From 9 to 5: How OCFO is Improving HUD’s Financial Health

The Office of the Chief Financial Officer (OCFO) provides leadership in instituting financial integrity, fiscal responsibility, and accountability. OCFO’s mission 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.

In 2017, HUD’s financial statements had nine material weaknesses and seven significant deficiencies. Having these on the record is not only an indicator of HUD’s financial health, it threatens HUD’s credibility and ability to obtain needed funding for programs.

OCFO Remediation Team

The new CFO formed a Remediation Team to mitigate, resolve and reduce the weaknesses. In January 2018, the team embarked on a financial integrity journey to tackle these challenges. They were asked to think differently about how to approach them. Team members brought deep organizational knowledge, expert skills, and an eye for process improvement. The team worked diligently and collaboratively to assess the root cause of problems, re-prioritize work, create a new governance structure, establish new policies, processes and procedures, and engage with stakeholders including the Office of the Inspector General.

Financial Transformation Plan

Under the leadership of the CFO, the team developed a broad Financial Transformation plan that was focused on empowering people and improving processes and technology. The CFO assigned business owners to each weakness to promote increased accountability. The team developed comprehensive plans, identified opportunities, and implemented key changes. The broad but focused effort created a sense of urgency for promoting change, generating results, and improving organizational performance.

OCFO strengthened the governance process through the creation of an Agency-Wide Integrity Task Force, which encompasses a Financial Transformation Project Management Office. In addition, OCFO re-established the HUD Financial Management Council to increase collaboration and promote more accountability. The team ramped up its communications strategy by engaging the budget, accounting, and financial management system staff, Department-wide program managers, and a service provider in ongoing activities. They deployed financial training where needed, with a focus on achieving clean financial statements.

The Impact

The results of this transformation thus far have been extremely positive, and progress continues. The Remediation Team was highly successful in reducing nine financial weaknesses to five, and seven significant deficiencies to four in one year. The team refined its strategy and is spearheading a cross-functional effort to ensure ongoing work to address the remaining weaknesses. The team created a heat-map to facilitate a prioritization process that ensured ongoing remediation was efficient and effective.
The Transformation Plan and work of this team jump-started a new way of thinking, created synergy, and laid the groundwork for a culture that embraces financial transformation and models private sector operating practices. The OCFO Transformation Plan and Remediation Team is a great example of the CAP Goal 6 at work as it illustrates how leaders can create a culture of transparency and accountability that brings people together to solve problems organically. This type of Financial Transformation effort shifts work from low to high-value, improves employee engagement, and enables an organization to deliver its mission-critical goals and objectives. The transformation was possible because people worked together to leverage their talents, processes and technology to achieve a common goal – to improve the financial integrity of HUD.