

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Chief Financial Officer

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:							
Personnel Services	29,387	215	35,246	35,461	-	37,858	37,858
Common Distributable	6,210	-	6,000	6,000	-	6,300	6,300
Total, Personnel Services	\$35,597	\$215	\$41,246	\$41,461	-	\$44,158	\$44,158
Non-Personnel Services:							
Travel	175	-	150	150	-	150	150
Printing	14	-	46	46	-	46	46
Other Services/Contracts	16,138	14,150	23,397	37,547	5,697	20,421	26,118
Training	186	-	195	195	-	195	195
Supplies	34	-	45	45	-	45	45
Total, Non-Personnel Services	\$16,547	\$14,150	\$23,833	\$37,983	\$5,697	\$20,857	\$26,554
Working Capital Fund	3,120	771	2,786	3,557	-	5,761	5,761
Carryover	15,136	-	5,697	5,697	-	-	-
Grand Total	\$70,400	\$15,136	\$73,562	\$88,698	\$5,697	\$70,776	\$76,473
FTEs	184	1	206	207	-	215	215

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.

BUDGET OVERVIEW

The 2021 President's Budget requests \$70.8 million for the OCFO, which is \$2.8 million less than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$76.5 million, \$12.2 million below 2020 total funding. With this Budget, OCFO will continue its mission to provide sound stewardship of taxpayer funds by improving financial and internal controls through the Financial Transformation, Enterprise and Fraud Risk Management initiatives, and Centers of Excellence for Customer Experience.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$37.9 million for OCFO PS, \$2.4 million above 2020 total funding. This funding will support 215 full-time equivalents (FTEs),

eight FTEs above 2020. Of the 215 FTEs, 24 FTEs are stationed in the Fort Worth field office. The increase in FTEs is primarily attributed to hires supporting the following:

- Assistant Chief Financial Officer (ACFO) for Budget – The ACFO for Budget requests additional FTEs with specialized experience in Federal Credit Reform to ensure proper budgeting of HUD’s credit programs and to support a new budget formulation system and improve workforce succession planning.
- The Chief Risk Officer request four FTEs to sustain the growth of the Enterprise and Fraud Risk Management program.

Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary in 2021.

Common Distributable

The budget requests \$6.3 million in Personnel Services to support payments for Professional Liability Insurance, Workers’ Compensation and Unemployment Compensation, which is approximately \$300 thousand more than projected 2020 expenditures.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$26.6 million for OCFO NPS, \$11.4 million below 2020 total funding. Funding will support Travel, Printing, Contracts/Other Services, Training and Supply requirements. Of this amount, \$5.9 million will be available to support and maintain OCFO’s current contract requirements for E-Gov Initiatives, Accounting Services, Fair Share Interagency Agreements (CFO Council Funding and Cross Agency Priority Goals), systems security controls and compliance, and computer matching for employment/income verification. The Budget requests resources for Enterprise and Fraud Risk Management (\$2.5 million) and Data Analytics (\$1.3 million). In addition, 2021 funding includes up to \$16 million to support the Financial Transformation initiative.

Working Capital Fund

The Budget reflects total funding (carryover and new authority) of \$5.8 million for OCFOs contribution to the WCF, \$2.2 million above 2020 total funding. This funding will support OCFOs use of shared services, including two new WCF business lines: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

OCFO’s mission and key operational initiatives support Goal II: Protect Taxpayer Funds of HUD’s 2018 – 2022 Strategic Plan. These key operational initiatives include the following:

- The Agency-Wide Integrity Task Force: Established in 2018, the Agency-Wide Integrity Task Force is led by HUD’s Chief Financial Officer and consists of the heads of HUD’s component offices. The mission of this task force is to align the policies, processes, and people responsible for financial reporting to protect taxpayer’s funds. There are 8 project management offices tasked with executing HUD’s effort in Financial Transformation, Grants Management, Enterprise and Fraud Risk Management, Acquisition Management, Hiring Process Improvements, Regulatory Reform, Technology Modernization Fund, and HUD’s Center of Excellence (CoE).

- **Financial Transformation:** The financial transformation initiative will streamline and improve financial management across HUD to reduce material audit weaknesses, increase transparency and ensure strong stewardship of federal resources. This initiative requires investment in HUD's people, processes, and technology. In 2019, significant improvements were made to HUD's governance, financial controls and streamlining of operations. These improvements are attributed to strengthened cross collaboration throughout the Department as well as work groups focused on process improvements to ensure financial integrity and compliance. Additionally, improvements were made to HUD's technology and processes through intelligent automation. Significant progress was made in remediating material weaknesses related to internal controls for reporting, compliance with accounting standards, and IT systems.

As this initiative continues through 2021, OCFO will continue assessing its current structure, business operations, working environment, and staffing for gaps, process improvements and function realignments. Upon the assessment's conclusion, a financial management strategy to bridge policies, procedures, controls, and accounting standards to HUD's mission and strategic goals will be implemented ensuring overall improvement of HUD's financial controls and compliance with financial laws and regulations.

- **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. OCFO's Enterprise and Risk Management requires four FTEs to support and sustain the growth this initiative. 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 (FERA), and Management Control Reviews (MCRs).
- **Organizational Assessment:** An organizational assessment will be conducted during the financial transformation. This assessment will assess OCFO's current function statements to encompass new and revised functions; streamline offices for efficiency and collaboration on closely related tasks; and develop new business operations to realign internal and external skills.
- **Reorganization within ACFO for Budget (ACFOB) Office:** The ACFOB is requesting the authority to make changes within its organizational structure to reflect current workloads. The creation of a Federal Credit Support branch will enable ACFOB to develop a team of five, including three existing staff members, that are specialized Federal Credit Reform Act experts to ensure the proper budgeting of HUD's credit programs. HUD maintains the largest credit authority in the government, and ACFOB requires a sufficient level and focus of resources to provide oversight of that portfolio. A GS-15 supervisory position and a GS-9-13 position--as part of a five-member team--will be created to meet this need.

The current Staff Resource Management and Analysis Division's (SRMAD) responsibilities have shifted since the discontinuation of the TEAM workload system. To better reflect this evolved mission, the ACFOB is requesting to change the division's name to the Resource Planning and Reporting Division (RPRD). The RPRD will focus on budget planning and reporting for all of HUD's budget, both program and operational.

The Budget and Legislation Coordination (BLC) branch will be realigned from the Program Budget Development Division to the RPRD in the ACFOB and will be renamed the Budget Coordination Branch. The BLC supports more than just the program budget and will better align with the RPRD, which will support both program and operations budgets.

The existing Productivity Analysis and Support Branch and Systems and Procedures Branch in ACFOB for Budget will be combined into one branch, the Reporting and Procedures Branch, in the RPRD. The existing branch structure does not align well with current workload. The new branch will focus specifically on reporting and procedures across ACFOB.