

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Chief Financial Officer

SALARIES AND EXPENSES

(Dollars in Thousands)

	2022*	2023			2024		
	Actuals	Carryover	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services							
Personnel Services	\$39,245	\$1,102	\$43,739	\$44,841	-	\$53,119	\$53,119
Common Distributable	5,202	-	5,100	5,100	-	5,100	5,100
Total, Personnel Services	\$44,447	\$1,102	\$48,839	\$49,941	-	\$58,219	\$58,219
Non-Personnel Services:							
Travel	70	3	150	153	-	150	150
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	7	-	25	25	-	47	47
Other services/Contracts	36,202	4,617	37,631	42,248	-	35,740	35,740
Training	243	-	300	300	-	300	300
Supplies	19	-	46	46	-	46	46
Furniture and Equipment	1,050	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
Total, Non-Personnel Services	\$37,591	\$4,620	\$38,152	\$42,772	-	\$36,283	\$36,283
Working Capital Fund	3,670	680	3,009	3,689	-	4,998	4,998
Carryover	6,402	-	-	-	-	-	-
Grand Total	\$92,110	\$6,402	\$90,000	\$96,402	-	\$99,500	\$99,500
FTEs	215	6	228	234	-	264	264

*Includes 2021 carryover

PROGRAM PURPOSE

The Office of the Chief Financial Officer (OCFO) provides leadership in instituting financial integrity, fiscal responsibility, and accountability. The mission of the OCFO is to lead the Department's headquarters and field office officials towards the understanding and practice of sound financial management in program development and operations, and in the stewardship of public resources.

While advising the Secretary and HUD leadership on all aspects of financial management and budget, OCFO works to ensure that HUD meets established financial management goals and complies with pertinent legislation and directives. The OCFO supports HUD's priority projects and Agency-wide efforts to achieve operational excellence. The OCFO also develops, analyzes, and reports on key performance indicators for HUD and Agency priority goals.

BUDGET OVERVIEW

The 2024 President's Budget requests \$99.5 million for the Office of the Chief Financial Officer (OCFO), which is \$9.5 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of \$99.5 million, \$3.1 million above 2023 total funding.

The Budget supports OCFO's mission in providing sound financial management to protect taxpayer dollars from fraud, waste, and abuse. The funding level positions the Department to disburse funds for intended purposes and target populations. Additionally, it supports OCFO's effort to achieve compliance with the many laws and regulations governing Federal funds, policies, procedures, and financial systems. The Budget also supports achieving compliance with enterprise fraud and risk management, improving HUD's customer experience, and expanding strategic planning and performance management capabilities.

Personnel Services (PS)

The Budget assumes total funding of \$53.1 million for PS, \$8.3 million above 2023 total funding. This funding will support 264 full-time equivalents (FTEs), 30 FTEs above the 2023 total level. The funding request supports a 5.2 percent Federal pay raise in 2024. Funding at this level will allow OCFO to continue to backfill critical vacancies and establish additional management and staffing capacity to support the following:

- Effective workforce and succession planning to ensure adequate staffing levels to manage workloads and improve business operations,
- Management, oversight, and training on appropriations law and funds control,
- Strategic planning and performance management capabilities,
- Financial management support for audit coordination, resolution guidance, reporting, and financial policy and procedures, and
- Improve ease, effectiveness, and trust in HUD services through enhanced customer experience.

The current structure within OCFO allocates 205 FTEs in Headquarters and 29 in Field Offices. The requested FTEs would increase Headquarters staffing by 30 FTEs. The increases in additional FTEs are in the following offices:

- Office of the Appropriations Law Staff: The Budget provides five additional FTEs in the Office of the Appropriations Law Staff (OALS). Over the last several years, the workload of the OALS has increased dramatically, while it has lost key leadership and staff to retirement. Additional FTEs will ensure adequate staffing for operational efficiency and provides an increased focus on funds control and training.
- Office of Strategic Planning and Customer Experience: The Budget proposes a reorganization to establish the Office of Strategic Planning and Customer Experience (OSPCX) consisting of two divisions: Customer Experience Division (CX) and Strategic Planning & Performance Division (SPPD). The Budget provides seven additional FTEs in the OSPCX to ensure compliance with mandates, improve customer experience and increase performance management capabilities.
- Assistant Chief Financial Officer for Budget: The Budget provides three additional FTEs for the Assistant Chief Financial Officer for Budget. Additional FTEs will assist with developing, maintaining, and updating budget execution reports and dashboards, budget coordination tasks, and managing workloads.
- Assistant Chief Financial Officer for Financial Management: The Budget provides 12 additional FTEs for the Assistant Chief Financial Officer for Financial Management (ACFOFM) to support internal and external audit coordination, resolution guidance,

reporting, technical accounting and process reviews, data analysis, policy development and year-end schedule functions. Additionally, increased staffing will support the governance and oversight of Government Accountability Office (GAO) audits for program offices.

- Assistant Chief Financial Officer for Systems – The Budget provides three additional FTEs for the Assistant Chief Financial Officer for Systems (ACFOS) to assist with increased workloads and support for the Build America, Buy America Act (BABA).

Common Distributable (CD)

The Budget assumes total funding of \$5.1 million for CD, which is equal to 2023 total funding. This funding provides for Workers' Compensation, Unemployment Compensation, and Professional Liability Insurance reimbursements.

Non-Personnel Services (NPS)

The Budget assumes total funding of \$36.3 million for NPS, \$6.5 million below 2023 total funding. This decrease reflects a reduction in Other Services/Contracts for the Payment Integrity Information Act (PIIA) contract. The PIIA contract was awarded as a multi-year contract and does not require additional resources in 2024.

Training, and supply funding remain the same as 2023 total funding. There is a slight decrease of \$3 thousand in travel due to carryover upward adjustments for travel. The Budget assumes \$47 thousand for printing, \$22 thousand above the 2023 printing funding level. This increase supports projected Agency Financial Reporting (AFR) printing costs.

Funding of \$33.6 million for OCFO's other services/contracts is necessary to maintain current services and includes:

- \$12.6 million for financial management support to assist with agency financial reporting, A-123 compliance, audit remediation, data analytics, and improved financial operations.
- \$2.4 million for Enterprise and Fraud Risk Management.
- \$5.9 million for Customer Experience.
- \$3 million to support OCFO's systems strategy, analysis, remediation, and shared services.
- \$9.7 million to maintain services for line of business agreements, accounting services, CXO Council and Cross Agency Priority Goals agreements, systems security control and compliance, and computer matching for employment/income verification.

Additionally, funding of \$2.1 million will support a new requirement for HUD contributions to GSA for the new Technology Transformation Services (TTS) reimbursable program.

Working Capital Fund (WCF)

The WCF funding level is \$5 million, which is \$1.3 million more than 2023 total funding. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

Information Technology (IT)

Within the Information Technology Fund, the Budget requests \$3 million for Financial Management Modernization.

LOCCS/Treasury ARC Oracle Federal Financials (OFF) Financial Interface Modernization – \$3 million: The Line of Credit Control System (LOCCS) is the Department’s primary disbursement and funds control system for all grants and Office of Housing subsidy programs. LOCCS is not integrated with Oracle Federal Financials, which is the Department’s core accounting system. Instead, the antiquated legacy HUD Central Accounting Program System (HUDCAPS) is used to exchange the allotment, grants, and Housing subsidies financial activity between LOCCS and the core accounting system.

The lack of integration between LOCCS and the core accounting system results in an extended timeline for processing financial transactions that delays disbursements to grantees and the Office of Housing’s subsidies projects and related financial reporting. The Department is unable to decommission HUDCAPS and its IBM mainframe, which are expensive to maintain and the subject of GAO and OIG audit findings. A separate project to complete the PIH Enterprise Voucher Management System (eVMS) to improve PIH and Public Housing Agency (PHA) operations must also be completed to be able to decommission HUDCAPS.

For additional information regarding HUD’s IT investments, please see the Information Technology Fund justification.

KEY OPERATIONAL INITIATIVES

The Budget supports Departmental Goals by ensuring the availability and accountability of operational and programmatic funding. OCFO strives to implement strong financial management policies, accounting practices, internal controls, mitigation of risks, funds control assurance, and audit support to safeguard resources for intended purposes. OCFO’s key operational initiatives most directly support the Departmental Goal: Strengthen HUD’s internal capacity and efficiency through increased personnel, contract support, Department-wide training programs and streamlined processes. It also supports HUD’s overarching priority to improve customer experience.

Improve Customer Experience

OCFO leads HUD’s effort in improving customer experience and improving ease, effectiveness, and trust in HUD Services. The Budget provides \$5.9 million for Voice of the Customer, life experiences projects, and customer experience mandates. The Budget supports implementing strong customer experience practices to enhance HUD’s services and achieve compliance with Federal mandates.

Financial Management Support

OCFO’s primary goals include providing sound stewardship of taxpayer dollars and achieving a clean audit opinion. Over the last few years, HUD has received additional funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES), American Rescue Plan Act (ARP), and most recently, the Inflation Reduction Act of 2022 (IRA). This has increased the level of effort and efficiency needed for sound financial management, oversight, effective internal controls, and process improvements.

The financial consulting services contract provides support with audit readiness, Agency financial reporting, OMB A-123 fraud and remediation, and improving HUD’s financial operation services. Since acquiring contract services, HUD has been able to improve its financial statements as well as reduce previous significant deficiencies and material weaknesses.

Enterprise and Fraud Risk Management

The Budget provides \$2.4 million for enterprise and fraud risk management contract support. OCFO's Enterprise and Fraud Risk Management supports enterprise risk analysis and mitigation efforts pursuant to OMB Circular No. A-123 "Management's Responsibility for Enterprise Risk Management and Internal Control." Establishing enterprise and fraud risk management is essential to HUD's control system and will entail working collaboratively with HUD component programs and external stakeholders. Contract support will enable the program to integrate existing siloed programs into a comprehensive program that complies with Federal internal control requirements. This program will support risk mitigation, front end risk assessments, and management control reviews.

Reorganization

The Budget proposes an OCFO reorganization to improve operational efficiencies, streamline processes, achieve compliance, and manage workloads. OCFO requests authority to make changes within its organizational structure to reflect current functions and increase staffing capacity to effectively manage workloads. The proposed reorganization consists of the Office of Strategic Planning and Customer Experience, Office of the Chief Risk Officer, Assistant Chief Financial Officer for Accounting (ACFOA), Management Staff Division, and Assistant Chief Financial Officer for FM (ACFOFM).

- Office of Strategic Planning and Customer Experience: The Budget proposes creating the Office of Strategic Planning and Customer Experience (OSPCX). The OSPCX will be responsible for managing and overseeing HUD's strategic planning and agency-priority goals and improvements in customer experience.
- The office will consist of two divisions: Customer Experience Division (CX) and Strategic Planning and Performance Division (SPPD): It will be led by the Director of Performance Management and Customer Experience. The OSPCX Director will report to the Deputy CFO. The CX Division will be a new division tasked with ensuring compliance with mandates in delivering excellent, equitable, and secure federal services and customer experience. In addition, the Budget proposes creating two branches: one focused on operations, business intelligence and risk management, and a second focused on policy & program management within the SPPD. This will allow SPPD to increase performance management capabilities commensurate with other Cabinet-level agencies and provide greater support to program offices. The Budget provides 4 additional FTEs for the Customer Experience Division and 3 additional FTEs for Strategic Planning and Performance Division.
- Office of the Chief Risk Officer: The Budget proposes creating the Office of the Chief Risk Officer (OCRO) to better align and staff work functions, manage workloads, achieve operational mission and goals, and ensure compliance with regulatory requirements.

The proposed reorganization is required to establish an office to execute the responsibilities of the HUD Department-wide Enterprise and Fraud Risk Management program currently assigned to HUD's Chief Risk Officer (CRO). The Chief Risk Officer (CRO) will report to the Deputy CFO. The OCRO will provide executive-level management for the EFRM program. The program is necessary to meet the requirements of the Office of Management and Budget (OMB) and Government Accountability Office (GAO). HUD's CRO provides guidance to HUD executives on the EFRM program that enable program executives to oversee and manage their risk management activities. The OCRO is needed to support and manage risk management activities across HUD. The CRO currently prioritizes activities to meet the immediate demands of the program, leaving significant reporting and monitoring requirements incomplete and the Department vulnerable to unmitigated risk exposures.

- Assistant Chief Financial Officer for Accounting: The ACFOA requests to create two branches: Financial Statements, Notes, & Agency Financial Reporting Branch and Internal & External Reporting Branch within the Financial Reporting Division (FRD). Current FRD employees will be reassigned between the proposed branches and FRD. The proposed reorganization is required to balance increased workload due to additional HUD funding, streamline processes, improve operational efficiencies, ensure financial data integrity, and maintain a clean audit opinion. There will be no impact to the total number of FTE allocated to FRD.
- Management Staff Division: Management Staff Division (MSD) proposes a reorganization to improve and streamline business operations for optimal services and efficiency. Currently, MSD provides the OCFO with resource management services including, but not limited to, budget formulation, justification, and execution, acquisition management, staffing and recruitment, employee and labor relations, performance management, employee engagement, space management, and travel management.

Increased funding, hiring, and acquisition requirements have increased management and leadership needs to manage and oversee work functions. The proposed reorganization will restructure MSD to the Office of Business and Resource Management (OBRM) with three divisions: Administrative Services Division, Business Management Division, and Travel Management Division. The proposed reorganization requests the restructured office to be led by a SES supported by a SL advisor. There will be no impact to the total number of FTEs currently allocated to this office.

- Administrative Services Division: The Administrative Services Division (ASD) will provide administrative support services such as human capital and human resources support, performance management guidance and oversight, employee engagement, and space management.
 - Business Management Division: The Business Management Division (BMD) will manage and oversee the OCFO's S&E budget including budget formulation, justification, and execution activities. Additionally, the BMD division will manage and execute OCFO's S&E acquisition portfolio.
 - Travel Management Division: The Travel Management Division (TMD) will provide travel management, oversight, and guidance for HUD. The TMD will manage policies and procedures for relocations, travel management system, and travel purchase card program. In addition, the TMD will provide guidance on the Federal Travel Regulation (FTR) and ensures compliance.
- Assistant Chief Financial Officer for Financial Management: The ACFOFM requests to rename its current divisions as well as revise functional statements to accurately reflect responsibilities. It will also create a new division: Readiness & Dynamics Division. The renamed divisions and function statements are below:
 - Readiness & Dynamic Division (New): The Readiness & Dynamics Division will enhance financial accountability through readiness assessments, root cause analysis, risk exposure activities, and stimulates growth, development and changes through Department-wide financial management training and improvements.
 - Analytics & Audit Management Division (currently Audit Liaison Division): The Analytics & Audit Management Division will support program offices by facilitating and monitoring GAO and OIG program audits and find resolution to achieve optimal outcomes for the Department. Additionally, this division will perform fraud analytics to strengthen Department processes to prevent and detect fraud and oversee the Single Audit Act requirements.

- Reliability & Assurance Management Division (currently Risk Management Division): This division will ensure departmental accountability by assisting program offices in documenting processes, determine reliability by validating HUD processes through internal control testing, risk assessments, and analyses, and manage Department-wide financial representations and assurances.
- Fiscal Integrity Division (currently Funds Control Assurance Division): This division will support mission execution by examining and evaluating financial processes, transactions, data, and risks to assess payment life-cycle integrity in the prevention and detection of fraud, waste, and abuse, and facilitate the HUD financial statement audit to achieve optimal results.
- Fiscal Health Division (currently Financial Policies & Procedures Division): This division will report on the Department's fiscal health by preparing the Agency Financial Report, managing Department-wide financial policies, coordinating the year-end close schedule, and monitoring weakness remediation plans.