FFMIA as of June 30, 2021 and an addendum (Bridge Memo) that covered the period July 1 through September 30, 2021. Each submission was reviewed to compile the Secretary's Annual Assurance Statement. Additionally, OCFO is responsible for the following:

- Following-up and coordinating with USDA agencies on the resolution or mitigation of auditor identified material deficiencies, system non-conformances, and FFMIA non-compliances;
- Reviewing and providing feedback to agencies and staff offices on their Entity Level Control (ELC) assessments and draft/final certification statements;
- Working with USDA agencies, staff offices and the OIG to identify and report non-compliances with laws and regulations;
- Annually providing training to USDA agencies and staff offices on the completion of the ELC questionnaire in A-123 Compliance and Reporting Tool. This is essential to evaluate the effectiveness of an agencies internal controls as prescribed by the Green Book principles; and
- Conducting training in the preparation of annual certification statement and bridge memo.

**Management Challenges**
The OIG is required by the Reports Consolidation Act of 2000 to report annually on the foremost serious management challenges USDA and its agencies face. These issues bring about obstacles that hinder the operational effectiveness of USDA programs. Achievements by OCFO included:
- Ensuring progress on prior year management challenges was monitored at least quarterly;
- Collaborating with USDA agencies and Staff offices to ensure corrective action plans were developed in the OCFO automated tracking system to address the 2020 Management Challenges;
- Reporting, in the Agency Financial Report (AFR), references to the management challenges report by OIG; and
- Generating reports from the OCFO automated tracking system to compile status update reports for quarterly distribution to OIG.

*Specifically Addressed Areas*

In FY 2020, OIG identified seven most serious management challenges faced by USDA and its agencies. The challenges were included in USDA's FY 2020 AFR. During FY 2021, OCFO monitored planned actions proposed by USDA agencies and staff offices to mitigate and resolve the challenges identified.

**Transparency and Accountability Reporting**

The Transparency and Accountability Reporting Division leads the Department's efforts to provide greater information sharing and transparency of data at USDA. OCFO provides Department oversight of Federal financial assistance policy, including Suspension and Debarment policy and Prizes and Challenges policy. OCFO is responsible for the Digital Accountability and Transparency Act (DATA Act) reporting. OCFO also supports conference transparency, foreign assistance and supplemental funding (disaster-related) reporting. In FY 2021, OCFO assimilated significant new American Rescue Plan reporting requirements and continues to maintain additional coronavirus (COVID-19) reporting and policy implementations. OCFO continues to provide oversight support, comply with, and improve these requirements and policies. The Transparency and Accountability Reporting Division manages the compilation of the Agency Financial Report required by OMB Circular A-136.

**Grants Policy**

OCFO provides policy guidance for Federal financial assistance including OMB Uniform Guidance found at Title 2 of the Code of Federal Regulation Part 200. OCFO continues to support the policy by developing and issuing Departmental Regulations to clarify requirements for certain parts of the Uniform guidance while addressing agency concerns and answering agency policy questions. OCFO issued guidance on Executive Order 14042, "Ensuring Adequate COVID Safety Protocols for Federal Contractors" for contract-like instruments which impact the financial assistance community.

OCFO leads the Department in Federal financial assistance policy and oversight, and regularly convenes the Federal Financial Assistance Committee (FFAC) consisting of agency representatives that are central to providing innovative solutions to grants reporting improvements. OCFO continued to work closely with the Foreign Agricultural Service and other USDA agencies in the implementation of their grant's module called EzFedGrants.

**Selected Examples of Recent Progress**

**Budget Services**

The Budget Division provides budgetary services for over 20 staff office appropriation accounts throughout the year. During FY 2021, the following budget services were achieved:

- Prepared the FY 2022 President's Budget for Departmental Administration and the USDA staff offices, which was presented to Congress;
- Developed the FY 2023 Agency Estimates, and Department Estimates;
- Successfully loaded FY 2021 actual spending and outlays for the FY 2023 budget in the OMB MAX entry system;
- Entered the FY 2022 budgetary apportionments for over 20 appropriated accounts including during the Continuing Resolutions for FY 2022 while using robotic process automation that effectively allowed for the establishment of budgetary authority in the financial system;
- Created accounting codes related to COVID-19 enabling staff within the Office of the Secretary to charge their time accordingly;
- Developed the FY 2022 operating spend plans for the Office of the Secretary's appropriation and reimbursable accounts; and
- Conducted reviews and recommendations for the Advisory Committee regarding funding decisions and recommendations to the Secretary for the Departmental Shared Cost Program reimbursements.

**Payment Integrity, Cash and Debt Management**
**Agency Financial Report**

The Payment Integrity (PI) team hosted a kick-off event with the agencies and USDA staff offices for the FY 2021 AFR to discuss the due dates and submission guidelines for the Payment Integrity Information Act of 2019 (PIIA) . Based on feedback from the previous fiscal year and the changes in reporting requirements, the PI team presented the revised submission process and spreadsheets. These revisions are the beginning steps of a plan to provide Agencies with more automated templates.

Completed the OMB Supplemental Data Call. The Supplemental Data Call broadened the reporting requirement to include previously excluded low-risk programs. Due to the increase in reporting requirements, the PI Team collaborated with the OMB team to allow USDA to meet the scheduled deadline. In addition to working with OMB, the PI team collaborated with Department program managers to gather and post the requested information.

Responded quickly to new reporting requirements for the FY 2021 AFR by updating Department reporting templates to match the new requirements.

For the first time in 3 years, the Payment Integrity portion of the AFR was completed and submitted to leadership by the established deadline without contractor support, realizing a cost avoidance of over $80,000.

**Debt Management**
Coordinated with Department points of contact and Chief Financial Officers to obtain information to fulfill the annual Treasury Report on Receivables and Debt Collection Activities (TROR) annual certification/verification requirements. The PI team organized, validated, and presented this information by the required deadline.

**Do Not Pay (DNP):**
DNP operates a resource dedicated to preventing and detecting improper payments. The Working System and DNP together create one element of the larger multi-agency government-wide DNP Initiative and centrally provides a variety of data matching and data analytics services to support agency programs in their efforts to prevent and detect improper payments. Agencies use a secure online interface to check various data sources to verify eligibility of a vendor, grantee, loan recipient, or beneficiary to receive federal payments. The DNP Portal lets the user search multiple databases at one time.

During FY 2021 the average number of DNP matches per quarter increased by 19% from FY 2020 (from 5.087M to 6.053M). Additionally, there was an 81% increase in the potential monetary savings ($8.9M to $16.1M) due to the increase in matching behavior. Successfully completed recertification actions/requirements for the USDA's 1600 Do Not Pay Portal Users.

Continued working with the Agricultural Research Service (ARS) to finalize the Computer Matching Agreement (CMA); this agreement will allow for continuous monitoring of 14 million individuals and/or companies, payment records for ARS.

**OIG Audit**
Participated in the annual OIG Payment Integrity (PI) audit focused on improper payments as reported in the FY 2020 Agency Financial Report and the high dollar overpayment report. The PI Team participated in entrance conferences at the Department and Agency level. The PI Team collaborated with the OIG on relevant issues and served as a liaison when needed to help the agencies with many of their responses.

**Travel and Conference Activities**
Maintained Department travel charge card delinquency rates of less than 3% (for both centrally billed and individually billed accounts) with over $59.2M of spending volume.

Collaborated with US Bank to develop and deliver personalized training to agency program coordinators regarding the Access Online electronic application. This training resulted in a streamlined application process, reducing processing time, errors, and moving the USDA to a fully paperless process. The success of this program has resulted in a quarterly training program.

Provided monitoring and oversight for travel charge card transactions using the Oversights Insights on Demand (IOD) automated system. IOD flagged over 10,510 transactions, totaling $4.62M, for closer review and scrutiny.

Collaborated with OCFO FMS to address and resolve processing allowed travelers and routing officials ConcurGov vouchers against expired year accounting codes. The resolution implemented ensured that the 97,000-plus vouchers could process correctly with minimal effect on operations.

Collaborated with OCFO FMS staff and SAP Concur to move from a manual post-payment audit process to an automated pre-payment audit process within ConcurGov. The automated pre-payment audit process, implemented in late-May 2021, places the auditors directly into the routing steps of randomly selected ConcurGov vouchers for

audit prior to approval and payment. This process allowed 1800 vouchers, for more than $2M, to be researched and any travel violations found, corrected, and reported prior to approval and processing through the interface, and payment being made erroneously. This process eliminated the need for producing a post-payment audit report, improved the efficiency of the audit process, mitigated, or reduced improper payments and identified travel regulation violations prior to voucher approval, and final processing.

The Travel team collaborated with OCFO FMS and contractor support to develop a new, more robust conference management system (AgCMS). The new AgCMS became fully operational and available for Department in February 2021.

## Audit Follow Up

Audit reports remain open for various reasons; therefore, USDA agencies and USDA staff offices were not able to complete corrective actions on audit findings according to planned schedules for every recommendation. However, as a result of constant communication and follow-up with the program offices, USDA audit closures during FY 2021 increased by 105.3 percent from prior year. The favorable closure rate is commendable despite challenges faced due to many restrictions and limitations due to the COVID-19 pandemic.

- The Department's inventory of open OIG audits decreased from 88 in FY 2020 to 78 in FY 2021, representing a 11.4 percent decrease from FY 2020 beginning inventory;
- OCFO conducted quarterly and monthly meetings with agency/Staff office audit officials to discuss resolution of open OIG audit recommendations;
- Component agencies and staff offices closed 39 OIG audits, including 272 recommendations,
- The number of OIG audits open one or more years without final action at the end of FY 2021was 58; and which represents a 9 percent decrease from the previous year; and
- Agencies and Staff offices closed 48 GAO audits, including 101 recommendations.

## Management Accountability and Control

The Office of Inspector General issued an unmodified opinion on the U.S. Department of Agriculture financial statement as of September 30, 2021 and published all consolidated financial statements and related notes. The Department reported two material weaknesses related to Information Technology and Financial Management.

Other notable FY2021 accomplishments included:

- Conducting follow-up on determinations of violation of the Anti-Deficiency Act through the reporting to the President and Congress;
- Performing quality assurance reviews over agency/ Staff office submissions of ELC assessments, Annual Certification Statements and Bridge memoranda; and
- Collaborating with impacted agencies and Staff offices to author several sections of the FY 2020 and 2021 Agency Financial Reports; including the Secretary's Annual Assurance Statement, FY 2020 and FY 2021 Report on Management Control and Results, Report on Audit Follow-up (FY 2020), and Report on Management Challenges.

### *Internal Control over Reporting*

In FY 2021, ICD enhanced the financial oversight for USDA Agencies that received Congressional supplemental funding for Coronavirus/COVID-19 relief. Funding legislation included the Families First Coronavirus Response Act (FFCRA), the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the American Rescue Plan, which totaled approximately $60.085 billion.

ICD initiated two Internal Controls over Reporting (ICOR) pilots; ICOR Framework over an Enterprise Risk Management (ERM) Risk and ICOR Framework for an End-to-End Business Process Risk. The goal of the ICOR Framework for an ERM Risk is to identify internal controls and/or potential gaps of generating meaningful data to manage/mitigate risk within the hiring process. The goal for the ICOR framework for an end-to-end business process is to expand the annual assessment beyond financial reporting to include assessments of program risk and controls and identify key reports used for decision-making purposes Scoping will consider current requirements for financial reporting as well as timeline for incorporating the non-financial criteria with the intent to include some non-financial processes in scope for the FY 2022 Annual Assessment.

ICD continued Data Quality Compliance in Assessment Year 2021 of ICOR for all agencies and staff offices. ICD updated standard test steps and clarified expectations for documenting and testing controls in the A-123 Compliance and Reporting Tool application. This year's assessment identified several internal control deficiencies that require remediation across the agencies/Staff offices assessed.

Other notable FY2021 accomplishments included:

- Performing annual spot testing of key controls on 62 business processes that passed testing in FY 2021, as compared to 85 processes tested in FY2020. The decrease in coverage was due to fewer staff resources due to retirements and attrition. Spot testing involved reperformance of control tests for 79 controls and 17 USDA agencies and Staff offices to independently validate the results. There were no exceptions that resulted in changes to test results based on ICD reviews;
- Establishing target remediation and closure goals of 32 percent and 74 percent for Corrective Action Plans (CAPs) and Plans of Action and Milestones (POA&Ms), respectively, but achieving CAP and POAM closure rates of 41 percent 82 percent, respectively, exceeding the established targets;
- Resolving 121 Corrective Action Plans (CAPs), as compared to 92 CAPs in FY2020, resulting in an increase of 31.5% and exceeding the FY2021 Target Closure goal by 9%;
- Monitoring and overseeing remediation of internal control deficiencies- 13 out of 18, or 72%, USDA agencies and staff offices met or exceeded their CAP closure goals for the year.
- Resolving 50 Plans of Action and Milestones (POA&Ms);
- Monitoring and overseeing remediation of general information technology control POA&Ms-
  6 out of 7 agencies/staff offices with outstanding POA and met or exceeded their POA&M closure goals for the year; and
- Providing training to USDA agencies and staff offices on each phase of the annual assessment to improve the understanding and quality of required deliverables throughout the Assessment Year. These trainings included:
  o Internal Control Overview,
  o Scoping,
  o Project Planning,
  o Risk Assessment,
  o Documentation Part I,
  o Documentation Part II,
  o Business Process Controls Testing,
  o General Computer Controls Testing,
  o Findings and Summary of Aggregated Deficiencies (BP and GCC),
  o Corrective Action Plans,
  o Entity Level Control Assessments,
  o Annual Certification Statements, and
  o Plans of Action and Milestones.

**Transparency and Accountability Reporting**

OCFO leads the Department in DATA Act transparency reporting which provides full details of all awards funded under USDA programs. This data is presented to the public on USAspending.gov and includes financial system data as well as award-specific and recipient-specific data.

USDA now submits DATA Act financial system data monthly. Error rates have dropped, except for outlay reporting due to new COVID-19 data reporting changes. DATA Act File A, which represents Governmentwide Treasury Accounting System SF-133 reporting, remains at 100%. When comparing FY 2019 and FY 2020. File B, which contains SF-133 balances and Budget Object Code and Program Activity reporting, improved 0.13 percent from 99.67 percent to 99.80 percent. Due to these new outlay reporting issues, however, overall error rates in file C, which reflect accounting transactions for financial assistance and procurement awards, have fallen from 96 percent to 70 percent in FY 2020. D2 file, which contains the non-financial award data, was at 73 percent in FY 2020. FY 2021 full-year data is not available yet. This data is compiled and managed in the USDA DATA Act Reporting Dashboard in FMMI.

The FY 2021 Overall DATA Act reporting summary reporting for USDA resulted in an overall reporting rate of 99.34 percent of know data. The below table reflects a DATA Act Compliance Summary across all DATA Act file as of year-end FY 2021.

**Summary Crosstab**

○ FILE A  ○ FILE B  ○ FILE C  ○ FILE D2  ● SUMMARY

| Source | Fatal | Clean | Non Fatal | # Published | # Count | PERCENTAGE |
|---|---|---|---|---|---|---|
| FILE A | 0 | 705 | 0 | 705 | 705 | 100.00 |
| FILE B | 5 | 2,198 | 9,557 | 11,755 | 11,760 | 99.96 |
| FILE C | 4,962 | 0 | 4,016,473 | 4,016,473 | 4,021,435 | 99.88 |
| FILE D2 | 22,148 | 70,585 | 0 | 70,585 | 92,733 | 76.12 |
| SUMMARY | 27,115 | 73,488 | 4,026,030 | 4,099,518 | 4,126,633 | 99.34 |

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Treasury, OMB and Congressional Staffers continuously seek USDA input for cross-cutting DATA Act improvements across the Federal Government.

**Grants Policy**

- Worked with OMB to update the Uniform Guidance for grants and cooperative agreements. Implemented the updates to the Uniform guidance in USDA's adoption of the guidance at Title 2 of the Code of Federal Regulation Part 200 and 400;
- Addressed five grants-related audits in FY 2021;
- Implemented one Opportunity Zones memorandum, four OMB COVID-19 memoranda, two OMB American Rescue Plan memoranda, and four Executive Orders (EO 13985 "Advancing Racial Equity and Support for the Underserved Communities through the Federal Government", EO 14005 "Ensuring the Future Is Made in all of America by all of America's Workers", EO 14018 "Revocation of Certain Presidential Actions", and EO 14042 "Ensuring Adequate COVID Safety Protocols for Federal Contractors") which impact the financial assistance community;
- Reported 282 of 328 USDA Assistance Listings updates approximating $210 bullion to meet GSA's 2021 data call:
- Provided extensive guidance to agencies, OMB, and other Federal partners with grants policy interpretation on a wide range of matters;
- Worked with Health and Human Services Quality Service Management Office (QSMO) to modernize and leverage shared grant solutions across the government aim to improve the customer experience and service quality across the grants community; and
- Continued office automation projects using python coding, robotics process automation, and Microsoft Excel macros to streamline and automate manual reporting for grants reporting.

**Suspension and Debarment**

- Provided extensive guidance to Agencies and Staff Offices and met quarterly with USDA's Suspension and Debarment (S/D) Community of Practice (Council Members/Coordinators) Coordinators identifying /sharing complex legislative/regulatory S/D related matters;
- Worked with OIG to revise its monthly report of USDA indictments and convictions; the report's current version will provide actionable S/D data to the agencies. Implemented a streamlined S&D reporting tool using Microsoft Power Apps; and
- Collaborated with USDA's OGC, OIG and the Interagency Suspension and Debarment Committee (ISDC) to address the use of 2 CFR Part 180 in criminal plea agreements experienced by USDA and other Executive Agencies which resulted in the ISDC's issuance of a "Request for Advisory Letter and Training To Address Use by US Attorneys Offices' of Suspension and Debarment language in criminal Plea Agreements" to the U.S. Dept. Of Justice.