

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Chief Financial Officer

SALARIES AND EXPENSES

(Dollars in Thousands)

	2020*	2021			2022		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
Personnel Services:							
Personnel Services	\$33,434	\$200	\$35,756	\$35,956	-	\$43,122	\$43,122
Common Distributable	5,691	-	5,840	5,840	-	5,620	5,620
Total, Personnel Services	\$39,125	\$200	\$41,596	\$41,796	-	\$48,742	\$48,742
Non-Personnel Services:							
Travel	23	-	-	-	-	75	75
Printing	14	-	15	15	-	25	25
Other Services/Contracts	24,677	21,332	27,438	48,770	5,000	37,880	42,880
Training	153	-	195	195	-	300	300
Supplies	23	-	15	15	-	46	46
Total, Non-Personnel Services	\$24,890	\$21,332	\$27,663	\$48,995	\$5,000	\$38,326	\$43,326
Working Capital Fund	4,371	2,852	203	3,055	-	4,732	4,732
Carryover	24,384	-	5,000	5,000	-	-	-
Grand Total	\$92,770	\$24,384	\$74,462	\$98,846	\$5,000	\$91,800	\$96,800
FTEs	199	1	199	200	-	231	231

*Includes 2019 Carryover.

PROGRAM PURPOSE

The Office of the Chief Financial Officer (OCFO) provides HUD-wide leadership to support HUD's mission through sound financial management in programs and operations. OCFO leads HUD in practicing financial integrity, financial responsibility, accountability, and stewardship of public resources. While advising the Secretary and HUD leadership on all aspects of financial management and budget, OCFO works to ensure that HUD meets established financial management goals and complies with pertinent legislation and directives. In addition, OCFO analyzes budgetary implications of policy and legislative proposals and oversees budget activities throughout HUD. OCFO's Strategic Planning and Performance Division (SPPD) supports HUD's priority projects and agency-wide efforts to achieve operational excellence. SPPD also develops, analyzes, and reports on key performance indicators for HUD and agency priority goals.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in OCFO's salaries and expenses will assist in ensuring that work is able to be done.

BUDGET OVERVIEW

The 2022 President's Budget requests \$91.8 million for OCFO, \$17.3 million more than 2021 enacted level. The Budget reflects total funding (carryover and new authority) of \$96.8 million, \$2 million below 2021 total funding. This Budget will support OCFO's mission and key initiatives including Financial Transformation, Enterprise and Fraud Risk Management, Customer Experience, and a proposed reorganization of its current structure. The Budget also supports the continued efforts of OCFO in the oversight, management and tracking of both CARES Act and ARP supplemental funding.

Personnel Services (PS)

The Budget assumes total funding of \$43.1 million for OCFO PS, \$7.1 million above 2021 total funding. This funding will support 231 full-time equivalents (FTEs), an increase of 31 FTEs above 2021. This includes 27 FTEs stationed in the Fort Worth field office. Increases in FTEs primarily supports:

- Chief Risk Officer (CRO) – The CRO is currently assisted by four risk analysts. CRO requests two additional FTEs to support Department-wide enterprise and fraud risk management. The CRO will provide expertise to HUD by identifying and advising on mitigation efforts regarding the most significant risks facing HUD.
- Assistant Chief Financial Officer (ACFO) for Systems – The ACFO for Systems requests 10 additional FTEs to provide support for the new business lines for shared services, information security requirements, increased workload, and DATA Act Reporting. In 2022, the ACFO for Systems will begin transitioning contract resources for DATA Act to Federal staff.
- Assistant Chief Financial Officer (ACFO) for Budget – The ACFO for Budget requests seven additional FTEs to support its Front Office, reporting requirements, and Customer Experience.

Additional increases in FTEs are attributed to OCFO's continued 2021 hiring and backfill projections.

Common Distributable

The Budget assumes total funding of \$5.6 million in Personnel Services for Professional Liability Insurance, Workers' Compensation and Unemployment Compensation, which is approximately \$220 thousand less than 2021 total funding.

Non-Personnel Services (NPS)

The Budget assumes total funding of \$43.3 million for OCFO NPS, \$5.7 million below 2021 total funding. Funding will support travel, printing, contracts/other services, training, and supply requirements. Specifically, funding is provided in other services/contracts for financial transformation (\$10 million), continued COVID-19 funding oversight and monitoring (\$10 million), enterprise and fraud risk management (\$3.5 million) and Customer Experience (\$4.3 million). In addition, funding will support and maintain OCFO's contract requirements for line of business agreements, accounting services, fair share interagency agreements (CXO Council and Cross Agency Priority Goals), systems security control and compliance, and computer matching for employment/income verification. Finally, the Budget provides \$400 thousand to fund the extension of Data Universal Number System support by the General Services Administration to allow additional time for implementation of a Unique Entity Identifier.

Working Capital Fund (WCF)

The Budget assumes total funding of \$4.7 million for OCFO's contribution to the WCF, \$1.7 million above 2021 total funding. This funding will support OCFO's use of shared services, including the new WCF business line for end-user IT devices and wireless support, which is the primary driver for the increased cost of WCF expenses in 2022.

KEY OPERATIONAL INITIATIVES

Financial Transformation: In 2018, OCFO implemented the Financial Transformation. Its purpose is to invest in people, processes, and technology to advance HUD's goals of protecting taxpayer funds while maintaining efficient and effective operations. OCFO has achieved its goal of financial excellence by remediating financial infrastructure weaknesses and obtaining an unqualified audit opinion for the first time in eight years.

Since implementation, OCFO has remediated eight material weaknesses and eliminated all four disclaimers in the 2017 financial statements. These achievements have resulted in HUD becoming compliant with the Digital Accountability and Transparency Act (DATA Act), Improper Payments Elimination and Recovery Improvement Act (IPERIA), A-123 Compliance, Positive Statement of Assurance and Grants Oversight and New Efficiency Act Compliance. OCFO will continue this investment to further HUD's effort in protecting taxpayer funds. The Budget provides \$10 million for financial consulting services support for agency financial reporting, A-123 compliance, audit remediation, data analytics, and improved financial operations.

Enterprise and Fraud Risk Management: OCFO's Enterprise and 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 silo programs into a comprehensive program that complies with Federal internal control requirements. In addition, this program will support risk mitigation, Front End Risk Assessments, and Management Control Reviews. The Budget provides \$3.5 million for contract services supporting enterprise and fraud risk management.

COVID-19: In 2020, OCFO established the Coronavirus Aid, Relief, and Economic Security (CARES) Team to monitor compliance and audit processes with the CARES Act. Contract support was established for COVID-19 Data Response Reporting and Financial Consulting Services for the CARES Act, as well as subsequent Acts related to the current pandemic.

- The Data Response Reporting contract provides project management, data analytics, policy review, and audit support in response to COVID-19. With the surge in appropriated funds and an unprecedented amount of attestation activities, continued contract resources are needed to support increased reporting, compliance, and audit functions.
- The CARES Act Financial Consulting Services was established to support HUD's requirements to achieve full compliance on all reporting requirements and related acts specific to COVID-19. Services provided assist with audit readiness, improper payments and fraud prevention, and A-123 integrated risk and internal control activities associated with CARES Act and COVID-19.

The Budget provides \$10 million to support these continued services for subsequent acts and regulations associated with COVID-19 funding.

Customer Experience: The Budget includes \$4.3 million to establish a Customer Experience Advisory Board and to conduct an analysis to find solutions on customer experience initiatives.

Funding will also provide customer experience training and assist HUD in developing requirements for a Voice of the Customer tool and practice.

Reorganization: OCFO requests authority to make changes within its organizational structure to reflect current functions and transitioning contract support to Federal staff. The proposed reorganization consists of the ACFO for Accounting, ACFO for Budget, ACFO for Systems, and the Chief Risk Officer.

- ACFO for Accounting – The CFO Accounting Center will be undergoing a reorganization to better align functions, workload, and operational missions. The proposed changes are required to balance workload, realign employee to supervisor ratios, and improve operational efficiencies and service delivery due to the transition to shared services. The reorganization will include the dissolution of the Reports and Control Division and integrating those duties with the Payments and Collections Division. It will also encompass the renaming of various divisions and branches to better reflect current functions as listed below:
 - CFO Accounting Center → CFO Accounting Operations Center
 - Payments and Collections Division → Payments, Collections and Analytical Services Division
 - Intragovernmental, Collections, and GL Reconciliation Branch → Vendor Maintenance, Debt Collection and Cash Services Branch
 - Commercial and Program Payment Branch → Payments, Intragovernmental and GL Branch
 - Funds Control Division → Grants, Loans, and Subsidies Servicing Division
 - Funds Control Branch 1 → Loans and Subsidies Servicing Branch
 - Funds Control Branch 2 → Grants Servicing Branch
- ACFO for Budget – The ACFO for Budget has relied solely on contractor staff to support the customer experience functions for the Department in 2020 and 2021. The 2022 Budget creates a Customer Experience division reporting to the Director for Performance Management and Customer Experience. It adds five additional Federal staff to fill critical customer experience roles such as customer experience researchers, user experience designers, and data analysts. These Federal staff will develop an in-house capability that expands HUD’s ability to listen to HUD customers and partner organizations and use that insight to improve HUD programs, measured by improved program performance and customer experience.
- ACFO for Systems – The ACFO for Systems has solely used contract support to meet DATA Act Reporting Requirements over the past few years, with only one Federal staff person managing the work. In 2022, OCFO proposes to begin transitioning contract support to Federal staff. The creation of the Financial Data Reporting & Analysis Division will permit this transition from contractor resources to Federal staff, provide support for reporting, audit, and data quality, as well as, to meet additional regulatory financial reporting such as the Grants Oversight and New Efficiency Act and the Grant Reporting Efficiency and Agreements Transparency Act. The division will be staffed with a division director and four employees to support this requirement and additional work. A smaller contracting team will still be needed to support activities within this Division.
- Office of the Chief Risk Officer (OCRO) – The Budget requests to establish the OCRO in 2022. This office will include the Chief Risk Officer (CRO) and four risk analysts. The CRO will report to the Deputy CFO. The CRO provides executive-level management, leadership, direction, and oversight to the ERM Program. OCRO will provide expertise to HUD by identifying and advising on mitigation efforts regarding the most significant risks facing HUD.