

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ADMINISTRATIVE SUPPORT OFFICES
OFFICE OF THE CHIEF FINANCIAL OFFICER**

Program Area Overview:

The Office of the Chief Financial Officer (OCFO) provides Department-wide leadership to further the practice of sound financial management in programs and operations. The OCFO leads the Department in the financial integrity, fiscal responsibility, accountability, and stewardship of public resources. While advising the Secretary and Departmental leadership on all aspects of financial management, the OCFO works to ensure the Department meets established financial management goals and complies with pertinent legislation and directives. In addition, the OCFO analyzes budgetary implications of policy and legislative proposals and provides technical oversight to all budget activities throughout the Department.

The OCFO consists of seven offices that enable it to fulfill its mission and objectives. The Executive Office, Appropriations Law Staff, and Management Staff provide management oversight, assistance with appropriations law issues, administrative support, and policy guidance. The Office of the Assistant Chief Financial Officer for Budget supervises and manages all activities associated with the Department's Budget, from formulation to execution, including the development of budget plans, policies and procedures, analysis, and recommendations. The Office of the Assistant Chief Financial Officer for Accounting manages development, administration, and evaluation of accounting and financial services within the Department. The Fort Worth Accounting Center, a subset of the Office of the Assistant Chief Financial Officer for Accounting, oversees the administrative accounting functions for the Department. The Office of the Assistant Chief Financial Officer for Financial Management manages Government Accountability Office (GAO), Office of Inspector General (OIG) and other audit liaison and resolution activities for implementing the Department's internal and management control program. The Office of the Assistant Chief Financial Officer for Systems develops, administers, and evaluates the Department's financial system development and integration services.

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TOTAL - SALARIES AND EXPENSES				
(Dollars in Thousands)				
	FY 2014	FY 2015	FY 2016	FY 2015 to FY 2016
Personnel Services	\$25,487	\$26,932	\$27,946	\$1,014
Common Distributable	\$8,398	\$8,068	\$8,067	(\$1)
Total Personnel Services	\$33,885	\$35,000	\$36,013	\$1,013
Non-Personnel Services				
Travel	134	85	85	-
Rent/Utilities	65	55	55	-
Printing	94	46	46	-
Other Services/Contracts	12,037	11,574	44,918	33,344
Training	204	195	195	-
Supplies	41	45	45	-
Non-Personnel Subtotal	12,575	12,000	45,344	33,344
GRAND TOTAL	\$46,460	\$47,000	\$81,357	\$34,357
Associated FTE	188.8	180.8	180.8	0.0

DESCRIPTION OF CHANGE FROM FY 2015 TO FY 2016

The Office of the Chief Financial Officer (CFO) requests \$81,357K and 180.8 Full Time Equivalents (FTE) in fiscal year 2016, an increase from fiscal year 2015 enacted of \$34,357K.

- Personnel Services: CFO requests \$36,013K and 180.8 FTE, an increase from fiscal year 2015 enacted of \$1,013K. A nominal amount of funding is included to fund the pay raise, promotions, and within grade increases.
 - The staggered pace and plan of New Core, the shared service financial system, will involve anticipated buyout efforts in fiscal years 2015 and 2016. However, CFO staffing also reflects updated FTE totals that are greater than originally planned, due to changes in the New Core schedule. Staffing levels also reflect reprioritization based on implementation of the New Core system as well as additional strategic policy priorities.
 - OCFO workload is shifting from transactional processes to more analytical and strategic processes to include:
 - Initiating in-depth quarterly financial reviews of all HUD program offices
 - Co-joining Financial information with HUDSTAT performance data

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- Increasing financial oversight, risk identification and risk reduction
- Participation in developing and implementing all phases of New Core

Common Distributable (CD)

The personnel services totals mentioned above include \$8,067K in Common Distributable (CD) for fiscal year 2016. This request represents a decrease of \$1K from the fiscal year 2015 enacted level. The CD comprises Workers Compensation Payment, Professional Liability Insurance and Unemployment Compensation.

	Personnel Services Functional Summary					
	(Dollars in Thousands)					
	FY 2014		FY 2015		FY 2016	
Function	FTE	Cost	FTE	Cost	FTE	Cost
Perform Management Oversight	20	\$2,673	16	\$2,505	16	\$2,648
Formulate & Execute the Departmental Budget	38	\$5,115	52	\$7,560	52	\$7,771
Manage the Departmental Accounting Process	33	\$4,481	38	\$5,594	38	\$5,779
Perform Program & Administrative Accounting Functions	39	\$5,276	21	\$3,207	21	\$3,359
Provide Financial Management Services for the Department	23	\$3,131	28	\$4,155	28	\$4,319
Develop, Maintain, & Oversee the Department's Financial Systems	36	\$4,811	26	\$3,909	26	\$4,070
Total	188.8	\$25,487	180.8	\$26,932	180.8	\$27,946

- Non-Personnel Services: CFO requests \$45,344K. This represents an increase from fiscal year 2015 enacted of \$33,344K.
 - Other Services/Contracts increase of \$33,344K, including an increase of \$32,000K for the Operations and Maintenance (O&M) of New Core Shared Services. While New Core development expenses are funded via the Information Technology Fund, as of October 1, 2014, HUD began using S&E resources to fund Inter-Agency Agreements (IAAs) with the Department of Treasury for operating and maintaining this severable service. These projections are generated based on estimated transaction costs provided by the Department of Treasury and an estimated number of transactions. This funding is reflected in the S&E account due to the transactional and service nature of the expenses; these expenses are for financial services and fundamentally are not Information Technology costs related to systems.

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KEY WORKLOAD INDICATORS				
Workload Indicator	FY 2014	FY 2015	FY 2016	FY 2015 to FY 2016
No. of Obligating Documents Executed	57,872	57,872	15,000	(42,872)
No. of Program Payments Processed	473,784	473,784	150,000	(323,784)
No. of Invoices Processed	21,986	21,986	9,950	(12,036)
No. of Loans Managed	13,093	13,093	5,000	(8,093)

Key Workload Items

Under the leadership of the Office of the CFO, the Department is conducting a major shift to a shared service financial systems provider that will involve workload and work assignment adjustments over a period of time. New Core's first release was implemented at the start of fiscal year 2015; release 2 is scheduled for February 2015, and release 3 for the start of fiscal year 2016. The workload changes reflect reductions in transactional activities, notably in the Accounting, Financial and Systems areas, as additional New Core releases launch. There are modest increases in the Budget Division as well as strategic adjustments reflected in an increased emphasis on oversight, policy and financial statement and other priority activities during this period of significant changes.

The Workload Indicators listed above show a significant reduction in the OCFO's Accounting function with the transition of transactional workload to the Administrative Resource Center (ARC) of the Department of Treasury's *Bureau of the Fiscal Service* as Releases 1-3 of the New Core Shared Services Project launch. Some of these transactional items will remain within the OCFO as some of the transactions are specific to HUD's program areas.

SUMMARY OF SYSTEMS/TOOLS REQUIRED TO MANAGE PROGRAM

The CFO budget submission supports the effort to replace HUD's legacy systems through the New Core Project. The project will implement a core financial management system to improve data accuracy, resolve audit findings, and retire HUD's antiquated, at-risk financial systems. This facilitates the closing of productivity gaps by implementing integrated governance processes and innovative IT service solutions at the program and agency levels. This will also increase communications with stakeholders as Shared Service managing partners, customers, and providers work together to ensure transparency, accountability, and on-going collaborations.

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HUD's current financial information application portfolio is comprised of compartmentalized legacy systems with program and traditional accounting functionality. The Department's financial systems include the HUD Centralized Accounting and Program System (HUDCAPS) and Program Accounting System (PAS). These systems are at an increased risk of failure and in need of enterprise consolidation and modernization to stabilize financial management operations. HUD has evaluated the feasibility of using a Federal Shared Service Provider (FSSP) and is currently working with ARC to replace HUD's outdated systems.

The New Core project has transitioned to a Phased Implementation approach to Shared Services which will deploy functionality of the four New Core Releases. During the Phased implementation of New Core, Release 1 (Travel and Relocation) was deployed October 1, 2014 with the execution of the Concur Travel System. Release 2 (Time and Attendance) of New Core is expected to deploy during the second quarter of fiscal year 2015. Release 3 (Financial Management and Procurement) is expected to deploy during the first quarter of fiscal year 2016. The date and/or timeframe for Release 4 (Grant and Loan Accounting) has yet to be determined.