

2025 USDA EXPLANATORY NOTES – OFFICE OF THE CHIEF FINANCIAL OFFICER

Table of Contents

Preface 1

Agency-Wide..... 1

 Purpose Statement..... 1

 OIG and GAO Reports 2

 Available Funds and FTEs..... 2

 Permanent Positions by Grade and FTEs..... 2

 Shared Funding Projects 3

Account 1: Salaries and Expenses 5

 Appropriations Language..... 5

 Lead-Off Tabular Statement 5

 Project Statements..... 5

 Justification of Changes..... 6

 Geographic Breakdown of Obligations and FTEs 6

 Status of Programs 9

This page was intentionally left blank.

PREFACE

This publication summarizes the fiscal year (FY) 2025 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the “Budget” is in regard to the 2025 Budget, unless otherwise noted. All references to years refer to fiscal year, except where specifically noted. The budgetary tables throughout this document show actual amounts for 2022 and 2023, annualized Continuing Resolution levels for 2024, and the President’s Budget request for 2025. Amounts for 2024 estimated levels include: non-enacted amounts such as Full-Time Equivalent levels, fleet levels, information technology investment levels, recovery levels, transfers in and out, balances available end of year, and obligation levels.

Throughout this publication, the “2018 Farm Bill” is used to refer to the Agriculture Improvement Act of 2018. Most programs funded by the 2018 Farm Bill are funded through 2023. Amounts shown in 2024 and 2025 for most Farm Bill programs reflect those confirmed in the baseline.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in 2022, 2023, 2024 and 2025.

In tables throughout this document, amounts equal to zero (0) are displayed as dashes (-). Amounts less than 0.5 and greater than zero are rounded and shown as a zero (0). This display treatment is used to prevent the masking of non-zero amounts that do not round up to one (1).

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; and 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, 2023, there were 915 full-time permanent employees funded by appropriated funds (32) and the Working Capital Fund (883).

OIG AND GAO REPORTS**Table OCFO-1. Closed, Implemented OIG Reports**

ID	Date	Title	Result
11601-0002-12	11/3/2021	USDA's Digital Accountability and Transparency Act Compliance Efforts for Fiscal Years 2020 and 2021	Component agencies and offices coordinated with OCFO and established procedures to identify their DATA Act reportable data along with improving specific agency's compliance.
50024-0002-24	6/28/2022	USDA's Compliance with Improper Payment Requirements for FY 2021	USDA agencies mitigated the improper payment risk associated with USDA's FY 2021 Agency Financial Reports and paymentaccuracy.gov to become compliant with the Payment Integrity and Information Act of 2019
20801-0004-12	12/15/2022	Security Testing of a Selected USDA Network	OCFO to include OCFO-NFC, collaborated with the Office of the Chief Information Officer to detect and resolve vulnerabilities related to USDA's systems and data.

OCFO did not have any Government Accountability Office evaluation reports during the past year.

AVAILABLE FUNDS AND FTEs**Table OCFO-2. Available Funds and FTEs (thousands of dollars, FTEs)**

Item	2022		2023		2024		2025	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
Salaries and Expenses:								
Discretionary Appropriations.....	\$7,068	34	\$7,367	28	\$7,367	34	\$8,225	36
Total Available	7,068	34	7,367	28	7,367	34	8,225	36
Lapsing Balances	-403	-	-232	-	-	-	-	-
Total Obligations, OCFO.....	6,665	34	7,135	28	7,367	34	8,225	36
Other USDA:								
ASC OCFO Oversight	2,918	4	1,464	5	2,159	8	2,317	8
ASC WCF Oversight	6,743	11	2,761	14	3,832	19	3,946	19
Financial Mgmt Support Services	10,118	16	3,395	17	3,926	17	4,162	17
Financial Shared Services.....	276,578	572	141,759	466	120,921	380	114,875	380
Internal Control Support Services.....	5,230	9	2,738	6	2,993	11	2,843	11
National Finance Center	217,215	492	150,557	477	160,627	549	164,838	549
WCF Operating.....	-	1	-	-	-	-	-	-
Total, Other USDA	518,802	1,105	302,674	985	294,458	984	292,981	984
Total Available, OCFO.....	525,870	1,139	310,041	1,013	301,825	1,018	301,206	1,020

PERMANENT POSITIONS BY GRADE AND FTEs**Table OCFO-3. Permanent Positions by Grade and FTEs**

Item	2022			2023			2024			2025		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES	2	-	2	1	-	1	2	-	2	2	-	2
GS-15.....	4	-	4	4	-	4	4	-	4	5	-	5
GS-14.....	4	-	4	6	-	6	6	-	6	7	-	7
GS-13.....	13	-	13	12	-	12	13	-	13	13	-	13
GS-12.....	4	-	4	4	-	4	5	-	5	7	-	7
GS-11.....	1	-	1	5	-	5	4	-	4	2	-	2
GS-9.....	2	-	2	-	-	-	-	-	-	-	-	-
Total Perm. FT. EOY	30	-	30	32	-	32	34	-	34	36	-	36
FTE.....	34	-	34	28	-	28	34	-	34	36	-	36

SHARED FUNDING PROJECTS**Table OCFO-4. Shared Funding Projects (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Working Capital Fund:				
Administrative Services:				
Material Management Service	\$56	\$50	\$49	\$47
Mail and Reproduction Services	78	80	76	75
Integrated Procurement Systems.....	151	137	155	-
Procurement Operations Services	2,108	1,924	1,776	1,616
Human Resources Enterprise Management Systems	10	17	15	16
AskUSDA Contrack Center	-	40	70	74
Subtotal.....	2,403	2,248	2,141	1,828
Communications:				
Creative Media & Broadcast Center	36	77	32	25
Finance and Management:				
National Finance Center	1,122	1,530	2,445	2,379
Financial Shared Services	1,864	1,693	1,493	1,408
Internal Control Support Services.....	349	444	463	443
Financial Management Support Services.....	107	168	184	195
Personnel and Document Security Program.....	-	58	66	67
Subtotal.....	3,442	3,893	4,651	4,492
Information Technology:				
Client Experience Center	7,070	5,416	4,411	4,353
Department Administration Information Technology Office.....	1,183	1,984	1,498	981
Digital Infrastructure Services Center.....	41,601	41,157	42,410	40,055
Enterprise Cybersecurity Services	-	2,408	5,717	1,236
Enterprise Data and Analytics Services	-	90	92	88
Enterprise Network Services.....	2,380	2,116	2,523	2,278
Subtotal.....	52,234	53,171	56,651	48,991
Correspondence Management Services	-	-	-	-
Office of the Executive Secretariat	52	69	72	89
Total, Working Capital Fund	58,167	59,458	63,547	55,425
Department-Wide Shared Cost Programs:				
Advisory Committee Liaison Services.....	-	-	-	-
Agency Partnership Outreach	76	87	88	88
Diversity, Equity, Inclusion and Accessibility.....	-	24	31	31
Medical Services.....	35	45	50	50
Office of Customer Experience.....	104	38	38	38
Personnel and Document Security Program.....	38	-	-	-
Physical Security.....	51	54	55	55
Security Detail	54	60	63	63
Security Operations Program	74	83	89	89
Talent Group.....	-	43	39	39
TARGET Center	15	20	21	21
National Capital Region Interpreting Services.....	7	14	20	20
USDA Enterprise Data Analytics Services	53	-	-	-
Employee Experience	-	41	44	44
Total, Department-Wide Reimbursable Programs	507	509	538	538
E-Gov:				
Budget Formulation and Execution Line of Business.....	2	1	1	1
Financial Management Line of Business	2	2	2	2
Human Resources Line of Business.....	3	4	3	3
Hiring Assessment Tool.....	3	-	-	-
Total, E-Gov	10	7	6	6
Agency Total.....	58,684	59,974	64,091	55,969

This page was intentionally left blank.

ACCOUNT 1: SALARIES AND EXPENSES

APPROPRIATIONS LANGUAGE

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

Salaries and Expenses

For necessary expenses of the Office of the Chief Financial Officer [~~\$9,108,000~~]\$8,225,000.

LEAD-OFF TABULAR STATEMENT

Table OCFO-5. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2024	\$7,367,000
Change in Appropriation	+ 858,000
Budget Estimate, 2025	<u>8,225,000</u>

PROJECT STATEMENTS

Table OCFO-6. Project Statement on Basis of Appropriations (thousands of dollars, FTEs)

Item	2022		2023		2024		2025		FTE	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs	Inc. or Dec.	Chg Dec. Key
Discretionary Appropriations:										
Office of the Chief Financial										
Officer	\$7,068	34	\$7,367	28	\$7,367	34	\$8,225	36	+858	+2 (1)
Transfers In and Out, Rescissions ..	50	-	-	-	-	-	-	-	-	-
Total Appropriation	7,118	34	7,367	28	7,367	34	8,225	36	+858	+2
Transfers Out:										
Working Capital Funds	-50	-	-	-	-	-	-	-	-	-
Total Transfers Out	-50	-	-	-	-	-	-	-	-	-
Total Available	7,068	34	7,367	28	7,367	34	8,225	36	+858	+2
Lapsing Balances	-403	-	-232	-	-	-	-	-	-	-
Total Obligations	6,665	34	7,135	28	7,367	34	8,225	36	+858	+2

Note: The details associated with Supplemental appropriations provided to the Office of the Secretary, but implemented in this account, are found in the USDA Budget Summary, and not reflected above.

Table OCFO-7. Project Statement on Basis of Obligations (thousands of dollars, FTEs)

Item	2022		2023		2024		2025		Inc. or FTE Inc.	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs	Dec.	or Dec.
Discretionary Obligations:										
Office of the Chief Financial										
Officer	\$6,665	34	\$7,135	28	\$7,367	34	\$8,225	36	+858	+2
Total Obligations	6,665	34	7,135	28	7,367	34	8,225	36	+858	+2
Add back:										
Lapsing Balances	403	-	232	-	-	-	-	-	-	-
Total Available	7,068	34	7,367	28	7,367	34	8,225	36	+858	+2
Less:										
Total Transfers Out	50	-	-	-	-	-	-	-	-	-
Total Appropriation	7,118	34	7,367	28	7,367	34	8,225	36	+858	+2

Note: The details associated with Supplemental appropriations provided to the Office of the Secretary, but implemented in this account, are found in the USDA Budget Summary, and not reflected above.

JUSTIFICATION OF CHANGES

Office of the Chief Financial Officer

Base funds will continue to allow OCFO to carry out its statutory responsibilities. Continuing the base funding is crucial to maintain the Department’s financial and performance management activities, to improve program delivery, and to ensure maximum contribution and efficiency to achieving the mission of USDA.

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

- (1) An increase of \$858,000 and 2 FTEs (\$7,367,000 and 34 FTEs available in 2024).

The funding change is requested for the following items:

- A) An increase of \$188,000 for pay and employee costs in the Office of the Chief Financial Officer.

This increase will support an annualization of the 2024 5.2 percent Cost of Living pay increase and the 2025 2.0 percent Cost of Living pay increase. If this funding is not provided, it will hinder OCFOs ability to advise the Secretary and senior officials on all matters related to financial management, financial management systems, financial control, accounting, internal controls, and assessment, as well as provide financial management training to all agencies. 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.

- B) An increase of \$670,000 and 2 FTEs for the Build American Buy American (BABA) initiative.

The funding will be used to develop BABA training to help USDA staff to know how to determine when BABA applies and what steps need to take place to comply with BABA. Many USDA agency program staff may be implementing BABA for the first time. BABA requirements are more extensive than American Iron and Steel and prior Buy America Act provisions. BABA applies to financial assistance awards with a contract component that meet minimum thresholds.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTEs

Table OCFO-8. Geographic Breakdown of Obligations and FTEs (thousands of dollars, FTEs)

State/Territory/Country	2022		2023		2024		2025	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
District of Columbia	\$6,665	34	\$7,135	28	\$7,367	34	\$8,225	36
Obligations.....	6,665	34	7,135	28	7,367	34	8,225	36
Lapsing Balances	403	-	232	-	-	-	-	-
Total, Available	7,068	34	7,367	28	7,367	34	8,225	36

Table OCFO-9. Classification by Objects (thousands of dollars)

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
	Personnel Compensation:				
	Washington D.C.	\$3,722	\$3,926	\$4,706	\$5,546
11	Total personnel compensation.....	3,722	3,926	4,706	5,546
12	Personal benefits	1,340	1,440	1,691	1,971
13.0	Benefits for former personnel.....	3	3	3	3
	Total, personnel comp., and benefits.....	5,065	5,369	6,400	7,520
	Other Objects:				
21.0	Travel and transportation of persons	26	43	54	55
23.1	Rental payments to GSA	12	14	14	15
23.3	Communications, utilities, and misc. charges	99	86	90	92
24.0	Printing and reproduction.....	13	-	-	-
25.1	Advisory and assistance services.....	874	728	300	100
25.2	Other services from non-Federal sources	226	56	60	200
25.3	Other goods and services from Federal sources	324	804	409	200
26.0	Supplies and materials.....	26	12	15	16
31.0	Equipment.....	-	23	25	27
	Total, Other Objects	1,600	1,766	967	705
99.9	Total, new obligations	6,665	7,135	7,367	8,225
	DHS Building Security Payments (included in 25.3).....	\$25	\$35	\$31	\$32
	Information Technology Investments:				
	Major Investment 1 SO-OCFO-NFC Payroll Services				
11	Internal Labor.....	\$32,147	\$29,182	\$30,700	\$32,235
	External Labor (Contractors).....	7,931	11,821	15,284	13,688
	Total Major Investment 1	40,078	41,003	45,984	45,923
	Major Investment 2 SO-OCFO-FMMI				
11	Internal Labor.....	25,164	26,483	26,630	30,630
25.2	Outside Services (Consulting).....	46,309	62,660	61,087	69,510
	Total Major Investment 2	71,473	89,143	87,717	100,140
	Major Investment 3 SO-OCFO-FSSP-Pegasys				
11	Internal Labor.....	7,980	-	-	-
	External Labor (Contractors).....	33,064	-	-	-
	Total Major Investment 3	41,044	-	-	-
	Major Investment NFC Employee Services				
11	Internal Labor.....	2,245	1,948	2,043	2,148
25.2	Outside Services (Consulting).....	737	1,020	815	856
	Total Major Investment 4	2,982	2,968	2,858	3,004
	Major Investment 5 Human Capital Mgmt Services				
11	Internal Labor.....	11,160	12,861	13,503	14,178
	External Labor (Contractors).....	3,370	4,420	6,641	4,872
	Total Major Investment 5.....	14,530	17,281	20,144	19,050
	Mission Area Non-Major Investment Totals	2,579	2,708	2,891	1,905
	Mission Area Standard Investment Totals.....	14,166	19,456	21,630	21,447
25.3	Mission Area WCF Transfers.....	12,918	12,918	27,200	32,061
	Total Non-Major Investment.....	29,663	35,085	51,721	55,413
	Total IT Investments	199,770	185,477	208,424	223,530
	Cybersecurity				
	Identify	n/a	\$3,558	\$4,092	\$4,378
	Protect	n/a	1,359	1,563	1,673
	Respond.....	n/a	385	443	474
	Total Cybersecurity	-	5,302	6,098	6,525
	Position Data:				
	Average Salary (dollars), ES Position	\$190,000	\$203,000	\$213,000	\$217,000
	Average Salary (dollars), GS Position.....	\$128,000	\$129,000	\$135,000	\$138,000
	Average Grade, GS Position	13.7	13.6	13.7	13.7

This page was intentionally left blank.

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 a qualified opinion on its 2023 financial statements. USDA will continue to make improvements to internal controls regarding financial reporting and financial systems, including compliance with the Federal Information Security Management Act to reduce the number and severity of material weaknesses.

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;
- Financial advice 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; and
- Oversee the supplemental funding that is provided to the Office of the Secretary and is distributed to agencies within the Department.

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 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; and
- Increased utilization of DNP through additional portal users and data sources.

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, 2023, and an addendum (Bridge Memo) that covered the period July 1 through September 30, 2023. 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. Continued achievements by OCFO included:

- Ensuring progress on prior year management challenges was monitored at least quarterly. Four management challenges from last fiscal year were resolved;
- Collaborating with USDA agencies and Staff offices to ensure corrective action plans were developed in the OCFO automated tracking system to address the 2023 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.

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 2022, OCFO assimilated significant new Infrastructure Investments and Jobs Act (IIJA) reporting requirements and continues to maintain American Rescue Plan reporting and policy implementations. The Buy America, Build America Act, which also passed in 2022, resulted in new policy and the development of a small grant, de minimis, and minor component waiver for the entire department. 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 designed the Financial Assistance policy website to post USDA agency waivers and provide Buy America Build America guidance.

OCFO leads the Department in Federal financial assistance policy and oversight, and regularly convenes the Federal Financial Assistance Committee consisting of agency representatives that are central to providing innovative solutions to grants reporting improvements. OCFO regularly convenes with the agency Build America Buy America (BABA) Points of Contact (POC) to share information and best practices for meeting the requirements set forth in the Build America Buy America Act within the Bipartisan Infrastructure Law. 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 2023, the following budget services were achieved:

- Prepared the 2024 President's Budget for Departmental Administration and the USDA staff offices, which was presented to Congress;
- Developed the 2025 Agency Estimates, and Department Estimates presented to OMB;
- Successfully loaded 2023 actual spending and outlays for the 2025 budget in the OMB MAX entry system;
- Managed the OMB apportionments and internal apportionments for all Mandatory and Supplemental funding that comes through the Office of the Secretary. Created 31 OMB apportionments and 75 internal apportionments, which is an increase of 88 percent over 2022. Tracked the obligations and outlays of these funds on a weekly basis;
- Entered the 2024 budgetary apportionments for over 20 appropriated accounts including during the Continuing Resolutions for 2024 while using robotic process automation that effectively allowed for the establishment of budgetary authority in the financial system;
- Developed the 2024 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 provided agencies and USDA staff offices with information related to reporting requirements for the Payment Integrity Information Act of 2019 (PIIA). The information included due dates and

submission guidelines for the required deliverables. Completed deliverables are utilized by the PI Team to compose the narrative found in Section III of the Agency Financial Report (AFR).

Office of Management and Budget (OMB) Annual Data Call

Completed the 2023 OMB Annual Data Call. Following the 2022 Annual Data Call, OMB held several town hall meetings that allowed the PI Team to contribute design suggestions for future Data Calls. Those suggestions were incorporated into the 2023 process. While the 2023 data call still utilized skip logic to determine the questions that would require a response, only Phase 2 programs and the Department were required to complete the Annual Data Call surveys. Information related to Phase 1 programs was included in the Departmental survey (OMB named Agency Survey) thus reducing the burden on smaller programs. For Phase 2 surveys (OMB named Program Survey), the information was entered by the agency points of contact (APOC). However, the PI team worked as a liaison between OMB and program areas when technical issues arose during the process. Additionally, the PI team was responsible for presenting the program survey responses to leadership in accordance with the required review.

Debt Management

FPD continues to work to assess FPD's role in USDA debt management areas, reviewing processes in all debt programs, and evaluating how agencies interact with Treasury, with a goal of reducing delinquent debt and providing oversight to USDA agencies, on accurate and timely processing and reporting debt/payments/collections, and on improving debt collection activities in programs.

For 2023, USDA accumulated over \$132 billion in debt, of which more than \$19 billion was collected and cleared. However, nearly \$1.9 billion was reported as delinquent debt.

To determine accountability for USDA agency profiles within Treasury, FPD has obtained agency profile information for all USDA agency programs and are utilizing the quarterly Agency Relationship Management (ARM) assessment scorecard to review USDA agency debts and eligibility for Treasury collection program to focus on the status of 100 percent of agency delinquent debt. Our plan is to continue to work with agencies to determine rationale for those not in compliance with debt management policies.

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 annual certification/verification requirements. The PI team organized, validated, and presented this information by the required deadline.

In 2023, Treasury's Bureau of Fiscal Service applauded USDA's decrease in debt over 2 years, as accounted for on the Treasury Report on Receivables. They stated USDA's overall rates of collection tool use are excellent, and dollarwise, USDA refers nearly all of its delinquent debt (\$1.8 billion of a possible \$1.89 billion).

OCFO has focused on evaluating the USDA Administrative Wage Garnishment (AWG) program with an emphasis on strengthening its processes. USDA guidance is reviewed and updated to include step by step processes, statistics (number of orders/collections, notice letters/hearings), and timelines, and ensure agencies are following guidance. Since wage garnishments were placed on hold during the pandemic, there is currently a massive AWG hearing backlog. FPD is still working to designate an internal hearing official and establish a hearing process for USDA agencies to follow.

Do Not Pay (DNP):

USDA continues to utilize Do Not Pay (DNP) in its efforts to mitigate improper payments. USDA programs currently using DNP utilize the Working System (the "Portal") throughout the payment life cycle. All programs utilize the Portal during the pre-award step, most utilize pre-award and pre-payment, while a few programs utilize pre-award, pre-payment, and post-payment.

The end of the various COVID-19 related assistance programs, which broadened USDA programs in a variety of ways, including amount of funding available and eligibility requirements, resulted in USDA DNP search activities returning to pre-pandemic levels. During 2023, the number of DNP search activities decreased by nearly 95 percent (118,064 to 5,068) however the total dollar amount matched from those search activities only decreased by approximately 16 percent (\$13.95M to \$11.68M).

USDA has increased its active users by approximately 5 percent from 1,780 in 2022 to 1,869 in 2023. These users span five agencies and multiple program areas. USDA consistently increases the number of active users by at least 3 percent each fiscal year.

USDA is currently in various stages of the enrollment and onboarding process with four new program areas. With the addition of these four programs, USDA is anticipating a 100 percent increase in user enrollment from 1700 users to 3400 users. The Department aims to have enrollment for these programs completed during 2024.

In collaboration with Treasury's Bureau of Fiscal Service, provided a high-level DNP briefing for OCFO senior leadership to provide an overview of the DNP process and how increasing its usage would assist the USDA in the reduction and mitigation of USDA improper payments and risk. Also included were best practices and obstacles to implementing DNP in agency programs. Enrollment and utilization of the DNP initiative by USDA agencies, especially for those which provide payments, loans, or funding, will reduce improper payment rates within USDA.

OIG Audit

Participated in the annual OIG Payment Integrity (PI) audit focused on improper payments as reported in the 2022 Agency Financial Report and the Annual Office of Management and Budget (OMB) Data Call. The PI Team participated in entrance conferences at the Department 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. Currently, the PI Team is reviewing and preparing the 2023 deliverables and supporting materials in anticipation for the 2023 OIG PI audit.

Travel and Conference Activities

Continued excellent management of the travel charge card program consisting of over 68,000 card accounts; maintained Department delinquency rates of less than 3 percent (for both centrally billed and individually billed accounts) with over \$196.5 million of spend volume. The USDA earned over \$2.3 million of travel charge card rebates to use for Departmental projects.

USDA managed over 150,000 active profiles in ConcurGov. During 2023, over 233,000 travel vouchers were processed for nearly \$265 million.

For 2023, USDA's individually billed account (IBA) delinquency rate is 2 percent, or \$344,000. USDA's centrally billed account (CBA) delinquency rate is 0.03 percent, or \$56,000. FPD takes every opportunity to identify and analyze issue areas, conduct fact-finding internal audits, and work with agencies for resolution.

The Unsubmitted Voucher Metrics Report was created in 2023 to aid in the clean-up and reconciliation of Unsubmitted Travel Vouchers. FPD provides monitoring and oversight for unsubmitted vouchers using the Unsubmitted Voucher Metrics Report. For 2023, FPD has reduced the number of unsubmitted vouchers from nearly 12,000 (total amount of \$10 billion) by almost 9,500 with a total amount of nearly \$8.9 million, a decrease of unsubmitted vouchers by 80 percent. These actions released the funding which was being held with USDA agency unsubmitted vouchers.

Provided monitoring and oversight for travel charge card transactions using the Oversight Insights on Demand (IOD) automated system. IOD flagged nearly 11,000 transactions, totaling over \$8 million, for closer review and scrutiny. The USDA maintains a less than 5 percent non-compliance spend rate.

Collaborated with USDA conference points of contact to gather, validate, and finalize the 2024 Annual Plan with 1,204 events, 66,798 attendees, and with an estimated cost of \$87 million. Continued work with the AgCMS development team to make modifications, adjustments, and updates to the conference system.

Continued assistance in support of the Department of Homeland Security (DHS)/Department of Health and Human Services (HHS) initiative to assist unaccompanied children at the border. FPD assisted over 75 USDA employees who volunteered for short-notice deployments, allowing them to focus on their mission.

Continued to provide incentives to USDA agencies to implement new travel programs within USDA, such as GSA RideShare and Dinova Dining Programs, to allow for easier use of their services for official travel. For RideShare, more than 900 users were enrolled, for a savings of over \$45,000. For Dinova, more than 2,200 users were enrolled, with an expected \$5,500 in USDA rebates.

Provided guidance and advice to 4,438 customers through monitoring Shared TPM Inbox and responding to requests for hierarchy transfers, IBA/CBA account reinstatements, and answering general inquiries. Sought advisement from team members for policy inquiries to provide clear and constructive directive to customers. Assisted and processed staff requests in a customer service environment, encouraged and provided opportunities to accommodate feedback for any improvement needed to expedite such requests. Hosted 12 monthly Travel Policy User Group (TPUG) meetings with USDA travel policy and conference program coordinators and points of contact, imparting high-visibility travel policy and information concerning the travel charge card, travel systems, conferences, travel reports, relocations, and promoting cross-agency collaboration and training. Collaborated with US Bank and IOD to develop and deliver additional training to USDA agency program coordinators, which has led to increased success in managing travel programs, and reduced system processing time and errors. For 2023, USDA agencies processed 725 relocations for over \$22 billion.

FPD has updated several policies this fiscal year: On the travel side, the USDA Agricultural Travel Regulation (FTR) is in process, as well as the USDA Relocation directive. In Payment Integrity, both the Delegation of Authority and the Administrative Wage Garnishment policies have been updated.

Customer Experience and Service Delivery

In its attempt to provide a better customer experience, FPD has redesigned its SharePoint site as a centralized and streamlined portal, so customers obtain access to all Travel and Debt Management programs and services in one location. Part of the improved customer experience includes a much improved, modernized, single integrated SharePoint site, as an alternative to the Travel Express website, which will provide information services, like data, information, and products, to meet the needs of FPD users. This will also allow submission of forms, use of digital tools, and will connect customers to other support without having to navigate multiple websites, which will provide a simple, seamless, and secure customer experience, and will be less complicated, decreasing paperwork and affording for more streamlined processes and more online efficiency. FPD continues to engage with customers to provide a positive customer experience and be responsive to their needs, with the goal of delivering timely, modern, and secure services to our customers.

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. OCFO conducted monthly meetings with agency/staff offices and audit officials to resolve open OIG audit recommendations. Below is a 2023 summary of open and closures of OIG and GAO audits.

OIG Audits

- In 2023, there were 49 OIG open audits, which is a 30 percent decrease from 2022 which had 70 open audits;
- At the end of 2023, 38 audits and 165 recommendations were closed;
- OIG and USDA agencies reached management decisions on 17 audits; and
- The number of OIG audits open one or more years without final action at the end of 2023 was 26.

GAO Audits

- In 2023, 16 GAO audits and 37 recommendations were closed. OCFO discontinued the formalized Tiger Team and moved to a sustainment model where progress continues in closing recommendations from GAO'S four-year look period of 2019. GAO also set the recommendation closure rate of 80 percent for recommendations closed and implemented. USDA'S current closure rate for these recommendations is 74 percent and expects to close as implemented additional recommendations to either met or exceed that 80 percent goal.

Management Accountability and Control

The Office of Inspector General issued a disclaimer opinion on USDA'S Consolidated Financial Statements. The disclaimer is the result of a change in the point of obligations for the Supplemental Nutrition Assistance Program (SNAP). OIG will address the disclaimer in their audit of the 2024 Consolidated Financial Statements as they review the accuracy of both the 2023 and 2024 statements. The Department reported two material weaknesses related to Information Technology and Financial Management. Notable 2023 accomplishments included:

- Natural Resources Conservation Service (NRCS) achieved compliance with FFMIA with a closure of an audit with a related material weakness. In addition, this is the first time NRCS has a clean opinion with no material weakness, significant deficiency, and/or non-compliance with laws and regulations.
- Commodity Credit Corporation (CCC) achieved conformance with Federal Financial Management System Requirements with the closure of the Funds Control Management audit. The agency’s report on Internal Control Over Financial Reporting disclosed no material weaknesses and one significant deficiency related to General Information Technology Controls.

Internal Control over Reporting

In 2023, ICT extended the Internal Controls Over Reporting (ICOR) contract with Blake Wilson Group to continue the transition from Internal Controls Over Financial Reporting to Internal Controls Over Reporting. The goal of the ICOR is to identify internal controls and/or potential gaps of generating meaningful data to manage/mitigate risk within all business processes.

Other notable 2023 accomplishments included:

- Performing annual spot testing of 116 key controls across 19 business processes that passed testing in 2023, as compared to 104 key controls tested in 2022. Spot testing involved reperformance of control tests for 116 controls and 11 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 for Corrective Action Plans (CAPs), but achieving CAP closure rates of 45 percent, exceeding the established targets;
- Monitoring and overseeing remediation of internal control deficiencies 8 out of 14, or 57 percent, USDA agencies and staff offices met or exceeded their CAP closure goals for the year;
- Received “Lessons Learned” from agencies where they reviewed the activities of the A-123 2023 Assessment Year (AY), discussed what went well and what needed to be improved. Suggestions include secondary review of SOC and CAP reports, training on how to create reports in ACRT, start scoping in December for better assessment of controls, do lessons learned throughout the year instead of at the end of the assessment, adjust weighting for section 3 of the risk assessment, provide more information regarding deliverables, provide detailed description of User Access roles, change CAP Closure workflow, increase the size of files that can be uploaded in ACRT, change the order in which findings are displayed so that the most current are first, and request earlier finalization of the Bridge memo in order to meet deadlines;
- ICT Cost Assessment for 2023 \$8,825,927 difference of 11 percent from 2022 \$7,991,971. Assessment costs in 2023 were higher possibly due to more staff participation in the assessment or because assessment was based on hours worked instead of percentages as was done in previous years;
- Conducted and completed the OMB A-123 Assessment across the Department;
- 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:
 - Internal Control Overview,
 - Scoping,
 - Project Planning,
 - Risk Assessment,
 - Data Quality,
 - Documentation Part I,
 - Documentation Part II,
 - Business Process Controls Testing,
 - General Computer Controls Testing,
 - Findings and Summary of Aggregated Deficiencies (BP and GCC),
 - Corrective Action Plans,
 - Entity Level Control Assessments,
 - Annual Certification Statements, and
 - 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 submits DATA Act financial system data monthly. DATA Act File A, which represents Governmentwide Treasury Accounting System SF-133 reporting, remains at 100 percent in 2023. File B, which contains SF-133 balances and Budget Object Code and Program Activity reporting, is at 99.72 percent. File C is at 99.87 in 2023. The D2 file, which contains the non-financial award data, was at 82.54 percent in 2023. This data is compiled and managed in the USDA DATA Act Reporting Dashboard in FMFI.

The 2023 Overall DATA Act reporting summary reporting for USDA resulted in an overall reporting rate of 98.86 percent of known data. The below table reflects a DATA Act Compliance Summary across all DATA Act file as of year-end 2023.

Source	Fatal Errors	Clean	Non-Fatal Errors	# Published	# Count	Percentage
FILE A	-	742	-	742	742	100.00
FILE B	35	4,189	8,261	12,450	12,485	99.72
FILE C	2,755	-	2,177,768	2,177,768	2,180,523	99.87
FILE D2	23,731	112,188	-	112,188	135,919	82.54
SUMMARY	26,521	117,119	2,186,029	2,303,148	2,329,669	98.86

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

Grants Policy

Worked with the Made in America Office at OMB to update 2 CFR 200 to include BABA implementation and compliance;

- IJJA Post Award Reporting: USDA partnered with OMB and seven other federal agencies to publish a common form. It is being used by three USDA agencies in 2023;
- Providing data for Bipartisan Infrastructure Law Project data pilot;
- Collaborated with the Rural Development agency to establish a contract to support market research on Build American Buy America project waivers where products submitted for waiver are researched to determine if an alternative domestic product is available;
- PL 95-220, PL 98-169, *as amended*: Reported 389 USDA Assistance Listings updates approximating \$210 billion to meet GSA's 2023 data call;
- Continued updating the Prizes and Challenges Departmental Regulation which will be published in early 2024;
- Provided extensive guidance to agencies, OMB, and other Federal partners with grants policy interpretation on a wide range of matters; 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 (S/D) 2 CFR Parts 180, 417; FAR Subparts 9.4, 409.4

- Launched new Suspension and Debarment community in Microsoft Teams to encourage greater collaboration.
- Submitted the Congressional 873 Congressional Report on Suspension and Debarment.
- Developed an automated process to transmit the Department of Justice Corporate Crimes Report to agencies to allow for greater oversight of possible suspension and debarments for entities on the DOJ list that USDA does business with.

Training (Departmental)

- Published Supplemental funding training for Grants Specialist, available on the AgLearn training platform.
- Updated Suspension and Debarment training to include policy updates and sent to the AgLearn team.

This page was intentionally left blank.