

**2022 USDA EXPLANATORY NOTES – EXECUTIVE OPERATIONS
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
- 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, 2020, there were 1,123 full-time permanent employees funded by appropriated funds (28) and the Working Capital Fund (1,095).

OIG AND GAO REPORTS

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

Audit Report Number	Issuance Date	Title
11403-0003-12	11/4/2020	Independent Service Auditor’s Report on National Finance Center’s Description of its Payroll and Personnel System and the Suitability of the Design and Operating
11403-0004-12	9/18/2020	Independent Service Auditor’s Report on FMS’ Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for October 1, 2019 to June 30, 2020 Effectiveness of its Controls for the period October 1, 2019 to June 30,2020
11601-0001-12	11/8/2019	USDA’s Fiscal Year 2019, First Quarter DATA Act Submission
50401-0013-11	11/15/2017	USDA Consolidated Balance Sheet for FY 2017

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

Audit Report Number	Title
11601-0002-12	USDA FY 2021 DATA Act Compliance Efforts
50401-0019-11	U.S. Department of Agriculture’s Consolidated Financial Statements for Fiscal Years 2020 and 2019
50016-0001-23	Implementation of Suspension and Debarment Tools in The U.S. Department of Agriculture

50024-0015-11 U.S. Department of Agriculture’s Fiscal Year 2019 Compliance with Improper Payment Requirements

Table OCFO-3. Completed GAO Reports

ID	Date	Title
103273	3/17/2020	Working Capital Fund: HUD Could Improve Management to Better Achieve Efficiencies and Help Ensure Customer Satisfaction (GAO-20-263)
103887	8/31/2020	Time and Attendance: Agencies Generally Compiled Data on Misconduct, and Reported Using Various Internal Controls for Monitoring (GAO-20-640)
103701	3/2/2020	Payment Integrity: Federal Agencies' Estimates of FY 2019 Improper Payments (GAO-20-344)

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

ID	Title
104060	Cancelled Appropriations
103418	Improper Payment Corrective Action Plans (GAO-20-336)
361598	USDA Administrative Services: Streamlining Efforts Ongoing, but Actions Needed to Monitor Progress, Identify Benefits, and Share Lessons Learned (GAO-16-168)

AVAILABLE FUNDS AND FTES

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

Item	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
Salaries and Expenses:								
Office of the Chief Financial Officer.....	\$6,028	29	\$6,028	28	\$6,109	34	\$7,118	39
Transfers Out:								
Working Capital Fund.....	-150	-	-100	-	-	-	-	-
Total Adjusted Appropriation.....	5,878	29	5,928	28	6,109	34	7,118	39
Lapsing Balances.....	-129	-	-136	-	-	-	-	-
Subtotal Obligations, OCFO.....	5,749	29	5,792	28	6,109	34	7,118	39
Working Capital Fund: ^{a/}								
Financial Management Services.....	311,155	1,267	-	-	-	-	-	-
ASC OCFO Oversight.....	-	-	1,179	5	1,484	7	1,533	7
ASC WCF Controller.....	-	-	2,253	10	2,411	11	2,510	11
Financial Management Support Services.....	-	-	3,331	16	3,344	17	3,344	17
Financial Shared Services.....	-	-	171,205	513	168,484	591	168,484	591
Internal Control Support Services.....	-	-	2,920	8	2,622	11	2,622	11
National Finance Center.....	-	-	132,706	596	145,900	548	145,900	548
Total Appropriation, Other Funding	311,155	1,267	313,594	1,148	324,245	1,185	324,393	1,185
Total OCFO.....	317,033	1,296	319,522	1,176	330,354	1,219	331,511	1,224

a/ This section includes OCFO managed Working Capital Fund (WCF) activities. Please refer to the WCF Explanatory Notes for more details about the WCF.

PERMANENT POSITIONS BY GRADE AND FTEs

Table OCFO-6. Permanent Positions by Grade and FTEs

Item	2019 Actual			2020 Actual			2021 Enacted			2022 Budget		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES.....	2	-	2	2	-	2	3	-	3	3	-	3
GS-15.....	3	-	3	2	-	2	3	-	3	3	-	3
GS-14.....	3	-	3	3	-	3	5	-	5	8	-	8
GS-13.....	17	-	17	13	-	13	11	-	11	14	-	14
GS-12.....	2	-	2	4	-	4	5	-	5	5	-	5
GS-11.....	1	-	1	3	-	3	7	-	7	6	-	6
GS-9.....	-	-	-	1	-	1	-	-	-	-	-	-
GS-5.....	1	-	1	-	-	-	-	-	-	-	-	-
Total Permanent.....	29	-	29	28	-	28	34	-	34	39	-	39
Total Perm. FT EOY.....	29	-	29	28	-	28	34	-	34	39	-	39
FTE.....	29	-	29	28	-	28	34	-	34	39	-	39

SHARED FUNDING PROJECTS

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

Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Working Capital Fund:				
Administrative Services:				
Material Management Service.....	\$40	\$36	\$41	\$6
Mail and Reproduction Services.....	86	89	108	53
Integrated Procurement Systems.....	233	208	148	149
Procurement Operations Services.....	2,140	2,277	2,388	2,215
Human Resources Enterprise Management Systems.....	15	12	13	13
Subtotal.....	2,514	2,622	2,698	2,436
Communications:				
Creative Media & Broadcast Center.....	211	1	34	31
Finance and Management:				
National Finance Center.....	2,410	1,913	1,523	1,542
Financial Management Systems.....	1,128	1,110	1,123	1,125
Internal Control Support Services.....	260	260	352	352
Financial Management Support Services.....	84	87	87	87
Subtotal.....	3,882	3,370	3,085	3,106
Information Technology:				
Client Experience Center.....	2,930	4,258	7,790	7,805
Department Administration Information Technology Office.....	-	746	1,294	1,451
Digital Infrastructure Services Center.....	4,584	8,803	24,731	26,060
Enterprise Network Services.....	1,672	2,481	2,859	3,131
Subtotal.....	9,186	16,288	36,674	38,447
Correspondence Management Services.....	49	40	-	-
Office of the Executive Secretariat.....	-	-	41	41
Total, Working Capital Fund.....	15,842	22,321	42,532	44,061
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach.....	122	114	101	-
Human Resources Self-Service Dashboard.....	10	9	-	-
Medical Services.....	12	6	37	37
Office of Customer Experience.....	41	86	135	127
Personnel and Document Security Program.....	37	36	41	-
Physical Security.....	-	87	61	-
Security Detail.....	68	69	65	61
Security Operations Program.....	166	87	91	-
TARGET Center.....	19	17	17	-
USDA Enterprise Data Analytics Services.....	-	121	70	-
Total, Department-Wide Reimbursable Programs.....	475	632	618	225
E-Gov:				
Budget Formulation and Execution Line of Business.....	1	1	1	1
Enterprise Human Resources Integration.....	30	-	-	-
E-Rulemaking.....	2	-	-	-
Financial Management Line of Business.....	1	2	2	2
Human Resources Line of Business.....	5	4	4	4
Integrated Acquisition Environment.....	84	50	61	61
Total, E-Gov.....	123	57	68	68
Agency Total.....	16,440	23,010	43,218	44,354

OFFICE OF THE CHIEF FINANCIAL OFFICER: 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, [~~\$6,109,000~~] \$7,118,000.

LEAD-OFF TABULAR STATEMENT

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

Item	Amount
2021 Enacted.....	\$6,109,000
Change in Appropriation.....	+ 1,009,000
Budget Estimate, 2022.....	<u>7,118,000</u>

PROJECT STATEMENTS

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

Item	2019 Actual	FTE	2020 Actual	FTE	2021 Enacted	FTE	Inc. or Dec.	FTE	Chg Key	2022 Budget	FTE
Discretionary Appropriations:											
Office of the Chief Financial Officer.....	\$6,028	29	\$6,028	28	\$6,109	34	+\$1,009	+5	(1)	\$7,118	39
Transfers Out:											
Working Capital Fund.....	-150	-	-100	-	-	-	-	-	-	-	-
Total Available.....	5,878	29	5,928	28	6,109	34	1,009	5	-	7,118	39
Lapsing Balances.....	-129	-	-136	-	-	-	-	-	-	-	-
Total Obligations.....	<u>5,749</u>	<u>29</u>	<u>5,792</u>	<u>28</u>	<u>6,109</u>	<u>34</u>	<u>+1,009</u>	<u>+5</u>	<u>-</u>	<u>7,118</u>	<u>39</u>

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

Item	2019 Actual	FTE	2020 Actual	FTE	2021 Enacted	FTE	Inc. or Dec.	FTE	2022 Budget	FTE
Discretionary Obligations:										
Office of the Chief Financial Officer.....	5,749	29	5,792	28	6,109	34	+1,009	+5	7,118	39
Lapsing Balances.....	129	-	136	-	-	-	-	-	-	-
Total Available.....	5,878	29	5,928	28	6,109	34	1,009	5	7,118	39
Transfers Out:										
Working Capital Fund.....	150	-	100	-	-	-	-	-	-	-
Total Appropriation.....	<u>6,028</u>	<u>29</u>	<u>6,028</u>	<u>28</u>	<u>6,109</u>	<u>34</u>	<u>1,009</u>	<u>5</u>	<u>7,118</u>	<u>39</u>

JUSTIFICATION OF INCREASES AND DECREASES

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 \$1,009,000 and 5 FTEs (\$6,109,000 and 34 FTEs available in 2021).

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 the Federal Employee Retirement System (FERS).

This increase will support 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.

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.

b. 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-11. Geographic Breakdown of Obligations and FTEs (thousands of dollars, FTEs).

State/Territory/Country	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
District of Columbia.....	\$5,749	29	\$5,792	28	\$6,109	34	\$7,118	39
Lapsing Balances.....	129	-	136	-	-	-	-	-
Total, Available.....	5,878	29	5,928	28	6,109	34	7,118	39

CLASSIFICATION BY OBJECTS

Table OCFO-12 Classification by Objects (thousands of dollars)

Item No.	Item			2021	
		2019 Actual	2020 Actual	Enacted	2022 Budget
Personnel Compensation:					
	Washington, D.C.....	\$3,520	\$3,535	\$4,042	\$4,811
11	Total personnel compensation.....	3,520	3,535	4,042	4,811
12	Personal benefits.....	1,167	1,238	1,402	1,639
	Total, personnel comp. and benefits.....	4,687	4,773	5,444	6,450
Other Objects:					
21.0	Travel and transportation of persons.....	45	19	15	15
23.1	Rental payments to GSA.....	7	10	10	10
23.3	Communications, utilities, and misc. charges.....	101	150	148	148
24.0	Printing and reproduction.....	13	41	5	5
25.1	Advisory and assistance services.....	448	274	110	110
25.2	Other services from non-Federal sources.....	31	53	60	60
25.3	Other goods and services from Federal sources.....	217	353	275	276
25.4	Operation and maintenance of facilities.....	160	-	-	-
25.5	Research and development contracts.....	12	14	12	12
26.0	Supplies and materials.....	25	101	20	20
31.0	Equipment.....	7	4	10	12
42.0	Insurance Claims and Indemnities.....	1	-	-	-
	Total, Other Objects.....	1,067	1,019	665	668
99.9	Total, new obligations.....	5,754	5,792	6,109	7,118
	DHS Building Security Payments (included in 25.3).....	\$ -	\$54	\$45	\$45
Position Data:					
	Average Salary (dollars), ES Position.....	\$181,323	\$177,000	\$177,000	\$177,000
	Average Salary (dollars), GS Position.....	\$113,000	\$110,000	\$107,000	\$113,000
	Average Grade, GS Position.....	13.5	13.3	13.2	13.3

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 2020 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 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 budget requests submitted to the Office of Management and Budget (OMB) and the Congress;
- Establishment of budgetary amounts and financial controls in the Department's financial system; and
- Provides 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 resources 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 governs Agency's 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 for 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 the Agency's 141 Programs for these requirements by addressing the issues of the 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; continuing to pursue advances in anti-fraud efforts; managing debt and taking collective actions to ensure proper collections of outstanding debt; and ultimately eliminate waste and abuse.

Current activities include:

- Providing expertise, assisting agencies with risk assessments, statistical sampling, improper payment rate reporting, corrective actions that address root causes of improper payments, DNP, and recovery/recapture auditing;
- Guiding agencies and staff offices in their efforts and plans to comply with PIIA requirements;
- 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

The OCFO provides leadership and oversight for the operation and conduct of the Travel Policy program area. OCFO develops, coordinates, and implements Department-wide policy and procedures on travel management services and the travel card program. Current activities include:

- Promoting continued collaboration, coordination, and oversight with internal and external customers in maintaining 66,000 travel charge card accounts for USDA personnel;
- Hosting monthly travel workgroup meetings to provide mission area, agency, and staff office travel experts an opportunity to collaborate on issues and exchange information;
- Minimizing inappropriate use of the travel card using training and compliance/data mining activities using Oversight Insights on Demand automated system;
- Collaborating with external customers and policy makers (e.g. GSA, OMB) to ensure travel policy remains in compliance with established laws and regulations;
- Reviewing and analyzing conference proposals to ensure responsible use of government time, and resources;
- Satisfying reporting requirements associated with Departmental conferences and travel, to include relocations, the Senior Federal Travel Report, and Premium Class Travel Report; and
- Collaborating with OCFO Financial Management Services and external developer to design an updated, more robust and user-friendly automated conference management system.

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.

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 are focused on:

- Coordinating with USDA’s OIG on a monthly basis to share the status of open audit recommendations;
- Planning and hosting a Round Table meeting discussion with Office of Budget and Program Analysis (OBPA), OIG and USDA agencies/staff offices on topics related to management challenges, COVID audit activities, Oversight.gov, Final Action Verifications and Inspections, and Enterprise Risk Management;
- Following-up with USDA agencies’ management and/or agency audit liaison officers 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, and 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 enough documentation to support corrective action as agreed in the original management decision;
- Reporting annually in the Department’s Agency Financial Report updates on audit reports associated with monetary findings; and
- Collaborating with OBPA to include a report on outstanding OIG and GAO recommendations with the annual budget justification to Congress.

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 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, 2020 and an addendum (Bridge Memo) that covered the period July 1 through September 30, 2020. 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;
- Providing annual training to USDA agencies and staff offices on the completion of the ELC questionnaire in ACRT. 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 most 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 prior year management challenges were monitored frequently;
- Collaborating with USDA agencies to develop corrective action plans in the OCFO automated tracking system to address the 2019 Management Challenges;

- Reporting annually, in the Agency Financial Report (AFR), corrective actions completed during the current fiscal year and/or planned corrective actions for the upcoming fiscal year; and
- Generating reports from the OCFO automated tracking system to compile status update reports by USDA agencies for quarterly distribution to OIG.

Specifically Addressed Areas

For Fiscal Year (FY) 2020, OIG identified seven most serious management challenges faced by USDA and its agencies. The challenges are included in USDA's FY 2020 AFR. During FY 2021, OCFO will monitor planned actions proposed by USDA agencies and staff offices to mitigate and resolve the challenges identified.

Transparency and Accountability Reporting

OCFO 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 Fiscal Year 2020, OCFO assimilated significant new coronavirus (COVID-19) reporting and policy implementations. OCFO continues to support and improve these requirements and policies. OCFO/Transparency and Accountability Reporting Division manages the compilation of the Agency Financial Report required by the Office of Management and Budget (OMB) Circular A-136. OCFO also implemented the Grants Workforce initiative to identify and train the grants workforce in USDA as required by a GAO audit.

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 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 2020, the following budget services were achieved:

- Prepared the FY 2021 President's Budget for Departmental Administration and the staff offices, which was presented to Congress;
- Developed the FY 2022 Agency Estimates, and Department Estimates;
- Successfully loaded FY 2020 actual spending and outlays for the FY 2022 budget in the OMB MAX entry system;
- Entered the FY 2021 budgetary apportionments for over 20 appropriated accounts including the continuing resolution shares at the start of the fiscal year while using robotic process automation that affectively 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 2021 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

In FY 2020, USDA is reporting the following examples of recent progress in Payment Integrity:

- Decreased total outlays of High-Risk Programs of \$7 billion compared with FY 2019;
- Increased total recovered dollars by \$201.92 million compared with FY 2019;
- Recovered an additional \$27.75 million through Internal Programs compared with FY 2019;
- Four of the 15 identified High-Risk Programs had \$0 in improper payments;
- Approximately 25 percent of improper payments reported were not monetary losses; and
- The Office of Management and Budget changed the status of the Natural Resources Conservation Service (NRCS) Farm Security and Rural Investment Act Program (FSRIP) from a High-Risk Program to Low-Risk Program.

Travel and Conference Activities

- Promptly processed 2,500+ travel charge card hierarchy and payment transfers, reinstatement requests and account reconciliations;
- Closely monitored 90,000 travel charge card transactions, totaling \$13.1 million to ensure compliance and mitigate charge card misuse/fraud;
- Worked closely with vendor bank to automatically reopen overdue agency centrally billed charge card accounts 2-days per week to allow travel voucher processing to clear outstanding balances;
- Prevented 656 split-disbursement payment rejects, for \$373,000, from being returned, alleviated delinquent accounts balances, and corrected 510 pseudo code issues to mitigate future payment reject issues;
- Maintained Department travel charge card fraud rate of less than 2 percent and a less than 10 percent delinquency rate;
- Processed 19 conference approval request packages, totaling appx \$12.4 million; and
- Implemented improvements to the current conference management system, Conference Transparency and Accountability Tool (CTAT), to reduce the administrative burden on inputting annual conference plans, saving many hours of labor previously spent entering individual events into the system.

Audit Follow Up

OCFO completed its second year of deployment of a new tool for Audit Follow-up Tracking and Reporting. OCFO provided new user and refreshed training component agency personnel on usage of the new system via MS Teams Spring 2020. For various reasons, USDA agencies and staff offices were not able to complete corrective actions on audit findings according to planned schedules. As a result, USDA audit closures during FY 2020 went down from the prior year. Reasons for delay included delays in the issuance of guidance, systems development and enhancements, and third-party assistance in the remediation process.

- The Department's inventory of open audits increased from 80 in FY 2019 to 88 in FY 2020, which constituted a 10 percent increase in our beginning inventory;
- 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 19 audits, including 149 recommendations; and
- The number of audits open one or more years without final action at the end of FY 2020 was 64, which represents a 217 percent increase from the previous year.

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, 2019 and published all consolidated financial statements and related notes. The Department reported two material weaknesses related to Information Technology and Financial Management.

In FY 2020, OCFO/Internal Controls Division 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 and the Coronavirus Aid, Relief, and Economic Security Act, which totaled approximately \$54.3 billion.

ICD also incorporated Data Quality Compliance into its Assessment Year (AY) 2020 Assessment of Internal Control over Reporting (ICOR) for a pilot group of agencies and Staff offices. ICD reviewed the Data Act

laws and regulations, the USDA Data Quality Plan, and OIG reports to create control objectives and expectations for documenting and testing controls in the OCFO Governance Risk and Compliance system referred to as the A-123 Compliance and Reporting Tool or ACRT.

Other notable FY2020 accomplishments included:

- Performing annual spot testing of key controls on 85 business processes, as compared to 23 processes tested in FY 2019. Spot testing involved 131 controls for 17 USDA agencies and Staff offices. This represented a 5percent increase in tests performed in FY 2019;
- Resolving 115 Prior Year (PY) and Current Year (CY) findings that were not linked to specific CAPs;
- Monitoring and overseeing remediation of internal control deficiencies. Six USDA agencies (Agricultural Marketing Service, Commodity Credit Corporation, Food and Nutrition Service, Forest Service, Natural Resources Conservation Service and Risk Management Agency (RMA) exceeded their CAP closure goals, while two others (Foreign Agricultural Service and OCFO-Financial Management Service (OCFO-FMS)) met their CAP closure goals;
- Implementing a new Risk-Based Scoping methodology to help standardize the assessment of both quantitative and qualitative factors in determining the scope of the AY 2020 ICOR assessment. This accompanying template assisted USDA agencies and Staff offices in identifying in-scope business processes to be assessed;
- Performing semi-annual spot testing of 23 (100%) Plans of Action and Milestones (POA&Ms) closures to ensure compliance with the Departmental policy and procedures and quality results. This was a 155 percent increase in spot tests performed over the previous year. These reviews did not result in any changes or re-opening of closed POA&Ms confirming that agencies correctly closed out their POA&MS.
- Monitoring and overseeing remediation of general information technology control – Plans of Action and Milestones (POA&Ms). Four of five agencies/staff offices (OCFO-FMS, Office of the Chief Information Officer-Client Experience Center, National Institute of Food and Agriculture (NIFA), and RMA) with outstanding POA&Ms related to the ICOR assessment, met or exceeded their PO&AM closure goals for the year; and
- Provided training to USDA agencies and staff office on each phase of the annual assessment including:
 - Internal Control Overview,
 - Scoping,
 - Project Planning,
 - Risk Assessment,
 - Documentation Part I,
 - Documentation Part II,
 - Business Process Controls Testing,
 - General Computer Controls Testing,
 - Findings and Summary of Aggregated Deficiencies (BP and GITC),
 - Corrective Action Plans, and
 - Plans of Action and Milestones.

Transparency and Accountability Reporting

USDA continues to now submits DATA Act data monthly. Error rates have dropped except for outlay reporting related to new COVID-19 data reporting changes. DATA Act File A reporting remains at 100%. When comparing Fiscal Year (FY) 2019 and FY 2020. File B reporting improved .13 percent from 99.67% to 99.80%. Due to these new outlay reporting issues, however, overall error rates in file C have fallen from 96% to 70% in FY 2020. D2 file data was at 73% in FY 2019. FY 2020 data is not available yet.

DATA Act

- USDA implemented COVID-19 DATA Act reporting requirements for outlay and Disaster and Emergency Fund Code reporting;
- Adopted monthly reporting from Quarterly reporting;
- Participated and helped develop best practices and solutions for DATA Act reporting; and
- Implemented a tool to address Treasury symbols with special spending authorities that extend beyond 10 years.

Grants Policy

- Worked with the Office of Management and Budget 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 400;
- Addressed five audits in FY 2020;
- Implemented four OMB COVID-19 memoranda, and four other OMB memos on Buy American Hire American and implementation of Executive Orders on Divisive training and awards to the cities of Portland, Seattle, New York City and Washington D.C.;
- Updated the USDA Departmental Regulation on Suspension and debarment to address Office of the inspector General audit findings;
- Met quarterly with the Debarment & Suspension (D&S) Council and monthly with the D&S Coordinators committee;
- Worked with OIG to revise its monthly report of USDA indictments and convictions; the report's current version will provide actionable D&S data to the agencies;
- Provided extensive guidance to agencies, OMB, and other Federal partners with grants policy interpretation on a wide range of matters;
- Led effort to migrate the CTAT from a Sequel database to the Sales Force platform. This included significant testing; and
- Continued office automation projects using python coding and Microsoft Excel macros to streamline and automate manual reporting.