2014 Explanatory Notes

Departmental Management

Office of the Chief Financial Officer

Contents

DEPARTMENTAL MANAGEMENT

OFFICE OF THE CHIEF FINANCIAL OFFICER

Purpose Statement

The Secretary established the Office of the Chief Financial Officer (OCFO) in 1995 under authority provided in Reorganization Plan Number 2 of 1953 (7 U.S.C. 2201) to comply with the CFO Act of 1990. The OCFO focuses on the Department's financial and performance management activities to improve program delivery and assure maximum contribution to the Secretary's Strategic Goals.

OCFO operations are led by the Chief Financial Officer (CFO), who is assisted by the Deputy CFO, three Associate CFOs for Financial Systems, Financial Operations, Financial Policy and Planning, and the Director, National Finance Center (NFC). OCFO is responsible for:

- Financial system management policy and the provision of timely, accurate, and reliable information from financial systems;
- Development of financial statements, cost accounting policy, and financial management budgets;
- Policy guidance and oversight of the Department's internal controls and management accountability programs and reporting to ensure adequate controls over Department assets;
- Oversight of the Departmental Working Capital Fund (WCF);
- Coordinating strategic planning and performance reporting for the Department; and
- Providing policy guidance and oversight of the travel system, grants management, cash and credit management operations, and other financial management functions.

NFC employs staff in the operation and support of centralized, automated, and integrated payroll, personnel, administrative payments, and central accounting systems which serves more than 40 Federal Departments, independent agencies, and congressional entities, including USDA. Operations at NFC are financed entirely by fee-for-service contracts with customers through the USDA WCF. No direct appropriated funding for NFC is reflected in the OCFO operating budget.

The OCFO headquarters is located in Washington, D.C. As of September 30, 2012, there were 1,222 full-time permanent employees funded by appropriated, reimbursed, and Working Capital Funds.

OIG Reports – Open
50401-3-11 11/16/12 Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2012 and 2011.

11401-3-11 9/27/12 Fiscal Year 2012 National Finance Center Procedures on Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report and submitted to the Office of Personnel Management.

11401-4-11 09/27/12 Statement on Standards for Attestation Engagements No. 16 Report on Controls at National Finance Center.

50703-001-13 10/26/12 American Recovery and Reinvestment Act – Jobs Report for USDA programs.

50703-002-13 10/26/12 Data Quality Review of American Recovery and Reinvestment Act – Jobs Report for USDA programs.

50024-0001-11 03/14/12 FY 2011 Improper Payments Elimination and Recovery Act of 2010 Compliance.

50024-0002-11 09/28/12 Executive Order 13520, Reducing Improper Payments – FY 2011 High Dollar Report Review.

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<u>OIG Reports - In Progress</u>
50024-4-11 Improper Payment Elimination and Recovery Act of 2010 Compliance Review for FY 2012.

50024-3-11 Fiscal Year 2012 Executive Order 13520, High Dollar Overpayment Review

50024-3-13 Review of the Department's US-Bank Travel Card Data.

50901-001-13 Review of USDA Contractor Payments (DM/OCFO).

50099-0001-23 USDA's Controls over Economy Act and Greenbook Program Charges (DM/OCFO).

<u>GAO Reports - In Progress</u>
Grants Internal Controls (197232) in progress.

DEPARTMENTAL MANAGEMENT

OFFICE OF THE CHIEF FINANCIAL OFFICER

<u>Available Funds and Staff Years (SY)</u>
(Dollars in thousands)

Item	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Salaries and Expenses:								
Discretionary Appropriations..........	$6,260	22	$5,650	26	$5,685	39	$6,243	42
Rescission...................................	-13	-	-	-	-	-	-	-
Total Available.................................	6,247	22	5,650	26	5,685	39	6,243	42
Lapsing Balances..................................	-160	-	-124	-	-	-	-	-
Transfer Out.......................................	-	-	-100	-	-	-	-	-
Obligations...	6,087	22	5,426	26	5,685	39	6,243	42
<u>Obligations under other USDA appropriations:</u>								
Greenbook Funding..............................	-	-	3,511	-	3,700	-	3,700	-
<u>Working Capital Fund:</u> a/								
National Finance Center.......................	54,288	226	56,552	233	60,765	233	64,922	235
Controller Operations...........................	33,824	250	33,208	243	31,326	243	33,237	243
Corporate Systems...............................	66,106	90	71,330	86	64,980	86	77,278	123
Financial Services.................................	2,224	3	2,313	7	2,446	7	2,515	10
Capital Equipment................................	26,309	-	16,351	-	14,435	-	12,000	-
Purchase Card Rebate..........................	7,993	-	9,584	-	2,952	-	-	-
Management, Oversight, and Administrative Services (provided to WCF Activities)...........................	-	15	8,728	19	5,781	19	3,522	19
NFC (Non-USDA).................................	130,319	651	113,275	617	121,340	617	127,911	617
Subtotal, WCF....................................	321,063	1,235	311,341	1,205	304,025	1,205	321,385	1,247
Unobligated Bal Exp.............................	-	-	780	-	326	-	-	-
Total, WCF..	321,063	1,235	312,121	1,205	304,351	1,205	321,385	1,247
Total, OCFO...	327,150	1,257	321,058	1,231	313,736	1,244	331,328	1,289

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Permanent Positions by Grade and Staff Year Summary a/

Item	2011 Actual Wash. D.C.	2012 Actual Wash. D.C.	2013 Estimate Wash. D.C.	2014 Estimate Wash. D.C.
SES………..……………………......	2	3	3	3
GS-15……………………….………	6	5	5	5
GS-14……………………….………	9	7	7	7
GS-13……………………….………	12	10	10	11
GS-12……………………….………	4	4	4	4
GS-11……………………….………	11	2	2	3
GS-10……………………….………	1	2	2	2
GS-9……………………….………	2	1	1	2
GS-8……………………….………	-	-	-	-
GS-7……………………….………	8	6	6	6
GS-5……………………….………	-	1	1	1
GS-3……………………….………	-	-	-	-
Total Perm. Positions a/…….........	55	41	41	44
Unfilled, Positions EOY….............	18	15	2	2
Total, Perm. Full-Time Employment, EOY………...........	37	26	39	42
Staff Year Estimate……...............	41	26	39	42

a/ Positions shown are appropriated, reimbursed, and WCF Administrative Services. For all other WCF
    financed positions, refer to the WCF Explanatory Notes.

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The estimates include appropriations language for this item as follows:

<u>Salaries and Expenses:</u>
For necessary expenses of the Office of the Chief Financial Officer, $6,243,000: Provided, That no funds made available by this appropriation may be obligated for FAIR Act or Circular A-76 activities until the Secretary has submitted to the Committees on Appropriations of both Houses of Congress and the Committee on Oversight and Government Reform of the House of Representatives a report on the Department's contracting out policies, including agency budgets for contracting out.

<u>Lead-off Tabular Statement</u>

2013 Estimate	$5,685,000
Budget Estimate, 2014	6,243,000
Change in Appropriation..	+558,000

<u>Summary of Increases and Decreases</u>
(Dollars in thousands)

Discretionary Appropriations	2011 <u>Actual</u>	2012 <u>Change</u>	2013 <u>Change</u>	2014 <u>Change</u>	2014 <u>Estimated</u>
Office of the Chief Financial Officer…..…...	$6,247	-$597	+$35	+$558	$6,243

<u>Project Statement</u>
Appropriations Detail and Staff Years (SY)
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Inc. or Dec.		2014 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Appropriations:										
Office of the Chief Financial Officer………....................	$6,247	22	$5,650	26	$5,685	39	+$558 (1)	+3	$6,243	42
Rescission and Transfer (Net)..	13	-	-	-	-	-	-	-	-	-
Total Appropriation................	6,260	22	5,650	26	5,685	39	+558	+3	6,243	42
Transfer Out: WCF.....................	-	-	-100	-	-	-	-	-	-	-
Rescission..................................	-13	-	-	-	-	-	-	-	-	-
Total Available........................	6,247	22	5,550	26	5,685	39	+558	+3	6,243	42
Lapsing Balances........................	-160	-	-124	-	-	-	-	-	-	-
Total Obligations....................	6,087	22	5,426	26	5,685	39	+558	+3	6,243	42

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Project Statement
Obligations Detail and Staff Years (SY)
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Inc. or Dec.		2014 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Obligations:										
Office of the Chief Financial Officer………….....................	$6,087	22	$5,426	26	$5,685	39	+$558 (1)	+3	$6,243	42
Total Obligations..................	6,087	22	5,426	26	5,685	39	+558	+3	6,243	42
Lapsing Balances......................	160	-	124	-	-	-	-	-	-	-
Total Available.....................	6,247	22	5,550	26	5,685	39	+558	+3	6,243	42
Transfer Out: WCF...................	-	-	100	-	-	-	-	-	-	-
Rescission.................................	13	-	-	-	-	-	-	-	-	-
Total Appropriation..............	6,260	22	5,650	26	5,685	39	+558	+3	6,243	42

Justification of Increases and Decreases

Base funds will continue to allow OCFO to carry out its statutory responsibilities. Continuing the base funding is crucial to focusing on the Department's financial and performance management activities to improve program delivery and assure maximum contribution to the Secretary's Strategic Goals.

(1) An increase of $558,000 and 3 staff years for the Office of the Chief Financial Officer ($5,685,000 and 39 staff years available in 2013) consisting of:

   (a) An increase of $30,000 for pay costs ($4,000 for annualization of the 2013 pay increase and $26,000 for the 2014 pay increase).
   The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available to continue to allow the office to carry out its full range of responsibilities and support program delivery.

   (b) An increase of $493,000 and 3 staff years to perform the Audit Follow-up Function.
   This increase is necessary to perform the Audit Follow-up Function that is required by the Inspector General Act Amendments of 1988. OCFO has been financially constrained and was able to minimally perform the Audit Follow-up Function to the best of its ability. This increase will allow OCFO to fully perform the function. By reinstating this function, OCFO will be able to verify that audit recommendations were followed through and report these actions to Congress.

   (a) An increase of $35,000 for operating costs.
   The proposed funding level is needed to continue the current level of financial oversight. Additional funding will enable compliance with increased travel and conference review and reporting requirements as well as monitoring and enforcement of transparency reporting.

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<u>Geographic Breakdown of Obligations and Staff Years (SY)</u>
(Dollars in thousands)

State/Territory	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
District of Columbia................	$6,087	22	$5,426	26	$5,685	39	$6,243	42
Lapsing Balances....................	160	-	124	-	-	-	-	-
Total, Available..................	6,247	22	5,550	26	5,685	39	6,243	42

<u>Classification by Objects</u>
(Dollars in thousands)

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Personnel Compensation:				
Washington D.C...	$2,681	$2,392	$3,712	$4,039
11 Total personnel compensation...........................	2,681	2,392	3,712	4,039
12 Personal benefits...	724	622	967	1,062
Total, personnel comp. and benefits..............	3,405	3,014	4,679	5,101
Other Objects:				
21.0 Travel and transportation of persons................	7	24	6	6
22.0 Transportation of things......................................	1	3	1	1
23.3 Communications, utilities, and misc. charges...	43	51	51	54
24.0 Printing and reproduction..................................	4	-	5	6
25.2 Other services from non-Federal sources..........	1,466	1,747	585	588
25.3 Other purchases of goods and services from Federal sources.......................................	499	559	302	422
25.4 Operation and maintenance of facilities.........	608	-	-	-
26.0 Supplies and materials...	53	22	50	52
31.0 Equipment...	1	6	6	13
Total, Other Objects...	2,682	2,412	1,006	1,142
99.9 Total, new obligations...................................	6,087	5,426	5,685	6,243
Position Data:				
Average Salary (dollars), ES Position...........................	$168,350	$166,445	$167,277	$168,114
Average Salary (dollars), GS Position...........................	$111,633	$92,731	$91,282	$91,819
Average Grade, GS Position..	13.8	13.3	13.2	13.2

DEPARTMENTAL MANAGEMENT

OFFICE OF THE CHIEF FINANCIAL OFFICER

STATUS OF PROGRAM

<u>Current Activities</u>:

The Office of the Chief Financial Officer (OCFO) has Department-wide leadership responsibility for financial operations, activities, systems, and personnel. The Chief Financial Officer (CFO) is the USDA's chief financial management policy officer and is the chief financial management advisor to the Secretary and the mission area heads. In addition to responsibilities in financial policy and operations, the OCFO is responsible for the administration of the Working Capital Fund (WCF). The CFO is the Departmental official charged with the responsibility for the financial health of the WCF, and effective day-to-day financial management. Also, OCFO directly manages four of the WCF-funded activities: the National Finance Center (NFC), Controller Operations, Financial Systems, and Internal Control Support Services.

Specific areas being addressed include:

<u>Departmental Financial Statements</u>: For 2012, USDA received an unqualified opinion on its annual financial statements.

While USDA made improvements in its financial management systems and internal controls in recent years, there is still room for improvement. OIG reduced the level of severity of the material weakness for some of the findings related to internal controls for financial reporting. This included reassessing the deficiencies for abnormal balances, intra-Departmental transactions, and un-liquidated obligations to a significant deficiency in the FY 2012 audit report. USDA plans to maintain its unqualified opinion on its 2013 financial statements. Improvements are still needed in overall financial management. USDA will continue to make improvements in USDA's internal controls over financial reporting and financial systems including:

- Reducing the number and severity of material weaknesses and significant deficiencies for financial reporting and financial systems, including compliance with FISMA;
- Reviewing, researching, and timely implementing action to correct abnormal balances;
- Improving the closure rate of Corrective Action Plans (CAPs) and Plans of Action and Milestones (POA&Ms);
- Developing and implementing effective steps to timely process Intergovernmental Payments and Collections (IPAC) transactions; and
- Reducing inactive un-liquidated obligations.

<u>Financial Systems</u>: Activities under this heading are managed by the OCFO under the WCF (see the WCF section for detailed explanation) and include the following (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (New Orleans, LA; Denver, CO)
- Controller Operations Division (Washington and New Orleans)
- Financial Systems (Washington and New Orleans)
- Internal Control Support Services (ICSS)

The Associate Chief Financial Officer for Financial Systems (ACFO-FS) manages the administrative and financial management systems for USDA under the WCF activity center, Financial Systems. ACFO-FS has continued to maintain the legacy financial system, Foundation Financial Information System (FFIS), while supporting the Department's mission to implement a new accounting system known as the Financial Management Modernization Initiative (FMMI). ACFO-FS has successfully implemented the conversion to

FMMI for all agencies and staff offices with the exception of the Forest Service. The Forest Service was implemented into FMMI in November 2012.

Additionally, ACFO-FS administers a number of other financial management systems that support USDA agencies and organizations, including: travel, personal property, telephones, utilities, miscellaneous income (1099 reporting), Automated Cash Reconciliation Spreadsheet Tool, Corporate Property Automated Information System (Real Property), and the On-line Tracking and Reconciliation System for intergovernmental financial transactions. Financial Systems also support the processing of USDA data through other organization-owned systems, which include domestic travel, purchase card transactions, and procurement activity using the Integrated Acquisition System.

Management Accountability and Control and Compliance with Laws and Regulations: The OCFO is responsible for management accountability and control under the CFO Act, the Federal Managers' Financial Integrity Act (FMFIA), and the Federal Financial Management Improvement Act (FFMIA). OCFO establishes policy and guidance to ensure that USDA agencies comply with the requirements of FMFIA and FFMIA, and report on material weaknesses, financial system non-conformances in the Performance and Accountability Report to the Congress and the President.

Additionally, the Internal Control Division oversees the annual assessment of internal controls over financial reporting in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control, Appendix A - Internal Control Over Financial Reporting.* The OCFO continues to work with agencies to establish an ongoing process for the annual assessment in order to improve financial reporting and to maintain compliance with the law and guidance. Current efforts include:

- Continuing the Department-wide Assessment Implementation Team to conduct the assessment of internal control over financial reporting;
- Expanding the process-level risk-based approach to conduct the internal controls over financial reporting assessment;
- Providing a recommendation to the Secretary of Agriculture on the type of assurance to be provided regarding the effectiveness of USDA's internal control over financial reporting as of June 30th each year and for the FMFIA Annual Assurance Statement to OMB and Congress;
- Increasing USDA's awareness of internal control through Department-wide training;
- Establishing accountability for and continuously monitoring the status of open material deficiencies and encouraging timely correction;
- Reviewing, analyzing, and reporting monthly progress in achieving major corrective action milestones during the reporting period;
- Improving the closure rate of Corrective Action Plans (CAPs) and Plans of Action and Milestones (POA&Ms); and
- Revising Departmental guidance on internal controls for consistency with Government-wide guidance.

Performance Management: The OCFO coordinates the development of the USDA Strategic Plan, Agency Financial Report, the Annual Performance Report, and the Summary of Performance and Financial Information. USDA uses requirements from the Government Performance and Results Act (GPRA) of 1993, the GPRA-Modernization Act of 2010, OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget,* and OMB Circular No. A-136, *Financial Reporting Requirements*, to establish the content and timeframes for these reports. The OCFO works with the Department's leadership, the USDA Performance Improvement Officer, and mission area Performance Improvement Initiative Coordinators in the following performance management activities:

- Coordinating with the Office of Budget and Program Analysis on integrating budget and performance management and on enhancing and refining USDA performance goals and metric indicators;

- Developing the Agency Financial Report, Annual Performance Report, and Summary of Performance and Financial Information for the Department that clearly demonstrate linkages to the USDA Strategic Plan and Performance Budget (Annual Performance Plan); and
- Enhancing coordination within USDA and with other Federal agencies to develop common goals and performance measures for cross-cutting functions and programs.

Debt Policy: OCFO is responsible for developing Departmental policy, and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act (DCIA). USDA is one of the largest credit agencies within the Federal Government with total receivables of $119 billion. OCFO has additional policy and oversight responsibilities for USDA agency debt, credit and cash management activities required by numerous statutes (e.g., Credit Reform Act), regulations, circulars, manuals and directives. Current activities include:

- Leading agencies by providing policy expertise and consultation services to increase collection of debt, reduce delinquent debt, and estimate the value of outstanding loans and improve management of receivables;
- Documenting and improving debt collection activities in USDA's loan programs;
- Working directly with the Department of the Treasury, OMB and other Federal departments to ensure consistency and standardization of requirements and efficient implementation; and
- Developing and/or coordinating numerous Departmental, government-wide and commercial reporting requirements.

Improper Payments: OCFO leads the Department by issuing implementation policy and guidance to USDA agencies on carrying out the Improper Payments Information Act (IPIA) and several recent requirements to intensify efforts to eliminate payment errors, waste, fraud and abuse in Federal programs. These include Executive Order 13520 "Reducing Improper Payments and Eliminating Waste in Federal Programs," Presidential Memoranda "Enhancing Payment Accuracy through a Do Not Pay List" and "Finding and Recapturing Improper Payments", and the Improper Payments Elimination and Recovery Act (IPERA) of 2010. Current activities include:

- Providing expertise and consultation services, assisting agencies with and conducting oversight of risk assessments, statistical sampling, error-rate reporting, remediation planning, and recovery/recapture auditing;
- Conducting analyses of agency plans for implementing IPIA/IPERA, as well as providing objective evaluation and standardization to improve IPIA/IPERA compliance;
- Monitoring the USDA agencies' plans for development of internal controls, systems enhancements and payment recapture/recovery of identified improper payments, providing assurance of program integrity, and the prevention of future improper payments; and
- Coordinating Departmental preparation and reporting of required improper payments and payment recapture/recovery auditing accomplishments in the USDA Agency Financial Report, providing objectivity and standardization in report content.

Travel Policy. OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's over $300 million per year civilian travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services and the travel card program. Under OCFO leadership USDA reduced travel spending by 35 percent in 2012, a reduction of over $120 million as compared to the 2010 travel spending. This included reducing travel related to conferences by $8 million. OCFO also participates on inter-agency travel policy committees in cooperation with the General Services Administration and OMB. Current activities include:

- Minimizing inappropriate use of the travel card program while maximizing the quarterly rebates from the bank;
- Tracking travel cards and their usage to improve the management;
- Adjusting both travel policies and the system to increase use of the electronic travel system;
- Providing training to USDA travel system users and travel cardholders;
- Providing additional reports from the travel system and the travel card system;
- Automating the conference approval and tracking system; and
- Increasing the use of electronic approvals for all travel-related activities to improve accuracy and processing time.

Grants Policy: OCFO leads the Department in Federal financial assistance policy and oversight, and regularly convenes the Federal Financial Assistance Committee (FFAC). The FFAC consists of agency representatives that aid in the implementation of government-wide Federal financial assistance initiatives and USDA guidance. Through this Committee, USDA decides on policy matters that affect the Department's programs and serves as a crucial communication channel to conduct outreach and provide input on new and emerging issues for grants government-wide. The Committee provided input for a revised OMB circular, suspension and debarment regulations, human trafficking regulations and many others. The Committee is central to providing innovative solutions to grants reporting improvements.

USDA is a member on the Council on Federal Assistance Reform (COFAR) and on the COFAR principals' workgroup. The council is in charge of updating OMB Circulars, setting priorities in grants management policy across the government and ensuring greater accuracy and transparency in grants reporting. USDA also participates in government-wide Federal financial assistance initiatives such as Grants.gov and the Grants Management Line of Business (GMLOB). OCFO's leadership in these initiatives is helping to ensure simplification and streamlining of Federal financial assistance activities. OCFO maintains Departmental policy by ensuring improved efficiency in grants management and consistency of regulations across government for the public.

OCFO coordinates USDA debarment and suspension (D&S) actions and regulations including making USDA entries to the Excluded Parties List System (EPLS). OCFO maintains USDA's portion of the Catalog of Federal Domestic Assistance (CFDA) and ensures the consistency and completeness of its program data. OCFO serves on the GMLOB Communications Committee and the Interagency Suspension and Debarment Committee. OCFO also maintains the Federal Financial Assistance Intranet web site, and provides agency oversight for audit responses and legislative reports. OCFO's committee participation is critical because many government-wide initiatives have compliance and implementation implications.

Transparency and Accountability Reporting: OCFO leads the Department's efforts to provide greater information sharing and transparency of data at USDA. The focus of this effort has been on Transparency Act and Recovery Act Implementation and Reporting, from prime award and sub-award reporting. OCFO coordinated the Department's compliance with these requirements along with improving and supporting the current Federal financial assistance reporting requirements. OCFO has leveraged its reporting capabilities to help automate reporting processes in multiple divisions within the Office. OCFO took on a new initiative to consolidate Foreign Assistance reporting required by OMB Bulletin 12-01.

Recovery Act Implementation: OCFO continues to oversee the implementation of the American Recovery and Reinvestment Act of 2009 (ARRA). The Department was initially appropriated over $28 billion. An increased demand for the Supplemental Nutrition Assistance Program resulted in over $40 billion ARRA dollars obligated at the end of 2012.   In addition to extensive weekly and quarterly financial reporting, OCFO has worked closely with ARRA funds recipients to report timely and accurately. OCFO continued to hold outreach calls with agency stakeholders, provided training and met with agencies to help resolve

ARRA related issues ranging from reporting accuracy to audit investigations. The Office of Inspector General audited the ARRA implementation extensively and in 2012 issued two ARRA audits to OCFO indicating that oversight and internal controls were generally solid. Findings indicated that Agencies needed to provide greater oversight. OCFO promulgated updated guidance and provided additional training in these areas to agencies. OCFO implemented additional quarterly reconciliations of financial reporting and has served as subject matter experts for a Recovery Board data pilot.

Selected Examples of Recent Progress:

Financial Statements: Accomplishments of the OCFO and financial managers in 2012 included:

- Provided additional oversight and training to ensure agencies are following Departmental policy in identifying and reconciling intradepartmental transactions;
- Updated guidance to agencies to improve the process for reviewing, researching, and timely implementing action to correct abnormal balances; and
- Continued cleanup of obligations recorded in the accounting systems.

Financial Systems: Financial Systems processed over 101 million financial transactions supporting USDA's mission. There were over 2.2 million disbursing transactions that totaled in excess of $3 billion.

Financial Systems achieved the Department's mission to implement the Natural Resources Conservation Service, Animal and Plant Health Inspection Service, Agricultural Marketing Service, and the Grain Inspection, Packers and Stockyards Administration into FMMI, successfully converting financial data from the legacy accounting system that resulted in the opportunity to retire four legacy accounting applications as well as reducing the cost to operate them.

Financial Systems completed the design, testing, and rollout of the Business Objects (BOBJ) reporting tool to all USDA agencies implemented into the FMMI. This technologically advanced reporting system delivers an ad-hoc financial reporting tool to financial users across the Department. This implementation provides a foundation for future plans to support real-time reporting. BOBJ has approximately 4,000 users and this number is growing.

Financial Systems represented the Department during the Government Services Administration's selection of a new commercial off the shelf travel system for processing temporary duty travel that will replace the existing system. It leveraged years of travel experience serving over 138,000 users to recommend the system that is the best fit for USDA's travel community and is fiscally responsible.

Financial Systems addressed agency issues and concerns resulting from their implementation into the Financial Management Modernization Initiative by conducting business process re-engineering and listening sessions. This resulted in a clear understanding of the issues being faced, and it expedited the correction process. The outcome was faster and more accurate software and business process improvements.

Financial Systems developed, tested, and implemented in excess of 250 software changes related to FMMI that enhanced USDA's ability to operate efficiently, including: timely payments to vendors, improved billing and collections processing, and enhanced reporting. These changes were a combination of enhancements and corrective actions that improved the usability of the financial system and the accuracy of the data reported.

Management Accountability and Control: USDA's 2012 and 2011 Consolidated Financial Statements received an unqualified audit opinion from the OIG. The auditor's Report on Compliance with Laws and

Regulations also disclosed that the Department was not substantially compliant with FFMIA requirements, grants management regulations and IPERA. Progress has been made as the auditors downgraded material weaknesses in financial reporting for un-liquidated obligations and abnormal balances to a significant deficiency.

The Department currently has one material weakness in two information technology areas, which include logistical access controls /personnel security and configuration management. The material weakness is a result of pervasive deficiencies in internal control design and operating effectiveness; the Commodity Credit Corporation has one outstanding deficiency related to financial system non-conformance in Funds Control Management; and the Natural Resources Conservation Service has various outstanding financial system non-conformance deficiencies for failing to support certain transactions and accounting balances for their 2012 financial statements. USDA will continue monitoring progress on plans to improve financial systems to comply fully with FFMIA and FISMA requirements.

Performance Management: OCFO executed USDA performance management activities, such as conducting Department-wide planning team meetings to draft the performance management documents for the Department and the Performance and Accountability Report for 2012; met with other Federal agencies, external groups, and representatives from foreign countries to discuss USDA performance management efforts and results; and participated in USDA and Federal inter-agency forums related to GPRA and performance management.

Debt Policy: USDA's gross receivables are $119 billion. Through effective OCFO debt management policy and coordination efforts, USDA's accomplishments for 2012 include:

- Reporting a delinquency rate of 3.9 percent as compared to the government-wide delinquency rate of 18 percent;
- Collecting $25.9 billion from receivables including over $1.2 billion of delinquent debt, wrote-off $2 billion uncollectible debt and reported $111 million of closed-out debt to Internal Revenue Service as possible debtor taxable income;
- Referring 99.8 percent to the Treasury Offset Program of the $1.7 billion eligible debt compared to the government-wide referral rate of 86.9 percent;
- Referring 99.6 percent to the Treasury Cross-Servicing Program of the $877 million eligible debt compared to the government-wide referral rate of 95.4 percent; and
- Issuing 2,493 administrative wage garnishment (AWG) orders to delinquent debtors resulting in $7.5 million in collections of delinquent debt and performing 204 AWG hearings requested by delinquent debtors.

Departmental policies have led to the high referral rates, providing greater potential for increased collections of delinquent debt through voluntary remittance, offset or commercial collection practices. The $1.2 billion of delinquent debt collections in 2012 is a 13 percent increase over the $1 billion in 2011. The $7.5 million of AWG net collections in 2012 is a 26 percent increase over the $6 million in 2011. OCFO coordinated the preparation and submission of the DCIA Annual Report to OMB, which provides an assessment of compliance with compromising, writing-down, forgiving and discharging indebtedness and write-off status/plans for delinquent debt over 2 years old. USDA participated in an initiative by the Chief Financial Officers Council and the Department of the Treasury to develop a Treasury Report on Receivables Dashboard Tool to improve delinquent debt analytics and debt collection. Also, USDA worked with OMB toward setting goals to improve compliance with debt collection requirements and set aggressive performance goals.

Improper Payments: During 2012, USDA measured 14 high risk programs, completed risk assessments on 35 low risk programs and performed management certifications for the remaining 75 low risk programs. The Department reported an improper payment rate of 5.11 percent for 2012, a decrease from the 5.37

percent reported in 2011. Due to a $6.7 billion increase (7 percent) in high risk program outlays for 2012, the estimated amount of improper payments for 2012 was $5.5 billion, an increase from $5.4 billion reported in 2011. The increase in outlays was attributable to the increase in demand for food and nutrition assistance. Eight USDA high risk programs reported 2012 improper payment rates below their 2011 rate. Also, eight USDA high risk programs reported improper payment rates for 2012 that met or were lower than the programs' reduction targets for 2012. FNS' Supplemental Nutrition Assistance Program (SNAP) achieved a 3.80 percent improper payment rate for 2012, down from 3.81 percent in 2011. The improper payment rate for SNAP is a historic low for the program, which is important since SNAP's annual outlays represent 67 percent of the total annual outlays of all USDA's high risk programs. To achieve these reductions, USDA agencies implemented aggressive corrective action plans to address root causes of improper payments; increased senior management involvement; provided internal and external training; increased accountability; enhanced program eligibility verification; and improved internal controls and documentation controls. During 2012, USDA awarded a Departmental payment recapture/recovery auditing services contract that incorporates a phased implementation of agency program payments to address the IPERA recovery auditing requirements. USDA additionally awarded a Departmental supplier credit recovery auditing contract that will address the recovery of overpayments on administrative contracts. Also, USDA submitted a plan to OMB for enrolling all agency programs into the government-wide "Do Not Pay" initiative to assist in the prevention of improper payments.

Travel Policy. As part of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246), USDA successfully prepared a report on conferences and published it on USDA's web site. OCFO revised the reporting process and used additional raw data to improve both the quality and efficiency in preparing this USDA report. OCFO revised USDA travel policy to encourage more cost savings in travel spending. During 2012, USDA reduced travel spending by over $128 million as compared to the 2010 baseline.

Grants Policy: The following are OCFO's recent accomplishments:

- Helped OMB develop a new consolidated Circular under the auspices of the Council on Financial Assistance Reform;
- Worked with the D&S Council to close an audit finding related to debarment and suspension;
- Met quarterly with the D&S Council and monthly with the D&S Coordinators committee;
- Finalized the D&S Guidance that will be issued as a Department Regulation in January 2013;
- Developed D&S training for grants and procurement officials via USDA's AgLearn online training tool;
- Worked with OIG to revise its monthly report of USDA indictments and convictions; the report's current version will provide actionable D&S data to the agencies;
- Obtained the necessary justifications for agencies' not covered transactions, consolidated into one template, and provided to OIG for review and approval;
- Issued the final guidance to the agencies on timely CFDA program additions and updates to ensure agencies updated their programs per OMB's requirements for 2011; and
- Coordinated the development of the Single Audit Compliance Supplement.

Transparency and Accountability Reporting: OCFO is a leader in government on grants transparency reporting and developed a reconciliation of the Status of Budgetary Resources and Federal Financial Assistance. OCFO's leadership was recognized by OMB and as a result, OCFO has played a role in developing data reporting accuracy guidance for the Federal government. OCFO updated guidance in September 2012 on Transparency Act reporting and has reduced the number of outstanding data errors to less than 1 percent. Outreach and training was conducted for all agencies to ensure that reporting errors were further reduced. OCFO staff worked with OMB to develop the data quality guidance for Federal agencies. They have also developed and are implementing reconciliations to further improve data quality. OCFO staff developed un-liquidated obligations reports.   OCFO implemented a new initiative required by

OMB Bulletin 12-1 on foreign assistance reporting. OCFO collaborated with the Department of State and OMB to develop report standardization that will yield immediate benefits. OCFO also designed the reporting process to integrate with existing reporting needs, thus reducing the reporting burden on USDA agencies as well as other Federal agencies.

Recovery Act Implementation: OCFO has been a leader in the Federal Government in implementing the Recovery Act. In addition to complying with the Act and OMB guidance, OCFO has:

- Shown quarterly improvement in non-compliant reporting. There were 63 non-complaint reporters at the beginning of 2012. That number dropped to 32 by the end of the year;
- Improved error detection. During 2012, OCFO refined its error detection and identified more errors, primarily impacting the Rural Development Broadband program. Significant errors increased from 112 at the beginning of the year to 558 in the third quarter, the last quarter for which data is available, Material Omissions increased slightly from 132 to 158 in the same period. The increase in reported errors reflects improved oversight over how agencies report Recovery Act awards. Errors in the Broadband award date field account for 438 of the error records;
- Updated guidance to ensure higher quality data;
- Developed additional internal control testing and review procedures to ensure higher data quality;
- Conducted additional department-wide training on guidance as it was issued; and
- Continued outreach with a working group to address sub-award reporting issues and compliance. As a result, one third of all Federal sub award compliance in fiscal year 2012 is attributable to USDA.

DEPARTMENTAL MANAGEMENT

OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance
Statement of Goals and Objectives

The Office of the Chief Financial Officer was established in 1995, when the Secretary of Agriculture established it under authority provided in Reorganization Plan Number 2 of 1953 (7 U.S.C. 2201) to comply with the Act of 1990. The activities of OCFO are focused on the Department's financial and performance management to improve delivery and assurance of contributions to the Secretary's Strategic Goals.

OCFO has one strategic goal and two objectives that contribute to the strategic goals of the Department.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA becomes a leader in financial management through strong leadership, policy and oversight.	The Department and USDA agencies receive clean audits.	OCFO gathers financial statements for the annual audits of the USDA consolidated financial statements.	1: Achieve USDA-wide unqualified audit opinion on financial statement audits.
	Strengthen compliance with financial management laws, regulations, and best practices.	OCFO participates in the Department's assessment of internal control structure and compliance with laws and regulations.	2: Compliance with A-123, Appendix A testing.
		OCFO monitors agency obligations and expenditures throughout the fiscal year and works with fund holders to help them avoid ADA violations.	3: No Anti-Deficiency Act (ADA) violations.
		OCFO issues implementation policy and guidance on the carrying out of the Improper Payments Information Act.	4: Compliance with the improper payments reporting requirements.
		OCFO provides technical assistance as the OIG conducts various audits of USDA's Financial Systems.	5: Down-grade existing material weaknesses to significant deficiency status.

Key Outcomes:
1. Achieve USDA-wide unqualified audit opinion on financial statement audits.
2. Compliance with A-123, Appendix A testing.
3. No Anti-Deficiency Act violations.
4. Compliance with the improper payments reporting requirements.
5. Down-grade existing material weaknesses to significant deficiency status.

Key Performance Targets:

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Percentage of clean audits for all agencies and USDA on a consolidated basis. a. Units	100%	86%	86%	86%	86%	86%	100%
Number of new auditor-identified material internal control weaknesses. a. Units	0	0	0	0	0	0	0
Number of existing internal control weaknesses. a. Units	3	3	2	2	1	1	0
Maintain the number of Anti-Deficiency Act violations to zero. a. Units	0	0	2	0	0	0	0
Reduction in Departmental improper payments percent. a. Units	0.02%	0.21%	0.55%	0.02%	0.01%	0.01%	0.01%
Compliance with A-123, Appendix A testing. a. Units	100%	100%	100%	79.1%	100%	100%	100%

Selected Accomplishments Expected at the 2014 Proposed Resource Level:
- Achieve clean audits for all agencies of USDA on a consolidated basis.
- Full compliance with A-123, Appendix-A testing.
- Zero Anti-Deficiency Act violations.
- All programs meet improper payments reporting requirements.
- Zero material internal control weaknesses.

Strategic Goal Funding Matrix
(Dollars in thousands)

Program / Program Items	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
Agency Strategic Goal 1: USDA becomes a leader in financial management through strong leadership, policy and oversight.					
Office of the Chief Financial Officer......	$6,247	$5,650	$5,685	+$558	$6,243
Staff Years...	22	26	39	+3	42

Full Cost by Strategic Objective

(Dollars in thousands)

Agency Strategic Goal 1: USDA becomes a leader in financial management through strong leadership, policy and oversight.

Program / Program Items	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Administrative costs (direct)...	$3,405	$3,014	$4,679	$5,101
Indirect costs..	2,682	2,412	1,006	1,142
Total Costs...	6,087	5,426	5,685	6,243
FTEs..	22	26	39	42

Performance Measure:
Percent of clean audits for all agencies and USDA on consolidated basis.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Measure..	86%	86%	86%	100%

Performance Measure:
Number of new auditor-identified material internal control weaknesses.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Measure..	0	0	0	0

Performance Measure:
Number of existing internal control weaknesses.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Measure..	2	1	1	0

Performance Measure:
Maintain the number of Anti-Deficiency Act violations at zero.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Measure..	0	0	0	0

Performance Measure:
Reduction in Departmental improper payments percent.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Measure..	0.02%	0.01%	0.01%	0.01%

Performance Measure:
Compliance with A-123, Appendix A testing.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Measure..	79%	100%	100%	100%

2014 Explanatory Notes

Working Capital Fund

Contents

WORKING CAPITAL FUND

Purpose Statement

The USDA Working Capital Fund (WCF) was established in 1944 (7 U.S.C. 2235). The mission of the WCF is to provide an effective financing mechanism to support those services the Secretary, with the approval of the Director of the Office of Management and Budget, determines may be performed more effectively as central services making it unnecessary to maintain separate like services in the agencies of the Department. The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized, fee-for-service basis. The WCF has not received and does not receive funds as an individual discretionary account; it serves as a financing mechanism for which costs of operations are 100 percent reimbursable. Services to non-USDA agencies reduce USDA's share of fixed costs for WCF-supported services. Centrally-managed operations provide efficient, economical services through economies of scale, extensive management attention, and regular fund reviews. The WCF finances activity centers under five functional categories as follows:

Administration:
 Beltsville Service Center:
 Consolidated Forms and Publications Distribution Center (CFPDC)
 Central Excess Property Operation (CEPO)

Mail and Reproduction Mgt.:
 Central Mail Unit (CMU)
 Copier and Duplicating Services (CDS)
 Integrated Procurement Systems (IPS)
 Procurement Operations (POD, formerly an overhead account, since designated as a direct-funded activity center of the WCF)

Communications:
 Creative Media and Broadcast Center (CMBC)

Finance and Management:
 National Finance Center (NFC)
 Controller Operations (COD)
 Financial Systems (FSYS)
 Internal Control Support Services (ICSS)
 Note: Administrative Support Costs are WCF-wide support charges paid to staff offices as reimbursement for services to or on behalf of the WCF; they are not billed directly to agencies but are recovered through activity center rates. Since these funds are accounted for under the WCF Treasury symbol, they are included under the Office of the Chief Financial Officer as manager of the account.

Information Technology:
 National Information Technology Center (NITC)
 International Technology Services (ITS)
 Telecommunications Services: Enterprise Network Services (formerly National Telecommunications
                                     Services Office (NTSO)
                                     Computer Services Unit (CSU)
                                     Telecommunications Customer Services Center (TCSC)
                                     Network Services (NS)

Correspondence Management (services provided by Office of the Executive Secretariat (OES))

Management of the WCF is through the Office of the Chief Financial Officer. As of September 30, 2012, there were 2,784 permanent full-time employees, including 344 in Washington, D.C., and 2,440 in field offices.

WORKING CAPITAL FUND

Available Funds and Staff Years (SY)
(Dollars in thousands)

Item	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
USDA Fee for Service:								
Administration……….	$37,366	117	$35,527	128	$40,169	150	$45,940	167
Communications…...	4,140	20	3,728	18	5,663	18	5,712	31
Fin. & Mgt……..…...	156,442	569	172,131	569	165,298	569	181,474	611
Info. Technology...…	398,728	891	379,500	827	365,129	827	397,891	874
Corresp. Mgt. ………	3,119	23	3,840	22	3,400	25	3,989	24
Intrafund Adj. /a …...	-68,735	52	-75,997	71	-87,085	51	-87,336	51
Subtotal…………..	531,060	1,672	518,729	1,635	492,574	1,637	547,670	1,758
Purch of Equip……....	37,866	-	18,707	-	18,847	-	15,250	-
Purch. Card Rebate…	7,993	-	10,487	-	2,952	-	-	-
Unobl. Bal. Exp…….	-	-	780	-	326	-	-	-
Subtotal (USDA)……...	576,919	1,672	548,703	1,635	514,697	1,637	562,920	1,758
Non-USDA Fee for Service:								
Administration……....	2,295	4	1,513	3	1,482	3	1,394	3
Communications….....	26	-	1	-	47	0	55	1
Fin. & Mgt……….….	130,319	651	113,275	617	121,340	617	127,911	617
Info. Technology…...	15,477	35	10,445	38	14,313	38	15,642	38
Subtotal (Non-USDA)……	148,117	690	125,234	658	137,182	658	145,002	659
Total, WCF………….	725,036	2,362	673,937	2,293	651,879	2,295	707,922	2,417

a/ Represents costs for service billed by one WCF activity to another; the amounts are provided so as not to misrepresent costs through double-counting (i.e., once as the costs are billed from one activity to another, a second time as those costs pass through the activity and are billed to service customers).

WORKING CAPITAL FUND

Permanent Positions by Grade and Staff Year Summary

Item	2011 Actual			2012 Actual			2013 Estimate			2014 Estimate		
	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total
SES	3	7	10	6	10	16	7	9	16	7	9	16
GS-15 ……	8	56	64	20	52	72	22	52	74	24	54	78
GS-14 ……	22	163	185	53	162	215	46	152	198	53	150	203
GS-13 ……	63	463	526	73	512	585	62	388	450	76	433	509
GS-12 ……	79	579	658	41	703	744	26	586	612	35	611	646
GS-11 ……	45	333	378	31	337	368	24	285	309	26	297	323
GS-10 ……	1	11	12	4	8	12	4	6	10	4	6	10
GS-9 ……..	11	83	94	19	98	117	21	68	89	21	74	95
GS-8 ……..	3	21	24	7	27	34	10	23	33	10	23	33
GS-7 ……..	33	242	275	19	305	324	16	222	238	15	241	256
GS-6 ……..	14	100	114	12	127	139	8	99	107	8	89	97
GS-5 ……..	15	111	126	31	101	132	26	79	105	26	69	95
GS-4 ……..	2	14	16	3	21	24	1	17	18	1	10	11
GS-3 ……..	-	1	1	1	-	1	1	-	1	1	-	1
GS-2 ……..	-	3	3	-	1	1	-	2	2	-	2	2
Other Graded Posns…	24	18	42	24	18	42	24	18	42	24	18	42
Total Perm Positions....	323	2,205	2,528	344	2,482	2,826	298	2,006	2,304	331	2,086	2,417
Unfilled, EOY.........	4	33	37	5	37	42	5	4	9	-	-	-
Total, Perm Full-Time Empl.EOY....	319	2,172	2,491	339	2,445	2,784	293	2,002	2,295	331	2,086	2,417
Staff Year. Est…….....	283	2,079	2,362	291	2,002	2,293	293	2,002	2,295	331	2,086	2,417

Recurring Operations 1/
Current Estimate, 2013 . . . . $629,756,000
Budget Estimate, 2014   692,672,000
Change from 2013 . . . .   +62,916,000

Capital Acquisitions
Current Estimate, 2013   18,847,000
Budget Estimate, 2014   15,250,000
Change from 2013 . . . .   -3,597,000

Purchase Card Rebates Expended
Current Estimate, 2013.   2,952,000
Budget Estimate, 2014 2/.   0
Change from 2013 . . . .   -2,952,000

Unobligated Balances Expended
Current Estimate, 2013.   326,000
Budget Estimate, 2014 3/.   0
Change from 2013 . . . .   -326,000

Total, Working Capital Fund
Current Estimate, 2013   651,881,000
Budget Estimate, 2014   707,922,000
Change from 2013 . . . .   +56,041,000

1/   Net of intrafund transfers.

2/   Under 7 U.S.C. 2235a, refunds or rebates received on an on-going basis from a credit card services
        provider under the Department of Agriculture's charge card programs may be deposited to and
        retained without fiscal year limitation in the Department's Working Capital Fund and used to fund
        management initiatives of general benefit to the Department of Agriculture bureaus and offices as
        determined by the Secretary of Agriculture or the Secretary's designee.

3/   The Secretary has authority to transfer unobligated balances to the WCF for acquisition of plant and
        capital equipment for financial, administrative, and information technology services of general
        benefit to agencies of the Department. Spending plans for proposed use of unobligated balances
        transfers are submitted to the Committees on Appropriations of Congress in accordance with annual
        appropriations language authorizing their use. The amount for 2014 (unobligated 2013 funds) will
        not be known until the end of the current fiscal year.

WORKING CAPITAL FUND

Summary of Increases and Decreases
(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Recurring Operations:					
1. Administration:					
Beltsville Service Center ……..	$11,144	-$1,226	-$260	+$665	$10,323
Mail and Reproduction Mgt…..	12,305	-629	-58	+1,947	13,565
Integrated Procurement Sys ….	16,212	-766	-207	+2,850	18,089
Procurement Operations………	0	0	+5,136	+221	5,357
Subtotal …………………….	39,661	-2,621	+4,611	+5,683	47,334
2. Communications:					
Creative Media & Broadcast Ctr.	4,167	-438	+1,981	+57	5,767
3. Finance and Management:					
NFC/USDA ..…………………	54,288	+2,264	+4,213	+4,157	64,922
NFC/Non-USDA ……………….	130,318	-17,043	+8,065	+6,571	127,911
Controller Operations ………….	33,825	-617	-1,882	+1,911	33,237
Financial Systems.……………...	66,106	+5,224	-6,350	+12,298	77,278
Internal Control Support Svcs….	2,224	+89	+133	+69	2,515
Administrative Support Costs 1/..	0	+8,728	-2,947	-2,259	3,522
Subtotal......…………………...	286,761	-1,355	+1,232	+22,747	309,385
4. Information Technology:					
NITC/USDA.……………………	106,996	+1,332	-10,727	+23,697	121,298
NITC/Non-USDA.………………	15,477	-5,032	+3,868	+1,329	15,642
International Technology Svcs…	249,520	-15,827	-52	+2,397	236,038
Telecommunications Services.....	42,212	-4,733	-3,592	+6,668	40,555
Subtotal.……………………...	414,205	-24,260	-10,503	+34,091	413,533
5. Correspondence Management ….	3,119	+721	-440	+589	3,989
Intrafund Adjustment 1/ ……………	-68,735	-7,262	-11,088	-251	-87,336
Total Recurring Operations……….	679,178	-35,215	-14,207	+62,916	692,672
Capital Equipment ………………….	37,866	-19,159	+140	-3,597	15,250
Purchase Card Rebate Proceeds…….	7,993	+2,494	-7,535	-2,952	-
Unobligated Balances Expended…...	-	+780	-454	-326	-
Total, Change……………………..	725,036	-51,100	-22,056	+56,041	707,922

1/   Administrative Support Costs are costs of providing service to or on behalf of WCF activity centers. Since these costs are accounted for under the WCF Treasury symbol (as of 2012) they are included under the Finance and Management functional area (Office of the Chief Financial Officer as manager of the WCF).

2/   Intrafund adjustments are estimated costs of service provided by one WCF activity to another.

WORKING CAPITAL FUND
Project Statement
Program Activity Detail and Staff Years (SY) (Dollars in thousands)

Service Category	2011 Actual Amount	2011 Actual SY	2012 Actual Amount	2012 Actual SY	2013 Estimate Amount	2013 Estimate SY	Inc. or Dec. Amount	Inc. or Dec. SY	2014 Estimate Amount	2014 Estimate SY
1. Admin.										
BSC ……….	$11,144	35	$9,918	37	$9,658	37	+665	-	$10,323	37
MRMD ….....	12,305	76	11,676	77	11,618	77	+1,947	-	13,565	77
IPS ……..….	16,212	10	15,446	17	15,239	17	+2,850	-	18,089	17
Proc. Oper.	0	0	0	0	5,136	22	+221	+17	5,357	39
Subtotal …	39,661	121	37,040	131	41,651	153	+5,683	+17	47,334	170
2. Commun.:										
CMBC ……	4,167	20	3,729	18	5,710	18	+57	+14	5,767	32
3. Fin. & Mgt.										
NFC/USDA	54,288	226	56,552	233	60,765	233	+4,157	+2	64,922	235
NFC/Ex.Sup	130,318	651	113,275	617	121,340	617	+6,571	-	127,911	617
COD………	33,824	250	33,208	243	31,326	243	+1,911	-	33,237	243
Fin. Sys…...	66,106	90	71,330	86	64,980	86	+12,298	+37	77,278	123
ICSS ……...	2,224	3	2,313	7	2,446	7	+69	+3	2,515	10
Adm. Supp.	0	0	8,728	0	5,781	0	-2,259	-	3,522	0
Subtotal...	286,760	1,220	285,406	1,186	286,638	1,186	+22,747	+42	309,385	1,228
4. Info. Tech.										
NITC/USDA	106,996	172	108,328	170	97,601	170	+23,697	-	121,298	170
NITC/Ex.Sup	15,477	35	10,445	38	14,313	38	+1,329	-	15,642	38
ITS ……….	249,520	685	233,693	621	233,641	621	+2,397	+47	236,038	668
Tele. Svc….	42,212	34	37,479	36	33,887	36	+6,668	-	40,555	36
Subtotal...	414,205	926	389,945	865	379,442	865	+34,091	+47	413,533	912
5. Corr. Mgt…	3,119	23	3,840	22	3,400	22	+589	+2	3,989	24
Intra. Adj…..	-68,735	52	-75,997	71	-87,085	51	-251	-	-87,336	51
Tot. Rec. Oper……	679,177	2,362	643,963	2,293	629,756	2,295	+62,916 (1)	+122	692,672	2,417
Cap. Equip.	37,866	-	18,707	-	18,847	-	-3,597 (2)	-	15,250	-
Pur. Card Reb.	7,993	-	10,487	-	2,952	-	-2,952 (3)	-	-	-
Unob. Bal.	--	-	780	-	326	-	-326 (4)	-	-	-
Total	725,036	2,362	673,937	2,293	651,881	2,295	+56,041	+122	707,922	2,417

WORKING CAPITAL FUND
Project Statement
USDA Program Activity Detail and Staff Years (SY) (Dollars in thousands)

Service Category	2011 Actual Amount	2011 Actual Staff Years	2012 Actual Amount	2012 Actual Staff Years	2013 Estimate Amount	2013 Estimate Staff Years	Inc. or Dec. Amount	Inc. or Dec. Staff Years	2014 Estimate Amount	2014 Estimate Staff Years
1. Admin.										
BSC ………...	$8,849	31	$8,405	34	$8,176	34	+$753	-	$8,929	34
MRMD ….......	12,305	76	11,676	77	11,618	77	+1,947	-	13,565	77
IPS …….....…	16,212	10	15,446	17	15,239	17	+2,850	-	18,089	17
Proc. Oper.…..	-	-	-	-	5,136	22	+221	+17	5,357	39
Subtotal …..	37,366	117	35,527	128	40,169	150	+5,771	+17	45,940	167
2. Commun.:										
CMBC ……...	4,140	20	3,728	18	5,663	18	+49	+13	5,712	31
3. Fin. & Mgt.										
NFC/USDA...	54,288	226	56,552	233	60,765	233	+4,157	+2	64,922	235
COD………..	33,824	250	33,208	243	31,326	243	+1,911	-	33,237	243
Fin. Sys…….	66,106	90	71,330	86	64,980	86	+12,298	+37	77,278	123
ICSS ……….	2,224	3	2,313	7	2,446	7	+69	+3	2,515	10
Admin. Supp.	-	-	8,728	-	5,781	-	-2,259	-	3,522	-
Subtotal…..	156,442	569	172,131	569	165,298	569	+16,176	+42	181,474	611
4. Info. Tech.										
NITC/USDA..	106,996	172	108,328	170	97,601	170	+23,697	-	121,298	170
ITS …………	249,520	685	233,693	621	233,641	621	+2,397	+47	236,038	668
Telecom. Svc.	42,212	34	37,479	36	33,887	36	+6,668	-	40,555	36
Subtotal….	398,728	891	379,500	827	365,129	827	+32,762	+47	397,891	874
5. Corr. Mgt……	3,119	23	3,840	22	3,400	22	+589	+2	3,989	24
Intrafund Adj…..	-68,735	52	-75,997	71	-87,085	51	-251	-	-87,336	51
Tot. Rec. Oper.	531,060	1,672	518,729	1,635	492,574	1,637	+55,096	+121	547,670	1,758
Cap. Equip……..	37,866	-	18,707	-	18,847	-	-3,597	-	15,250	-
Purch. Card Reb.	7,993	-	10,487	-	2,952	-	-2,952	-	-	-
Unob. Bal. Exp...	--	-	780	-	326	-	-326	-	-	-
Tot., Avail/Est..	576,919	1,672	548,703	1,635	514,699	1,637	+48,221	+121	562,920	1,758

WORKING CAPITAL FUND
Project Statement
Non-USDA Program Activity Detail and Staff Years (SY) (Dollars in thousands)

Service Category	2011 Actual		2012 Actual		2013 Estimate		Inc. or Dec.		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
1. Admin.										
BSC …….…..	$2,295	4	$1,513	3	$1,482	3	-$88	-	$1,394	3
2. Commun.:										
CMBC ……...	27	-	1	-	47	-	+8	+1	55	1
3. Fin. & Mgt.										
NFC/Ext Sup.	130,318	651	113,275	617	121,340	617	+6,571	-	127,911	617
4. Info. Tech.										
NITC/Ext Sup.	15,477	35	10,445	38	14,313	38	+1,329	-	15,642	38
Tot., Avail/Est…	148,117	690	125,234	658	137,182	658	+7,820	+1	145,002	659

Justification of Increases and Decreases

(1) A net increase of $62,916,000 and a net increase of 122 staff years ($629,756,000 and 2,295 staff years available in 2013) for recurring operations in support of program-related costs in response to agency demand for financial management, administrative support, information technology, communications, and executive secretariat services.

The increase reflects estimates of costs for expanded implementation of new corporate financial system applications and costs associated with agency-specific services among other activity centers in the WCF. Amounts shown for 2014 are estimates of costs, only, and USDA and non-USDA agencies will be billed their share of actual costs.

(2) A decrease of $3,597,000 for capital equipment ($18,847,000 available in 2013):

Capital acquisitions reflect the purchases of equipment and other capital investments. Capital is allocated among activity centers up to the limit of availability based on their respective equipment and capital needs. Such allocations are not based on any prior year allocation that might have been made to activities. Requests for capital must be justified to and reviewed by the WCF Controller before final allocations are made. In evaluating capital requests, the primary principle governing allocations is based on whether it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset). Where it is less advantageous to do so, equipment and other assets are leased (lease costs are reflected in operating costs for activity centers). In all cases, acquisitions (purchase or lease) are made in response to anticipated demand for service with a focus on minimizing unit costs of service. Further, acquisitions will be made in a manner consistent with requirements set forth by the Office of the Chief Information Officer for information technology investments.

Expenditures for capital equipment are estimated as follows:

	2013	2014
Finance and Management:		
National Finance Center	$6,275,000	$6,000,000
Financial Systems	8,160,000	6,000,000
Total	14,435,000	12,000,000
Information Technology:		
National Information Technology Center	$3,600,000	$3,000,000
Total	3,600,000	3,000,000
Administration:		
Integrated Procurement Systems	$300,000	0
Total	300,000	0
Executive Secretariat:		
Office of the Executive Secretariat	$512,000	$250,000
Total	512,000	250,000

Allocations of capital funds are made based on activity center needs and benefits to the government based on a number of factors, including: amount of capital available for allocation, activity-need for

capital investments, availability of lease options for capital equipment, and prioritization of investments by WCF and Departmental Management.

(3) <u>A net decrease of $2,952,000 in purchase card rebates expended ($2,952,000 available in 2013).</u>

Under 7 U.S.C. 2235a, refunds or rebates received on an on-going basis from a credit card services provider under USDA's charge card programs may be deposited to and retained without fiscal year limitation in the Department's WCF and used to fund management initiatives of general benefit to the Department of Agriculture bureaus and offices as determined by the Secretary of Agriculture or the Secretary's designee.

Expenditures under this section are estimated as follows:

	2013	2014
Finance and Management:		
Controller Operations..	$750,000	0
Financial Systems	2,202,000	0
Total..	2,952,000	0

(4) <u>A net decrease of $326,000 in unobligated balances expended ($326,000 available in 2013).</u>

A general provision allows the Secretary the authority to transfer unobligated balances to the WCF for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. The balance available for obligation in 2013 includes amounts transferred from USDA agencies from available 2012 balances. The unobligated 2013 funds will not be known until the end of the fiscal year.

Expenditures under this section are estimated as follows:

	2013	2014
Finance and Management:		
Financial Systems	$326,000	0
Total..	326,000	0

WORKING CAPITAL FUND
Geographic Breakdown of Funding and Staff-Years (SY)
(Dollars in thousands)

State/Territory	2011 Actual Amount	SY	2012 Actual Amount	SY	2013 Estimate Amount	SY	2014 Estimate Amount	SY
Alabama	$2,398	7	$2,547	7	$794	7	$803	8
Alaska	399	1	637	2	2,757	2	2,785	2
Arizona	2,398	7	2,229	6	2,897	6	2,927	7
Arkansas	4,396	12	3,184	8	2,593	8	2,620	9
California	3,596	10	3,184	8	3,154	8	3,187	9
Colorado	28,836	57	60,234	108	55,417	108	68,131	119
Connecticut	1,198	3	637	2	724	2	732	2
Delaware	1,599	4	955	3	1,238	3	1,251	4
District of Columbia	121,725	270	125,226	291	115,853	293	123,614	331
Florida	3,996	11	2,229	6	2,103	6	2,124	6
Georgia	3,996	11	2,865	8	2,523	8	2,549	7
Guam	399	1	637	2	724	2	732	2
Hawaii	799	2	637	2	818	2	826	2
Idaho	2,797	8	2,865	8	6,145	8	6,208	8
Illinois	3,996	10	5,094	14	2,874	14	2,903	15
Indiana	4,795	12	3,821	10	4,953	10	5,004	12
Iowa	6,394	16	5,731	15	4,509	15	4,556	18
Kansas	5,594	14	4,139	11	3,972	11	4,013	12
Kentucky	5,195	14	3,502	9	3,598	9	3,635	10
Louisiana	303,700	1,185	255,692	1,144	267,673	1,144	282,231	1,181
Maine	2,398	7	1,274	3	724	3	732	3
Maryland	19,211	51	18,605	60	21,980	60	23,548	62
Massachusetts	1,198	3	955	3	1,028	3	1,039	2
Michigan	4,795	12	3,502	9	2,850	9	2,880	8
Minnesota	5,594	14	5,094	14	5,514	14	5,570	16
Mississippi	5,195	13	3,502	9	52,336	9	52,872	11
Missouri	153,274	357	156,226	336	96,932	336	114,744	343
Montana	3,596	10	3,184	8	2,897	8	2,927	8
Nebraska	5,993	15	5,413	14	4,112	14	4,154	15
Nevada	1,198	3	637	2	3,107	2	3,139	3
New Hampshire	799	2	318	1	4,953	1	5,004	1
New Jersey	1,198	3	955	3	304	3	307	3
New Mexico	2,797	8	1,592	4	1,028	4	1,039	3
New York	3,996	11	2,865	8	1,051	8	1,062	6
North Carolina	5,594	14	3,821	10	1,098	10	1,109	12
North Dakota	3,596	10	2,865	8	2,033	8	2,054	9

WORKING CAPITAL FUND

Geographic Breakdown of Funding and Staff-Years
(Dollars in thousands)

State/Territory	2011 Actual Amount	SY	2012 Actual Amount	SY	2013 Estimate Amount	SY	2014 Estimate Amount	SY
Ohio	3,596	10	3,502	9	3,318	9	3,352	10
Oklahoma	3,996	11	3,502	9	2,757	9	2,785	9
Oregon	3,196	9	3,502	9	3,645	9	3,682	10
Pennsylvania	3,596	10	3,184	8	3,481	8	3,517	10
Puerto Rico	1,599	4	1,274	3	1,519	3	1,534	4
South Carolina	2,797	8	1,910	5	2,009	5	2,030	6
South Dakota	3,996	11	3,502	9	2,967	9	2,998	9
Tennessee	4,795	13	4,139	11	4,369	11	4,414	12
Texas	15,183	39	10,738	27	11,397	27	11,530	31
Utah	3,996	11	3,502	9	3,178	9	3,210	9
Vermont	2,398	7	1,910	5	1,706	5	1,723	5
Virginia	4,396	12	2,865	8	1,729	8	1,747	5
Washington	1,998	5	2,229	6	2,313	6	2,337	7
West Virginia	2,398	7	1,910	5	3,411	5	3,446	6
Wisconsin	5,594	13	3,502	9	2,079	9	2,101	10
Wyoming	1,599	4	1,910	5	1,822	5	1,841	5
Total, Available or Estimate a/	793,771	2,362	749,934	2,293	738,966	2,295	795,258	2,417

a/ Totals do not include adjustments for intrafund transfers – those costs of service provided by one WCF activity to another. Such costs are identified and reported in other exhibits to avoid the double counting of expenses.

WORKING CAPITAL FUND

Classification by Objects
(Dollars in thousands)

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Personnel Compensation:				
Washington, D.C.	$19,055	$18,126	$20,429	$22,113
Field	168,521	160,303	180,669	195,563
11 Total personnel compensation	187,576	178,429	201,098	217,676
12 Personnel benefits.....................................	53,402	53,448	60,165	64,885
13.0 Benefits for former personnel...................	2	4,038	122	24
Total personnel comp. & benefits.............	240,980	235,915	261,385	282,585
Other Objects:				
21 Travel...	3,937	3,275	3,701	4,545
22 Transportation of things............................	777	919	874	987
23.1 Rental payments to GSA	5,635	4,843	8,198	8,261
23.2 Rental payments to others.........................	6,263	5,615	6,292	6,453
23.3 Communications, utilities, and misc. charges	97,032	89,827	82,489	93,134
24 Printing and reproduction	819	319	228	351
25.1 Advisory & Assistance Services...............	8	0	678	0
25.2 Other services from non-Federal sources .	192,773	227,264	186,231	203,279
25.3 Purchases of goods and services from Federal sources	100,494	59,722	58,863	66,715
25.4 Operation and maintenance of facilities...	1,732	1,817	1,737	2,320
25.7 Operation and maintenance of equipment...	56,270	58,542	83,178	97,555
26 Supplies and materials.............................	10,715	10,827	8,653	6,854
31 Equipment	76,336	51,049	36,460	22,219
Total Other Objects	552,791	514,019	477,582	512,673
Total, Working Capital Fund 1/	793,771	749,934	738,967	795,258
Position Data:				
Average Salary, ES Position.............................	$162,000	$162,000	$162,000	162,000
Average Salary, GS Position	$64,000	$64,000	$65,000	$66,000
Average Grade, GS Position.............................	10.8	10.8	10.8	10.7

1/ Totals include all intrafund transfers

WORKING CAPITAL FUND

Status of Program

The Working Capital Fund (WCF) is a financing mechanism that provides support to financial, administrative, and information technology activity centers across five Departmental organizations. The Office of the Chief Financial Officer (OCFO), in addition to its responsibilities in financial policy and operations, is responsible for the administration of the WCF. The staff attached to the Chief Financial Officer supports the OCFO in fulfilling this mission. In addition to its responsibilities for administration of the WCF, OCFO manages the following WCF activities:

- National Finance Center (NFC)
- Controller Operations (COD)
- Financial Systems
- Internal Control Support Services (ICSS)

ADMINISTRATION

Current Activities:

Activities under this heading are managed under the Assistant Secretary for Administration and include the following (all activities in Washington, D.C., unless otherwise noted):

- Beltsville Service Center (Beltsville, MD):
    - Consolidated Forms and Publications Distribution Center (CFPDC)
    - Central Excess Property Operation (CEPO)
- Mail and Reproduction Management:
    - Central Mail Unit (CMU)
    - Copier and Duplicating Services (CDS)
- Integrated Procurement Systems (IPS)
- Procurement Operations (new as a direct activity; service had been funded from the WCF overhead account in previous years)

The Beltsville Service Center (BSC) provides on-demand customer services to all USDA agencies and activities. It also provides services to several non-USDA agencies and activities for basic services, and it acts as a service provider for the National Capital Area's Cooperative Administrative Support Program. Services are provided in: forms and publications acquisition, management, warehousing and world-wide distribution; excess personal property accountability, reuse, sales and disposal; and office and general supply acquisition, receipt and shipment of parcels, warehousing and sales.

The Mail and Reproduction Management Division (MRMD) is responsible for managing and directing programs for analysis, development, evaluation, and promotion of improvements in the policies, plans, methods, procedures and systems of the USDA Mail Management Program; administering and operating the Departmental Mailing List System; and managing and operating copier/duplicating, printing and mailing operations. MRMD has responsibility for basic and accountable mail services, directing centralized printing and copier/duplicating systems, automated systems providing mailing list services, divisional automated data processing support and a staff support system in the areas of divisional financial management, program analysis, and administration. MRMD has established effective mail management and print on-demand programs through the implementation of technology and has improved operations through postal discount programs and centralized services.

Integrated Procurement Systems (IPS) provides modern, integrated procurement automation tools to the USDA acquisition community through the Integrated Acquisition System (IAS). IAS serves as the enterprise-wide administrative procurement system for the Department and continues to prove its value on a daily basis.

Selected Examples of Recent Progress:

Under BSC:

BSC's recycling and re-use programs fully supported Executive Order (EO) 13514, "Federal Leadership in Environmental, Energy, and Economic Performance," dated October 5, 2009. This EO establishes an integrated strategy towards sustainability in the Federal Government and makes reduction of greenhouse gas emissions a priority for Federal agencies. BSC's staff tracks the reduction of greenhouse gases by using the EPA waste reduction models (WARM) and Greenhouse Gases (GHG) Emissions Analysis Reports. BSC recycling efforts in support of the EO include paper recycling, furniture reuse and scrap metal recycling. In FY 2012, 434 metric ton carbon equivalents were reduced, contributing to reduction of greenhouse gases in the environment.

CEPO completed its fifth full year as a Federal Asset Sales Center. A total of 32 sales were conducted in 2012 rendering proceeds of $1,357,874. Additionally, the CEPO Rehab Program sold 62 units of refurbished furniture to USDA customer agencies. This program saved agencies an estimated $102,130 over the cost of new furniture. Finally, there were 523 pieces of furniture reissued (original cost of $786,083).

CEPO contributed over 90 tons of recyclable electronics in 2012 that have no reuse or re-sale value through the UNICOR, Federal Prison Industries, Inc. recycling program managed by the Department of Justice. Agencies are encouraged under the Federal Electronics Challenge to: purchase greener electronic products; reduce impacts of electronic products during use; and manage obsolete electronics in an environmentally safe way. Additionally, 280 tons of scrap metal were sold for revenues exceeding $63,000.

Excess supply support was provided to USDA and 14 non-USDA agencies in the Washington, D.C. metropolitan area to ensure proper accountability and disposal for over 90,000 units of excess personal property. In 2012 income from all non-USDA agencies exceeded $811,000. This income helps reduce overall costs to USDA agencies for CEPO services by distributing fixed costs over a larger population of users.

BSC collaborated with the USDA Office of the Chief Information Officer (OCIO) to encourage agencies to reuse excess flat screen monitors.   Monitors are tested, adjusted and cleaned, and then CEPO makes these monitors available for transfer at no cost to USDA agencies (agencies outside the Washington DC area pay shipping costs). To date more than 1,600 monitors have been reused, saving USDA over $200,000.

Under MRMD:

MRMD's Mail Services Branch implemented process improvements, re-balance of workload across employees, and the elimination of non-value added activities to reduce staffing and costs.

CDS and CMU developed the Go-Green Portal, a web-based system designed to give customers the ability to request courier, chauffeur, Departmental mailing list, copying and printing services. Every agency in USDA, including field offices, has the ability to submit job requests via the Internet. The Go-Green Portal will eliminate redundancy in MRMD's administrative processes, improve the integrity of data collection, assist with forecasting budget projections, provide automated customer invoices, and allow customers to send/receive feedback.

CMU conducted customer services surveys to measure the level of customer satisfaction with the mail delivery system and received a score 96.5 percent of customers satisfied. Delivery unit leads analyzed the survey results, and the employees with high scores were recognized. This method of evaluating services has provided incentives to employees to provide better services to their customers, increased morale, and identified areas for improvement.

CDS purchased a Braille printer/embosser system to give CDS the ability to provide accessibility assistance to

USDA customer agencies as individuals with targeted disabilities perform their daily tasks. CDS is conducting training for the new system.

CDS improved data protection on Departmental leased copiers. In accordance with Homeland Security Presidential Directive 7, "Critical Infrastructure, Identification, Prioritization Protection," new multifunctional copiers procured by CDS are equipped with data protection and encryption software.

Under IPS:

All program performance goals for the IAS were achieved in the areas of providing a stable system, support to IAS end users, and business benefits. Most notable is that the system achieved a 99.99 percent availability rate for 2012.

IPS enabled IAS to interface with USDA's financial system - Financial Management Modernization Initiative (FMMI) – for the following agencies: Agricultural Marketing Service (AMS), Animal and Plant Health Inspection Service (APHIS), Grain Inspection, Packers and Stockyards Administration (GIPSA), and the Natural Resources Conservation Service (NRCS).

IPS implemented Oracle Release 5.0. This release is centered on the upgrade to Oracle E-Business Suite 12.1 that provides enhancements to IAS's requisition, receiving, and invoicing modules. Features included in this release are the approval functionality for requisitions, as well as additional security updates for reducing vulnerability to system threats. This release provides a technological infrastructure for future enhancements to IAS's reporting capabilities and its integration with the USDA financial system. This implementation of Oracle Release 5.0 further demonstrates the commitment to improving the IAS user experience while ensuring the safety and security of its acquisition data.

IPS implemented eAuthentication for IAS. The IAS eAuthentication project integrated IAS (PRISM and iProcurement) with USDA's eAuthentication solution managed by the USDA OCIO. The eAuthentication solution serves as the centralized authentication service for USDA Web services, thereby relieving applications of the need to build and maintain their own authentication services. It provides a unified credential that can be used to provide users with single sign-on (SSO) capability across all participating web applications. SSO allows an authenticated user (a user that has logged in with proper credentials) to move seamlessly between participating USDA applications. This reduces the need for users to maintain multiple passwords and reduces help desk tickets associated with password resets.

IPS implemented the Oracle Discoverer reporting tool for IAS. The objective of this project was to enhance IAS's reporting capabilities by implementing Oracle's Business Intelligence (BI) Discoverer version 11.1.1.3.0 into IAS. Discoverer is an intuitive ad-hoc query, reporting, analysis, and web publishing toolset that gives users easier and more immediate access to procurement information. In conjunction with the Discoverer implementation, IPS started an initiative with USDA's FMMI Business Intelligence (BI) group to promote the exchange of additional financial information between IAS and FMMI. The end goal from IPS' perspective is to eventually populate IAS Discoverer reports with FMMI data. This will provide numerous benefits to IAS end users, IAS system administrators, procurement managers, and USDA leadership.

IPS implemented warrant functionality in IAS. The implementation of the PRISM contractor-off-the-shelf (COTS) warrant functionality restricts Contracting Officers from approving awards greater than their assigned threshold (warrant) which improves accountability, reduces risk, and responds to Office of the Inspector General (OIG) audit findings. In addition, this functionality allows user accounts to be configured for specific award types (i.e. Construction, A&E, IT, etc.) limits as well as validating the total dollar amount of a document.

IPS provided rigorous IAS training to USDA employees. During 2012, IPS provided hands on, instructor led, classroom training to 186 USDA employees. There were 13 training courses encompassing over 1,300 hours of instruction conducted in Washington D.C., Kansas City, MO, New Orleans, LA, Salt Lake City, UT,

Lincoln, NE, and San Francisco, CA. These training courses provided employees in the acquisition field with the knowledge to perform their assigned duties in a more reliable and efficient manner. This initiative also assisted USDA agencies in their efforts to support the Secretary's commitment to make the Department more efficient and effective by maintaining top-notch service for the American people.

IPS implemented an audit logging solution within the IAS computing environment. The IPS team identified the need to capture application and database auditable events for analysis and reporting to meet the National Institute of Standards and Technology (NIST) and USDA security requirements. To meet these requirements, IPS procured a 'black box' device to manage the collection and analysis of the defined auditable events. The device was installed at the NFC hosting facility in Denver, CO, and is configured to analyze data collected on the IAS production database server and to read data from the system level operating log (syslog). By default, the operating system writes events to the syslog such as system start and shutdown or other critical system events to assist in identifying vulnerabilities more rapidly.

IPS has implemented green purchasing tracking throughout USDA within the purchase card program in accordance EO 13514, the 2002 Farm Bill, the amended 2008 Farm Bill, and the FAR. The tracking of green purchasing on the purchase card enables USDA Environmental Management Division to be at the forefront of reporting on green purchasing in the Federal acquisition arena.

<div align="center">COMMUNICATIONS</div>

Current Activities:

Activities under this heading are managed by the USDA Office of Communications. The Creative Media and Broadcast Center (CMBC) provides centrally managed creative design, webinar and audio conferencing services, high definition video and multimedia production studios creating cost efficiencies and access to a variety of technologies. Agency users can reduce travel costs while still providing mission outreach and training between headquarters and field offices, program participants, and the public. CMBC produces information and training videos, television and radio public service announcements, media conferences, video and audio webinars using interactive conferencing tools, multimedia products such as live and on-demand streaming media, DVD, podcasts, telecasts, and satellite media interviews.

CMBC provides centralized resources to improve the flow and coordination of visual communication projects. It maintains an electronic archival storage site for Departmental print and exhibit materials. CMBC offers complete services in communications planning for all media and collateral materials, including print, interactive media, marketing, and language translations for print material, production art, specialized contracting, and exhibit fabrication.

CMBC helps ensure the USDA brand value and the concept of "One USDA" with agencies by providing creative and production resource support. CMBC promotes the integrated use of media in the growth of social media outreach. CMBC's design services include publication layout, illustrations, public service outreach development, specialized copywriting, copyediting, posters, brochures, websites, social media infographics, banners, trade-show exhibits, visitor centers, special media events, and coordination of information campaigns.

Selected Examples of Recent Progress:

CMBC produced a number of high priority creative products in all mediums for agencies of USDA and other Federal departments including the following:

- Video coverage and webcasting of "Ask the Secretary" live town hall events with employees. In addition, two live meetings for the Secretary about the "Blueprint for Stronger Service" were produced, as well as Cultural Transformation listening sessions for USDA employees.
.
- Provided full video, radio and multimedia coverage of the launch of USDA's "Know Your Farmer, Know

Your Food" initiative and the "KYF2 Compass" web tool.

- Provided video production support for USDA's launch of the new Healthy School Meals program for nutrition promotion and information to a national audience and several satellite media tours with the USDA Under Secretary for Food, Nutrition, and Consumer Services, and other officials.

- Provided video and radio coverage, graphic design and live webcasting of USDA's 150th Anniversary event.

- Produced educational videos for Forest Service National Forest visitor centers, including Chugach National Forest in Alaska and Land Between the Lakes National Recreation Area in Kentucky and Tennessee.

- Created diverse educational videos such as the Forest Service Junior Snow Ranger campaign for children; and "Safety Journey," a Forest Service effort to eliminate fatalities and injuries in the workforce.

- Began work on USDA Homeland Security Awareness videos for border and field personnel.

- Participated in media tours with APHIS officials on control of the invasive pest the Asian Longhorned Beetle

- Created video in support of the APHIS Bird Strike outreach initiative.

- Participated in media tours with FSIS officials on food safety education.

- Created "My USDA Today," an employee webcast focusing on USDA's Cultural Transformation.

- Produced USDA's Story Corps, a podcast featuring stories about USDA employees. The Deputy Secretary serves as the host.

- Created over 300 training modules for FSA, RD and AMS. AMS saved travel costs by providing training using the CMBC webinar service.

- Produced 20 diversity broadcasts and webcasts for USDA employees.

- Produced USDA's Secretary Honor Awards webcast.

- Coordinated training for the Farm Service Agency (FSA), which allowed 4,670 FSA employees to participate via the Internet. These live training sessions allowed FSA employees to participate in the mandatory training saving costs and time.

- 105 Webinars were coordinated for USDA agencies during fiscal year 2012. This was a 30 percent increase over the previous year.

- Provided webcast coverage to over 756 employees of ARS hearings via the Internet to satisfy legal obligations for ARS.

- Hosted 10,345 audio conferences for USDA agencies and deployed new conferencing bridge system in June that supports up to 500 concurrent sessions and meets Cyber Security requirements.

FINANCE AND MANAGEMENT

Current Activities:

Activities under this heading are managed by the OCFO and include the following (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (New Orleans, LA; Denver, CO)
- Controller Operations Division (Washington and New Orleans)
- Financial Systems (Washington and New Orleans)
- Internal Control Support Services (ICSS)

NFC, along with Financial Systems, continues to play a central role in the reengineering and operation of financial management and administrative systems in USDA, consistent with the goals and objectives of both the USDA 5-Year Financial Management Plan and the Chief Financial Officer's Strategic Plan. NFC and Financial Systems administer and operate over 20 financial and administrative service systems in support of all agencies of USDA and over 100 non-USDA customers. These systems include such services as: payroll/personnel, central accounting, billing and collections, and travel. Systems development, implementation, and maintenance activities are performed in the context of ongoing customer requirements, while developmental efforts are underway at the NFC as important elements of the Department's broader efforts to modernize financial and administrative systems.

Payroll is processed for over 655,000 Federal employees on a bi-weekly basis. Additionally, NFC provides back-end processing and reconciliation for Office of Personnel Management (OPM) government programs including temporary continuation of health care coverage, balancing Federal employees' election of health benefits with insurance carriers, and providing back-end processing of insurance elections allowed under the Health Care Reform Act.

Controller Operations Division (COD) has responsibility for the USDA's financial management and reporting, administrative payments processing and certification, agency customer support, financial training administration, and related regulatory and Department accounting and policy compliance. COD performs cash and property reconciliation activities to the Department's general ledger and prepares required reports to the Office of Management and Budget (OMB) and Treasury on behalf of the agencies. COD also processes and reconciles the Intragovernmental Payments and Collections (IPAC) System and is responsible for internal control compliance under OMB Circular A-123, Appendix A for six major financial processes. COD maintains the Departmentwide master data file for vendor payments and issues Internal Revenue Service Form 1099 to government contractors. COD continues to play a leading role in the implementation of FMMI, the new Department accounting system. FMMI was successfully launched on October 5, 2009. There will be substantial benefits realized when the standalone accounting systems maintained by FNS, FSA, Forest Service, and RD are replaced by a single accounting system. This will improve the quality and timely availability of Department level financial information.

The Associate Chief Financial Officer for Financial System (ACFO-FS) manages the administrative and financial management systems for USDA under the WCF activity center, Financial Systems. ACFO-FS has continued to maintain the legacy financial system, Foundation Financial Information System (FFIS), while supporting the Department's mission to implement a new accounting system known as FMMI. ACFO-FS has successfully implemented all agencies and staff office that comprise the Department.

Additionally, ACFO-FS administers a number of other financial management systems to support USDA agencies and organizations, including: travel, personal property, telephones, utilities, miscellaneous income (1099 reporting), Automated Cash Reconciliation Spreadsheet Tool, Corporate Property Automated Information System (Real Property), and the Online Tracking and Reconciliation System for intergovernmental financial transactions. Financial Systems also supports the processing of USDA data through other organization-owned systems, which include domestic travel, purchase card transactions, and

procurement activity using the IAS.

Internal Control Support Services (ICSS) promotes and supports the USDA's internal control program by assisting USDA agencies in their internal control compliance efforts. As part of its services, ICSS plans and manages the Department's annual assessment of internal control over financial reporting, promotes best practices across the Department to gain consistencies and efficiencies related to internal control for financial processes, administrative processes and information technology. ICSS also provides training programs, group presentations and other support services in order to improve the Department's internal control program and to increase the Department's awareness of emerging events and current trends related to internal control.

<u>Selected Examples of Recent Progress</u>:

Under NFC:

NFC, an OPM-designated Human Resources Shared Services Provider, continued to support Federal initiatives by fully participating with OPM in executing its shared services role providing human resources, payroll, and data center services to Federal agencies:

- In 2012, NFC continued preparatory work for increased state participation and implemented additional enhancements to the web-based Pre-Existing Condition Insurance Plan (PCIP) system. PCIP processes health insurance applications and collects premiums for uninsured citizens with a pre-existing medical condition. Current state participation includes 23 states and the District of Columbia. At the end of 2012, total applications processed exceeded 99,000; total approvals exceeded 62,000 and total individuals enrolled exceeded 46,000.

- NFC entered into a new partnership with OPM to support the extension of Federal Employees Health Benefits (FEHB) to the Tribes, Tribal organizations, and Urban Indian organizations as set forth in the Patient Protection and Affordable Care Act of 2010. NFC designed, developed, and implemented the Tribal Insurance Processing System (TIPS) on March 23, 2012. TIPS is a web-based system of records maintained by NFC that performs the following functions:

  o Processes FEHB enrollment data
  o Transmits data to FEHB health plans
  o Handles monthly billing procedures

  In addition, users of each Tribal employer will use TIPS to submit or adjust FEHB enrollment data, view monthly billing statements, and run reports from Tribal FEHB enrollment and billing data.

- NFC completed the implementation of the Federal Emergency Management Agency (FEMA) into the EmpowHR system. This effort included the addition of over 17,000 Federal employees to this automated personnel system. This should reduce FEMA's administrative tasks with a commensurate decreased operational cost associated with Human Resources management.

- NFC began development of Insight, a new web-based application that will provide an enhanced human capital reporting solution for NFC customers. Insight, "Business Intelligence Delivered," will replace multiple existing solutions. Insight will include a centralized, consolidated data warehouse with advanced reporting and analytics capabilities. Insight is a multi-year project; Build 1 of Insight is targeted for release in February 2013. It will include Payroll and Personnel data with predefined reports, dashboards, and ad hoc capabilities. Further builds will include additional data sources and reports. Insight will be useful throughout the NFC community by effectively providing key business intelligence that supports strategic decision making. Consolidation and retirement of multiple existing solutions will provide cost-savings for NFC and its customers.

- NFC initiated the consolidation of eight existing help desks into one with the goal of providing significant

improvement in resolving customer issues, significantly improving customer satisfaction, and achieving cost reductions. NFC launched Phase 1 of the initiative on October 1, 2012, creating the NFC Contact Center (NCC) to consolidate the help desks supporting the Payroll/Personnel System, EmpowHR, WebTA Hosting Plus, Employee Personal Page, and the Tribal Insurance Processing System. NFC is preparing for Phase 2 (June 2013) with NCC providing help desk support to the Administrative Billings and Collections System (ABCO), ABCO Claims, and the Direct Premium Remittance System (DPRS). During Phase 3 (December 2013), NCC will provide help desk support for PCIP, the Federal Employees Health Benefits Centralized Enrollment Clearinghouse (CLER) and the payroll office functions of Retirement, Thrift Savings Plan loans and W-2.

- NFC handled approximately 1,200 software problem reports, over 300 incident reports, and over 600 software change requests, resulting in software and procedural modifications, which optimized and improved systems and applications.

- A recent shift to electronic delivery has provided a significant reduction in the volume of outgoing mail and has led OCFO New Orleans to re-evaluate its mail operations.   As a result, OCFO New Orleans has nearly completed the outsourcing of printing and mailing of all automated mailings to a mail service vendor, Anthony Wayne Rehabilitation Center (AWRC) Post Masters, located in Fort Wayne, Indiana. The effort began in January 2012, and the first mailings were handled by the vendor on April 1, 2012.   All NFC, ACFO-FS and COD business and programming areas are now using this mail service. By outsourcing mail services, OCFO New Orleans anticipates cost containment in mail related expenditures, more efficient mail services, and a reduction in the amount of undeliverable mail.

NFC compiled the following production statistics and completed the following actions:

- Issued 742,428 Form W-2s before the January 31 deadline.
- Processed over 179,000 manual payments in 518 daily payment schedules totaling more than $183 million.
- Continued to increase hosting of USDA applications. In addition, NFC continued to ensure compliance with USDA and Federal policies, mandates, directives, regulations, and statutes.
- Updated its continuity of operations, pandemic, and hurricane plans in 2012. Coordination with local emergency preparedness officials, disaster and recovery teams, and USDA and government management officials ensured that customer needs and employee safety concerns continue to be appropriately addressed. NFC completed required disaster recovery and continuity of operations drills in 2012.
- Completed negotiations for a government-managed continuity of operations alternate work site facility in Shreveport, Louisiana. Signed a lease agreement with GSA and launched build out activities.
- Actively participated in the 2012 National Level Exercise. Resulted in lessons learned in how to better respond to a major cyber security event; thereby, enhancing NFC's ability to maintain operational availability.
- Completed the migration of NFC's human resource management system to consolidate all of NFC's systems at NFC's data centers.
- Continued to achieve 99.9 percent operational system availability, ensuring virtually uninterrupted customer access to systems and avoiding an adverse impact on the mission.
- Implemented data center energy efficiency improvements that resulted in a 6 percent decrease in energy consumption from 2011 levels. Initiated another set of improvements that will be implemented in 2013 that will further decrease energy consumption by an additional 10 percent over 2011 levels.
- Completed an enterprise document management assessment that provided a detailed business case and roadmap for all of OCFO organizations in New Orleans to move from paper-based documents to electronic documents over the next 3 years. This will enhance continuity of operations, as well as improve telework opportunities for employees.

Based on OMB Circular A-123 and Federal Information System Management Act (FISMA) test results, along with the unqualified opinion from the Office of Inspector General on NFC's annual Statement on Standards for Attestation Engagements 16 audit, NFC continues to provide reasonable assurance that its internal controls

over financial reporting as of July 31, 2012, were operating effectively and that no material weaknesses in the description, design, or operation of the internal controls over financial reporting were found.

Under COD:

COD performed research and analysis for agencies converted to the new FMMI accounting system that affect the accuracy and integrity of the financial statements. Over 23,000 transactions totaling $863 million were corrected.

COD developed and conducted Personal Property System WebEx Workshop for 100 Natural Resources Conservation Service (NRCS) property management personnel in November 2011, resulting in a cost savings of over $200,000. The use of WebEx eliminated overall conference expenses.

COD exceeded a cost savings goal by managing a pilot program with Food Safety Inspection Service (FSIS) to provide relocation services, including home sales assistance and counseling. COD's Travel section processed 102 home sales and 393 relocation authorizations resulting in a $212,500 savings.

COD implemented an initiative that resulted in clearing 461 unprocessed Intragovernmental Payment and Collections (IPAC) bills over 59 days old totaling $147 million.

COD assumed a leadership role in converting the Marketing and Regulatory Programs (MRP) mission area and NRCS into FMMI.

COD implemented the Department's mandate to accelerate vendor payments to small businesses.

In order to provide superior financial management support, COD established a customer advocate team tailored to each agency. The customer advocate is a staff person assigned to a specific agency to assure timely, responsive support to resolve systems and operations problems as prioritized by the agencies.

COD provided timely and accurate accounting support of 2011 consolidated financial statements resulting in an unqualified (clean) audit opinion for the Department.

COD provided customer assistance to resolve obligations that were missing for a 2009 annual fund totaling $16.8 million dollars. Subsequent letter of credit payments that were being held up were processed.

COD successfully reestablished operations at an alternate worksite during Hurricane Isaac with no disruption to support provided to our agency customers.

Under Financial Systems:

Financial Systems processed over 101 million financial transactions supporting USDA's mission. There were over 2.2 million disbursing transactions that totaled in excess of $3 billion.

Financial Systems achieved the Department's mission to implement the NRCS, Animal and Plant Health Inspection Service, Agricultural Marketing Service, Forest Service, and the Grain Inspection, Packers and Stockyards Administration into FMMI, successfully converting financial data from the legacy accounting system that resulted in the opportunity to retire four legacy accounting applications as well as reducing the cost to operate them.

Financial Systems completed the design, testing, and rollout of the Business Objects (BOBJ) reporting tool to all USDA agencies implemented into FMMI. This technologically advanced reporting system delivers an ad-hoc financial reporting tool into the hands of financial users across the Department. This implementation provides a foundation for future plans to support real-time reporting. BOBJ has approximately 4,000 users and growing.

Financial Systems represented the Department during the Government Services Administration's selection of a new commercial off the shelf travel system for processing temporary duty travel that will replace the existing system. It leveraged years of travel experience serving our users to recommend the system that is the best fit for USDA's travel community and is fiscally responsible.

Financial Systems addressed agency issues and concerns resulting from their implementation into FMMI by conducting business process re-engineering and listening sessions. This resulted in a clear understanding of the issues being faced, and it expedited the correction process. The outcome was faster and more accurate software and business process improvements.

Financial Systems developed, tested, and implemented in excess of 250 software changes related to FMMI that enhanced USDA's ability to operate efficiently, including: timely payments to vendors, improved billing and collections processing, and enhanced reporting. These changes were a combination of enhancements and corrective actions that improved the usability of the financial system and the accuracy of the data reported.

Under ICSS:

ICSS monitored corrective action for 167 plans, of which 37 were closed during the fiscal year. This represents a 22 percent closure rate for the year. ICSS also monitored corrective action for 120 plans of action and milestones (POAMs) for deficiencies identified in financial system general computer controls. There were 94 POAM closures in 2012, which represents 79 percent of the baseline open POAMs. The number of POAMs outstanding decreased from 120 in 2011 to 91 in 2012. This represents a 24 percent decrease in the number of IT weaknesses from the previous year.

The two remaining manual forms (the Entity-level Questionnaire and Business Process Testing Results Form) were both automated by ICSS in 2012.

The logic in the algorithm used to assess, calculate and document business risks within the A-123 Document Tracking System (ADTS) was reengineered by ICSS to ensure an effective and efficient, risk-based approach. The assessment of business risks during the planning and scoping phases of the annual assessment determines the nature, timing and extent of testing involved to assess whether key controls are adequate for preventing and detecting errors and material misstatements.

The second year of ICSS implementation of a revised risk-based, process-level approach for conducting the annual assessment of internal control over financial reporting. Three new agencies (FSIS, Rural Management Agency, and Agricultural Marketing Service) participated in the transition this year. ICSS staff conducted site visits to these agencies to assist with the transition.

The Department's material weakness in Information Technology (IT) was downgraded in two areas, Contingency Planning and Physical and Environmental Security, due to the significant progress made by ICSS in closing prior year POA&Ms. The unliquidated obligations material weakness was downgraded from a departmental material weakness to an agency specific material weakness for NRCS.

The General Computer Controls assessment was scoped by ICSS so that FISMA testing would be leveraged more in 2012 than in prior years. Ultimately, this resulted in less redundant testing and a reduction in resources being spent to meet annual testing requirements for both FISMA and OMB Circular A-123, Appendix A across the Department.

ICSS offered Business Process Control and General Computer Control training to agency and staff office points of contact for the annual assessment to facilitate an efficient and effective assessment process. The following Business Process and General Computer Control trainings were offered:

- Entity Level Control Training

- Risk Assessment Training
- Documentation Training
- Business Process and General Computer Control Training
- Testing Training
- Summary of Aggregated Training
- Corrective Action Plan Training
- Plan of Action and Milestone

For the first time, ICSS delivered training on completing agency annual certification statements to assessment points of contact and Management Control Officers.

Despite challenges with our automated tool, ICSS and in-scope agencies were able to complete the assessment ahead of the timing of the previous five years.

INFORMATION TECHNOLOGY

Current Activities:

The following activities under this heading are managed by the Office of the Chief Information Officer (OCIO) and are managed in Washington, D.C., unless otherwise noted:

Activity Centers:

- National Information Technology Center (Kansas City, MO)
- International Technology Services
- Enterprise Network Services (formerly National Telecommunications Services and Operations; Fort Collins, CO)
- Computer Services Unit (CSU)
- Telecommunications Customer Service Center (TCSC)
- Network Services (NS)

The National Information Technology Center (NITC) specializes in enterprise information technology solutions that include products, services, and resources. The Enterprise Data Centers managed by NITC are located in Kansas City, Missouri, St. Louis, Missouri, and Beltsville, Maryland. NITC services are operated seven days a week, twenty-four hours a day, every day of the year and may be categorized as follows:

Hosting Services encompass cloud, managed, and collocation data center hosting services as well as key professional and security services to provide cost-effective enterprise class hosting solutions. Cloud services include standardized Software, Platform, and Infrastructure as a Service offerings that are delivered via secure, fully managed infrastructure that include ongoing technology refresh, key inheritable operational controls, and are competitive to the marketplace.

The Workforce Development (AgLearn) program includes among its primary services application and database hosting and maintenance services, licensing and help desk support for end users and agency administrators. AgLearn provides support for testing and implementation of custom agency mission critical training, administration and delivery of mandatory training programs such as Cyber Security, Ethics, and Civil Rights, and acquisition, integration and promotion of available training opportunities within AgLearn.

The Identity, Credential, and Access Management (ICAM) program partners with USDA's Agriculture Security Operations Center (ASOC) and Office of Homeland Security to deliver identity, credential and access management services for USDA employees, contractors, volunteers, affiliates and customers. The most visible component of the service is eAuthentication, which provides logical access control to all USDA web applications. Other services include public key infrastructure (PKI) certificate management, and automated account provisioning and deprovisioning.

Application Development provides program management and software engineering services across USDA agencies and non-USDA agency customers. It leverages employee expertise in software application development and integration of IT resources to provide high quality, cost-effective results in partnership with project stakeholders. In addition, it provides innovative IT solutions that support the mission of USDA. It leverages employee expertise in software application development and integration of IT resources to provide high quality, cost-effective results in partnership with project stakeholders.

International Technology Services, (ITS), under OCIO, provides comprehensive, fee-for-service information technology, associated operations, security, and technical support services to a customer base of more than 45,000 USDA end users. ITS incorporates the infrastructure roles of FSA, NRCS, RD, and FAS.

ITS is also pursuing other modernization efforts aimed at addressing needs for more stringent data security requirements and the evolving needs of the overall USDA computing environment. Moving from the decentralized architecture to a centralized architecture will provide added protections to secure confidence on the part of farmers and rural communities that USDA is trustworthy with personally identifiable information and financial data. A new architectural concept will be required to protect the larger Federal community from cyber security attacks and penetrations by rogue nations and others. To that end, ITS will provide the latest in IT advances to create an improved enterprise architecture.

The Enterprise Network Services (ENS) office in OCIO provides a wide variety of Department-wide telecommunications management support, enterprise services and an integrated information system for inventory management, billing, reporting, and validation. This enterprise system is used for engineering and streamlining the Department-wide telecommunications network environment and ensuring that agency telecommunications network solutions are compliant with Departmental program goals and objectives. ENS provides services to USDA agencies to ensure the acceptable performance of applications on the USDA enterprise network and to allow application owners to manage risk and achieve cost avoidances.

Under Washington Communications and Technology Services (WCTS), the Computer Services Unit (CSU) plans, acquires, implements, and manages IT resources, including software licensing and technical support. WCTS provides file and print, remote access, desktop support, wireless messaging and agency application services for the Office of Secretary and OCIO. The Telecommunications Customer Services Center (TCSC) maintains and administers the USDA telecommunications equipment and services inventory in the D.C. Headquarters Complex, provides USDA locator and automated telephone directory employee locator services, administers the Departmental voice mail system service and maintains and operates the USDA Secretary continuity of operations (COOP) site. Network Services (NS) provides technical and operations assistance on data networking telecommunications systems, design, installation, operation, and management of shared services provided on Departmental Headquarters networks and platforms.

Selected Examples of Recent Progress:

Under NITC:

NITC aggressively managed expenses and benefited from infrastructure planning to eliminate underused and inefficient product lines and assets. This has positioned NITC to avoid $19.3 million from future-year costs, including $9 million in "core" charges that have now been either eliminated or converted to agency-specific agreements.

NITC developed an initial Customer Portal offering to provide customers a value-added service and provide self-service functionality. The portal is designed to provide customized views for respective customers including detailed views into the services NITC provides. These services include, but are not limited to, system health and performance monitoring, centralized documentation repository, and service request interactions. The benefit to customers is a centralized self-service web interface.

NITC improved work processes and, in turn, customer service by:

- Streamlining the server build process to deliver systems quicker to customers that improved timeliness of delivery.
- Creating a new customer welcome package to improve the customer on-boarding experience.
- Establishing a 24/7 Tier 2 support team to handle support calls which offset the workload of Tier 3 systems engineers to focus on designing and building new systems.
- Creating a pool of system administrator resource skills to eliminate single points of failure which improved responsiveness and customer service.
- Continuing to create and deliver new service offerings based on customer need and rapid growth.
- Expanding capacity through additional hosts including two new clusters as well as extending utilization of used and existing hardware as much as possible.
- Adding over 700 virtual machines while improving timeliness of delivery.
- Responding to production incidents within 15 minutes on a 24/7 basis, thus eliminating the need to call the Tier 3 team after hours and improving their work/life balance.

NITC successfully drove projects related to the USDA Data Center Consolidation Initiative (DCCI) program to consolidate redundant IT resources and operations as well as drive OCIO infrastructure architecture and standards. NITC specifically made significant accomplishments towards the overall DCCI implementation plan that enabled full and partial closure of computer rooms operated by Economic Research Service; Food and Nutrition Service; Grain Inspection, Packers and Stockyards Administration; and Office of the Ispector General. This directly supported OMB's DCCI directive by consolidating IT infrastructure to a common hosting environment. By consolidating IT hosting at the USDA, it reduces the overall cost of data center hardware, software, and operations. It will also create more efficient computing platforms, increase overall security posture, and reduce overall energy consumption of USDA data centers.

NITC successfully worked with ITS to transition the ownership and operations of the Service Center Agency (SCA) WebFarm server environments to NITC. This involved the development of an operational level agreement between NITC and ITS that described the respective duties and expectations between the organizations in additional to the transfer of asset ownership and some personnel from ITS to NITC. These were all necessary steps to successfully migrate managed hosting service of over 1,600 servers during 2012. The benefits to this change are seen in directly supporting OCIO's Market Realignment initiative through streamlining the IT operational strategy to support SCAs. Additionally, being in the sole business of data center service delivery, NITC is better able to offer the required operational response and readiness that comes with its highly skilled and competent resource pool of personnel and cutting edge tools and technologies.

NITC implemented marketing efforts to potential new customers. Specific USDA projects included new OCIO programs such as AutoDesk and Grants Management as well as new opportunities resulting from the Data Center Consolidation Initiative with FSA, FS, GIPSA, FNS, and National Institute of Food and Agriculture. Non-USDA business was successfully generated with the General Services Administration (GSA) and Department of Health and Human Services. The addition of customers to the existing customer base will drive down service rates for all NITC customers in the future by taking advantage of economies of scale. The non-USDA business will also specifically help NITC establish itself as a leader in the Federal hosting space.

Under the AgLearn service offering NITC performed the following:

- Completed the upgrade to SuccessFactors/Plateau version 6.4. This upgrade included several enhancements to AgLearn to include 1) easier administration, 2) public Amazon-like ratings for each course, 3) support for mobile training, 4) improved Individual Development Plan (IDP) processes and software, and 5) integration with an emerging multi-rater (360) system.
- Created and supports the "Ask AgLearn Now" self service help system. This allows people to look for help desk answers themselves and then contact AgLearn if they cannot find an answer. It also reduces help desk support costs. Concluded that about 94% of the people who use the system find the help they

need and do not have to contact AgLearn, thus making it the "go-to" site for USDA training options and opportunities to include:

- o Providing support for webinars when needed to include updating the standard operating procedures for conducting AgLearn-based Webinars. AgLearn has significantly expanded use of Webinars in lieu of traditional conferences and classrooms. For example the number of Webinar attendees went from about 17,000 in 2011 to over 30,000 in 2012 .
- o Providing course development consulting and support to help people get their training courses online. This included providing award-winning training support for the Plain Writing Act, Telework, Veteran's Employment, Cultural Transformation, and Scientific Integrity courses.
- o Providing IDP software, training, support, and managerial reporting via AgLearn for about 100,000 USDA employees. This was a Secretarial-driven, Department-wide initiative with tight deadlines and significant communication and change management challenges. By the end of 2012, over 50 percent of federal employees had completed an IDP in AgLearn .

Under ITS:

ITS awarded an electronic fax service contract available to all USDA agencies allowing for secure sending and receiving of fax messages from any location which reduces costs by disconnecting expensive fax lines and fax machines. Usage in FY 2012 reached 14,000 monthly pages for 120 accounts for 8 USDA agencies. The FY 2013 savings for the Service Center Agencies (SCA) average $132 per account.

ITS completed year one of the Optimized Computing Environment. This program focused on modernizing the network to lay the foundation to support customer initiatives by optimizing network usage, updating equipment for expansion, enhancing monitoring, and standardizing and modernizing technology. Hardware replacements streamlined maintenance and operations, stabilized supporting cost, and reduced failure rates. These updates included the addition of Wireless Access Points in every field office and Voice over IP (VoIP) service capability.

ITS led the effort to consolidate 17 independent Active Directory environments managed by USDA IT departments into a single consolidated directory service. Enterprise Active Directory (EAD) provides a number of consolidated IT services including: authentication, internal DNS, PKI 2.0 for Windows Systems, centralized system configuration and management, infrastructure monitoring and event reporting, disk encryption and management services, rights management for office products, and new system imaging and deployment. As Agencies and offices join the consolidated directory services environment, benefits will be realized from centralized services and uniform access control across a single domain, ability to authenticate in any USDA office, ability to easily co-locate employees in at alternate work locations, simplification of enterprise service implementation, and reduction in management of multiple IT directory environments.

In order to improve Active Directory performance and reduce management overhead, the number of domain controllers in ITS was reduced from more than 1,200 in FY 2011 to about 135 in FY 2012. This effort has substantially reduced the replication time across the organization and problems associated with ensuring consistency between domain controllers across the ITS environment.

ITS implemented a Windows 7 surge initiative to transition all workstations at large office and state office locations to the Windows 7 operating system. This initiative provides a better user experience, increased security, and will reduce workstation support needs. ITS has made considerable progress on the Windows 7 migration project since the surge initiative commenced and plans to have the majority of ITS supported systems migrated to Windows 7 by the end of 2013.

The Infrastructure Operations Center (IOC) was formed to consolidate support for ITS infrastructure services. This included consolidated monitoring, standardized alert processes, and streamlined incident and fulfillment management. Having a single dedicated group managing the support has improved effectiveness and efficiency with improvements to ticket tracking, resolution, and knowledge management. This group was instrumental to

acceptance testing for OCE field installations.

ITS migrated a number of physical servers to virtual platforms, increasing their virtual capabilities to approximately 85 percent, to streamline operations and make use of technological advances.

The Audit Logging Systems, used to store files for historical purposes and incident research, were redesigned to incorporate increased storage. This broadened the security reach, providing the resources needed to capture the required audit log files from all ITS-managed servers. This was accomplished by repurposing existing storage arrays originally used by the Enterprise Messaging System that were shifted to managed services.

ITS effectively handled nearly 120 internal and customer Information Discovery and Litigation Support (IDLS) cases. A baseline inventory of IDLS cases was conducted. Phase I of managing the IDLS service was conducted using Remedy. As a result, ITS can more easily identify and respond to customer inquiries regarding archived/closed cases and identify trends in the types of cases being received.

For Section 508 compliance, ITS successfully reviewed, remediated and published 50 documents, representing 100 percent of the submitted requests. As a result, there were zero reports of Section 508 violations from either ITS employees or our customers.

Under Telecommunications Services:

Enterprise Network Services (ENS):

ENS completed the close-out of Phase I of Cellular Consolidation Initiative by significantly reducing the number of plans from 843 to 30 plans (10 per vendor for Sprint, Verizon, and AT&T), negotiating better pricing based on volume, better account inventory, and overall management.

ENS completed the transition of the Universal Telecommunications Networx (UTN) to the Next Generation. The transition included the upgrade of 12 core Customer Edge Routers (CER) to improve service and support future requirements and expansion. ENS also implemented a new VPN exchange point to enhance performance and support Enterprise Data Center (EDC) consolidation and upgrades of the Trusted Internet Connection (TIC) interfaces to add new security features and services. Additionally, ENS increased capacity on core circuits to support EDCs and new USDA agency applications.

ENS implemented new telecommunications service offering with the deployment of new Optical Wave Service (OWS) for high-speed, low-latency network connectivity to support disaster recovery, continuity of operations, and site replication capabilities.

ENS completed efforts to establish enterprise level Quality of Service (QoS)/Class of Service (CoS) capabilities across USDA networks. ENS developed communications, marketing, training and risk management plans. ENS provided briefings on service offering to Agency Chief Information Officers during the product service roll out.

ENS continued to lead the USDA Networx Transition Program and provided updates to OMB and agency CIO through the Executive Status Report that included risks, issues and upcoming tasks/milestones and current transition status. The ENS declared project close-out during the 3rd quarter of FY 2012; USDA reported a total of 221,093 services transitioned from GSA FTS2001/Crossover contracts to Networx.

ENS completed security activities that included; 1) updated Information System Security Program Plan, 2) review and update of all UTN Certification and Accreditation (C&A) documentation, 3) C&A and Security Test and Evaluation (ST&E) on the AT&T demarcation, 4) ST&E for new sites at Patriots Plaza in Washington, DC, San Antonio, Texas, and Chicago, Illinois for the Microsoft Data Centers, and 5) ST&E and Cyber Security Compliance Validation (CCV) assessments at the Department's Internet Gateways.

ENS developed Domain Name System (DNS) and DNS Security (DNSSEC) project plans and charters to meet DNS/DNSSEC requirements established by OMB. Drafted initial DNS/DNSSEC roadmap and created tool to capture compliant and non-compliant level 2 domains in order to monitor ownership of each domain and ensure compliance for DNSSEC.

ENS worked with agencies to develop a Wireless LAN interoperability standard to support employee mobility and standard network connectivity for visitors. In addition, ENS developed and deployed standards for QOS for all Networx circuits to support network applications, and new DNS capacity and security.

ENS led acquisition activities to obtain an enterprise wide Internet Protocol Address Management (IPAM) system. Activities included joint planning with Agencies to develop the IPAM requirements and procurement strategy. This initiative supports ASOC and the USDA requirements to better manage Internet protocol assignment, inventory, and to support security related activities and reporting.

ENS continued to lead the Internet Protocol Version 6 (IPv6) initiative. Project activities for FY 2012 included: OMB reporting, development of the USDA Addressing Plan, agency project and conversion plans, strategies, and technical designs for the UTN backbone and agency networks. Other activities supported the development of the procedures and gap analysis guide. ENS conducted training sessions for senior architects and agency network engineers; developed assurance policy and firewall rules; developed acquisition documentation to obtain contractual support, and worked with Microsoft to address readiness and conversion planning.

Under WCTS (includes Computer Services Unit, Telecommunications Customer Services Center, and Network Services):

Computer Services Unit (CSU)

CSU application services supported automation solutions for the Office of the Secretary and Departmental Management. In doing so, CSU redesigned and consolidated the Departmental Management internet web site to meet compliance requirements and improve usability.

CSU application services successfully developed a new application for the Office of Homeland Security and Emergency Coordination, Radiation Safety Division for tracking and management of radiation safety information and records. The Radiation Safety Management System is used by the USDA employees and the Radiation Safety Division (RSD) to manage information required by the Nuclear Regulatory Commission. The new system provides a more stable platform and improves system security.

CSU applications services completed development of the Go Green web portal for the Office of Operations to automate the printing, mail and courier service requests that are received by the individual departments from USDA customers.

CSU application services completed the upgrade and migration of the Office of the Chief Financial Officer, Technology Planning, Architecture & E-Government SharePoint sites from internally hosted SharePoint 2007 to a cloud-hosted SharePoint 2010 implementation providing improved platform features and stability.

CSU successfully implemented digital signage systems throughout the USDA headquarters complex. The system allows agencies across the Department to display broadcast messages and business process have been put in place to handle signage requests and development.

CSU implemented multiple technology refresh, technology adoption and technology improvement initiatives that include but not limited to:

- Remote Access Services capacity scaling to accommodate USDA Telework initiative.
- Supported departmental L1, L2 and L3 COOP exercise for 2012 successfully.

- Enterprise Storage and Network Attached Storage modernization increasing capacity, enabling de-duplication and implementing NAS redundancy architecture.
- Implemented application modernization for Radiation Safety Monitoring System that is used by the Emergency Management Group and is part of National Security and Monitoring.
- Completed multiple transitions for new customers and changes to the existing customer base.

CSU continued to support the departmental Active Directory (AD) consolidation initiative. Continue to work closely with the Deputy CIO and Microsoft to create and implement the project requirements with minimal impact on productivity to customers.

CSU implemented a shared service initiative using its maturity in two factor authentication and remote access by scaling the environment to include Forest Service, Office of the Chief Economist, GIPSA, and the Agriculture Security Operations Center.

CSU continued to work with OCIO-ITS and Microsoft to provide effective, efficient and reliable eDiscovery services for the entire Department.

CSU designed, developed and supported multiple departmental initiatives to include department wide application for Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments programs, Departmental Student Interns Program Management, Department Job Registry and other applications that were used by all USDA customers and agencies.

Telecommunications Customer Service Center (TCSC)

TCSC completed the first VoIP solution using the Networx contract. This solution was implemented at Patriots Plaza.

TCSC implemented and offered the second phase of the VoIP solution using the Network contract to the Washington Area. This offering is for the complete package of Unified Communications through a managed service. This solution has been installed in the South Building and is currently planned for the South, Whitten, and Reporter's Buildings in the Washington, DC area.

Network Services (NS)

NS expanded the Wireless Network solutions equivalent to wired security for Office of the Secretary, Office of the Assistant Secretary for Administration and other USDA offices and agencies in the Washington metropolitan area, including common shared areas.

NS finalized the modernization of the Radiation Monitoring System for the Office of Homeland Security and Emergency Coordination to improve efficiency and achieve cost savings.

NS consolidated 7 Domestic Irradiation Monitoring Virtual Private Network Sites where the radiation is monitored to a shared high speed connection for video transmission and analysis.

NS replaced the Perimeter Check Point Firewall with a Cisco Adaptive Security Appliance (ASA) on the Headquarters Metropolitan Area Network (HQMAN).

NS completed the upgrade of the HQMAN Core and Routers.

NS implemented a Managed Service for Unified Communications Monitoring of HQMAN Network devices.

NS implemented the first Gigabyte Passive Optical Network (GPON), a green initiative in the Reporter's Building.

CORRESPONDENCE MANAGEMENT

Current Activities:

The Office of the Executive Secretariat (OES) serves as the central office for the processing and management of correspondence for the Secretary and other Secretarial documents. Functions include document control, management of the clearance process, editorial review, and Secretarial correspondence policy. OES also provides writing and editorial services to the immediate Office of the Secretary and agencies; general support to cross-cutting Departmental initiatives at the request of OSEC; and manages the official records of OSEC.

Selected Examples of Recent Progress:

During 2012, OES processed 16,631 pieces of individual correspondence and other Secretarial documents, and 3,990 pieces of campaign correspondence addressed to the Secretary.   Of the controlled correspondence, OES managed the response to 9,083, including 2,117 signed directly by the Secretary or Deputy Secretary.

As part of its direct service to USDA agencies, in 2012 OES managed the clearance and signing of 506 folders of agency-initiated correspondence and other documents, along with 141 decision memoranda for the Secretary. In addition, OES drafted 875 letters and other special writing projects in support of the Office of the Secretary.

OES continued to lead implementation of the Plain Writing Act across USDA to improve the clarity of USDA's communications with the public. In July 2012, USDA was the only Federal agency to receive an "A" on the first Plain Writing Act Report Card released by the Center for Plain Language, a nonprofit organization dedicated to clear communication in government, business, non-profits, and universities. The Plain Writing Team was presented with the Secretary's Honor Award for its work on this effort.

Through continued focus on process improvement, OES made additional progress in reducing its records backlog, resulting in the disposition of over 200 boxes of records that were awaiting classification and the preparation of all records eligible for transfer in 2012. OES also established a "fast track" process to expedite drought letters to support USDA's streamlined disaster declaration process for severe drought, which is designed to make assistance available to producers more readily.

OES worked with IT staff to enable the office to transmit documents electronically to the Federal Register while meeting all security requirements. Moving from a paper process to one using digital signature will reduce the time it takes to deliver documents to the Federal Register by 2 to 3 days.

Department-Wide Reimbursable Programs

Program	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Advisory Committee Liaison Services	$372,308	$374,000	$341,000	$341,000
Faith-Based Initiatives and Neighborhood Partnerships	403,975	409,000	371,000	371,000
Intertribal Technical Assistance Network	1,995,739	2,000,000	1,832,000	1,832,000
1890's USDA Initiatives	3,035,561	3,083,451	2,787,000	2,787,000
Hispanic-Serving Institutions National Program	2,015,824	2,033,163	1,890,000	1,890,000
USDA 1994 Program	723,851	809,618	743,000	743,000
Federal Biobased Products Preferred Procurement Program	357,000	357,000	328,000	328,000
Honor Awards	80,000	59,212	73,000	73,000
Human Resources Transformation	1,683,326	1,689,000	1,545,000	1,545,000
Medical Services	350,000	349,667	393,000	393,000
People's Garden*	-----	-----	704,000	704,000
Retirement Processor/Web Application	539,000	539,000	539,000	539,000
Sign Language Interpreter Services	1,234,149	1,130,324	1,142,000	1,142,000
TARGET Center	945,616	899,971	869,000	869,000
Virtual University	1,379,388	2,132,949	1,958,000	1,958,000
Visitor Information Center*	1,008,979	804,490	222,000	222,000
Continuity of Operations Planning	1,823,784	1,751,179	1,990,000	1,990,000
Emergency Operations Center	2,397,028	2,396,422	2,200,000	2,200,000
Facility and Infrastructure Review and Assessment	250,000	239,138	426,000	426,000
HSPD-12 Initiatives	7,248,985	6,332,589	6,400,000	6,400,000
Personnel and Document Security	1,622,598	1,633,976	1,490,000	1,490,000
Pre-authorized Funding	3,100,000	3,511,192	3,535,000	3,535,000
Total Departmental Reimbursable Programs	32,567,111	32,535,341	31,778,000	31,778,000

*Visitor Center & People's Garden were combined in 2011 and 2012 actual (shown on Visitor Center line), but are shown separate in 2013 and 2014.

Department-Wide Reimbursable Programs

Agencies	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Agricultural Marketing Service	$881,817	$903,236	$936,697	$936,697
Agricultural Research Service	2,348,905	2,505,206	2,396,079	2,396,079
Animal and Plant Health Inspection Service	2,640,806	2,677,370	2,572,522	2,572,522
Departmental Administration	189,681	209,917	224,948	224,948
Economic Research Service	159,544	157,522	166,232	166,232
Farm Service Agency	4,035,949	4,015,872	3,830,517	3,830,517
Food and Nutrition Service	509,925	513,070	491,185	491,185
Food Safety and Inspection Service	2,794,906	2,859,470	2,938,395	2,938,395
Foreign Agricultural Service	613,422	616,146	593,096	593,096
Forest Service	10,305,891	10,187,193	10,106,008	10,106,008
Grain Inspection, Packers and Stockyards Administration	269,715	280,032	228,527	228,527
National Agricultural Statistics Service	378,216	371,437	418,035	418,035
National Appeals Division	29,657	31,122	28,969	28,969
National Institute of Food and Agriculture	184,421	170,207	179,463	179,463
Natural Resources Conservation Service	3,847,028	3,662,421	3,324,072	3,324,072
Office of Advocacy and Outreach	0	5,988	8,366	8,366
Office of Budget and Program Analysis	24,238	23,084	21,305	21,305
Office of Chief Economist	24,895	23,357	23,445	23,445
Office of Civil Rights	56,644	52,215	55,224	55,224
Office of Communications	40,824	38,631	38,478	38,478
Office of Executive Secretariat	3,258	9,990	9,933	9,933
Office of the General Counsel	106,098	103,851	112,006	112,006
Office of Homeland Security and Emergency Coordination	0	9,735	24,570	24,570
Office of the Chief Financial Officer	451,691	469,131	481,382	481,382
Office of the Chief Information Officer	317,831	322,036	460,896	460,896
Office of Inspector General	279,149	282,534	214,085	214,085
Office of the Secretary	12,360	12,447	57,218	57,218
Risk Management Agency	167,241	166,003	157,871	157,871
Rural Development	1,893,001	1,856,118	1,678,476	1,678,476
Total Departmental Reimbursable Programs	32,567,111	32,535,341	31,778,000	31,778,000

Office of the Secretary:
Advisory Committee Liaison Services: The Office of the Secretary provides guidance and direction to USDA agencies on Advisory Committees and Boards. Costs to support this function and screening/selection of members are reimbursed from agencies to the Office of the Secretary.

Faith-Based Initiatives and Neighborhood Partnerships: Provides for Department level oversight of the USDA implementation efforts in the faith-based and neighborhood outreach areas and support of the White House Office of Faith-Based and Community Initiatives regional outreach conferences. This office was established at the U.S. Department of Agriculture by executive order on December 12, 2002.

Intertribal Technical Assistance Network: Program addresses the unique challenges faced by American Indian and Alaskan Native tribal governments, communities and individuals in effectively utilizing USDA programs and services. These challenges require intensive technical assistance and program access improvement through an intertribal coordinated network and coordination with the Department of Interior/Bureau of Indian Affairs, which also has jurisdiction and authority over Indian lands. Information on all USDA programs will be covered by the technical assistance efforts of staff within the Network. Program efforts will also focus on promoting the Department's Strategic Goals within Indian Country, including Tribal consultation responsibilities, in accordance with government-to-government and trust responsibilities of USDA.

Office of Advocacy and Outreach:
1890's USDA Initiatives: Supports initiatives on Historically Black Colleges and Universities and the USDA 1890 institutions (Land Grant colleges and universities). USDA maintains an agricultural liaison office at each of the 17 1890 campuses, including Tuskegee University.

Hispanic-Serving Institutions National Program (formerly the HACU Program): Fosters educational excellence in the Hispanic community and promotes Hispanic participation in fulfilling the USDA mission.

USDA 1994 Programs (formerly American Indian Higher Education Consortium): Promotes, fosters, and encourages implementing programs for improving post-secondary and higher education opportunities for American Indians, and establishing information centers for post-secondary and higher education institutions.

Departmental Administration:
Federal Biobased Products Preferred Procurement Program: Supports the USDA-wide implementation of BioPreferred^{SM} procurement requirements as additional biobased items are designated for preferred procurement. Supports the development of USDA procurement reporting tools, provides information resources and training to the USDA procurement community, as well as to other Federal Agencies, for the purchase of biobased products and the inclusion of biobased components in contracts.

Honor Awards: Designed to recognize significant accomplishments of USDA employees through the Department's highest honor awards program.

Human Resources Transformation Programs (includes Diversity Council): Establishes policy, coordinates, and evaluates the USDA agencies' efforts to carry out diversity programs. Creates a culture of change within USDA's agencies that ensures its place as a model employer within the Federal Government in terms of equal opportunity without barriers to achievement of diversity and inclusivity. Builds diversity awareness through formal training, participation in diversity programs, special observance events, and participation in employee forums at listening sessions, and national employment conferences. Tracks progress of USDA agencies' towards diversity goals, awareness and best practices.
Medical Services: Provides preventative health measures such as flu shots, health screening, nutritional principles and fitness awareness that lead to a higher quality workforce environment for employees, and contractors in the National Capital Region (includes the Headquarters complex, the George Washington Carver Center and the Patriot Plaza offices.)

People's Garden: Addresses community-based agriculture in rural, urban and suburban communities. It was created by the Secretary in order to promote and demonstrate the Department's key messages on health and nutrition, childhood obesity, hunger, sustainable agriculture, and community development. The program was previously combined with the Visitor Information Center, but is shown separately starting in 2013.

Retirement Processor/Web Application (formerly Self Service Dashboard (SSD) and Retirement Processor Web Application): Serves as an e-authenticated single sign-on portal for several USDA human resources systems and contains a historical database that together with the Retirement Processor Web application enables employees to run various retirement calculation scenarios.

Sign Language Interpreter Services: Provides interpretive services for Departmental programs and USDA agencies. During 2010 and before, the DC Metro Area Sign Language Services were handled through agency level agreements. Beginning in 2011, DC Metro Area Sign Language Services will be included in the Departmental Reimbursable Program and a Metro Area FTE cost recovery basis will be used. The intent of this change was to ensure that all employees have access to services.

TARGET Center: Supports the Department's workforce diversity and Federal Workforce 2001 policies and provides information on technologies to ensure equal access to electronic technologies and automated systems essential to today's jobs for people with visual, hearing, speech, mobility, or dexterity impairments.

Virtual University: The Virtual University program will provide Department employees with a central educational facility. The facility will focus on providing employees with training for today's workplace responsibilities and developmental programs to ensure a cadre of highly skilled future leaders.

Visitor Information Center: Serves as a showcase for USDA programs and initiatives. The Visitor Information Center no longer includes the People's Garden, which is now shown as a separate program.

Homeland Security:
Continuity of Operations Planning (COOP): Provides for USDA COOP activities including awareness training, exercises and COOP plan reviews.

Emergency Operations Center: Operates a secure emergency operations center on a 24/7 basis. The center provides critical communications and coordination systems.

Facility and Infrastructure Review and Assessment: Provides risk-based security assessments with countermeasure recommendations for all critical infrastructures within USDA agencies.

HSPD-12 Initiatives: Supports the implementation of the Homeland Security Presidential Directive 12 (the Common Identification Standard for Federal Employees and Contractors).

Personnel and Document Security: Responsible for ensuring the proper protection of classified national security information through the adjudicative process of personnel clearances; and the proper handling, storage and transmission of classified information.

Office of the Chief Financial Officer:
Pre-Authorized Funding: Provides a funding mechanism for reimbursable activities involving other Federal Departments and USDA that arise during the current fiscal year.

PRESIDENTIAL E-GOVERNMENT INITIATIVES AND LINES OF BUSINESS

Benefits of USDA's Participation in Presidential E-Government Initiatives and Lines of Business:

Budget Formulation and Execution LoB (BFELoB):
- The BFELoB provides benefits to partner agencies by encouraging best practices crossing all aspects of Federal budgeting -- from budget formulation and execution to collaboration, human capital needs, and providing tools and resources. To benefit all agencies, including the United States Department of Agriculture (USDA), the BFELoB continues to work with the Department of Treasury, as the system owner, in the advancement of the Budget Formulation and Execution Manager (BFEM), the first shared service budget formulation system.
- USDA currently has approximately 4,221 users registered for the MAX Federal Community. The Community site is commonly used for sharing information, collaboratively drafting documents (including the direct-editing of documents posted on the site), supporting workgroups, submitting central reports, and much more.
- USDA has been using several MAX Collect exercises and associated publishing capabilities to collect, store, process and publish information from multiple sources, producing professional quality output. As information is collected it is automatically compiled and published real-time using MAX Publication Services, with structured numeric data dynamically displayed using MAX Analytics.
- The Budgeting Capabilities Self-Assessment Tool (BCSAT) is a survey tool used to collect information from budget personnel about various aspects of the budget process at their agency. Results from the initial survey, published over a year ago, are being used to identify areas where additional training or automation could be beneficial.
- BFELoB's Human Capital Federal Budget Core Competency Framework was developed as a resource for USDA to use in their internal workforce planning initiatives. The framework includes the "Budget Career Road Map", a set of Core Competencies, Key Behaviors, and Proficiency Levels for budget professionals. This is helpful in assessing skills and gaps, as well as developing plans for targeted growth. In addition, the BFELoB Human Capital work group offers multiple technical and developmental training opportunities throughout the year. They have developed/sponsored a variety of training classes for government budget community which include both in-class and online courses.
- Training material includes a series of four Budget Formulation Process Maps and a series of 11 Budget Execution Process Maps depicting the major processes in Federal Budget Formulation and Execution. The maps provide standardized processes that can be used to train budget analysts. These processes have been incorporated into self-paced training courses. USDA has participated in developing and using the process maps and training modules for staff training.

Disaster Assistance Improvement Program (DAIP):
- DisasterAssistance.gov reduces the time needed to apply for aid and check the status of claims while decreasing redundancy in application forms and processes. The primary benefits include decreased confusion and frustration for disaster survivors, as well as reductions in the time it takes disaster survivors to identify, apply for and check status of their assistance applications. Future phases of DAIP may provide cost savings for partner agencies that use DAIP as a web presence for their Forms of Assistance (FOAs).
- DAIP provides a range of metrics to the partner agencies each month to help illustrate the value of their partnership and provide valuable insights into survivor needs and interests with respect to each partner agency's FOAs. The following site metrics were reported for USDA 2012 usage:
  - 549,418 USDA FOA page views;
  - 32,865 Transfers to USDA's URL/domain from DisasterAssistance.gov;
  - 880 Links from USDA's domain to DisasterAssistance.gov; and
  - 11,775 Referrals from DisasterAssistance.gov's questionnaire with USDA FOAs that transferred into the site's registration process.
- Through DisasterAssistance.gov, USDA and its stakeholders are helped by providing referrals to and information on 13 agency FOAs related to food assistance, business loans, farm loans and more. DAIP's outreach and education efforts also help to raise awareness of these FOAs among the agency's stakeholders at the Federal, tribal, state and local levels. For example, the agency recently deployed an interface with the Food for Florida Disaster Supplemental Nutrition Assistance Program (D-SNAP) [the first state-based interface in the DAIP portfolio], began interface development efforts with Louisiana D-SNAP and developed new D-SNAP referral content.
- The portal provides qualitative cost savings related to decreased labor hours, automated tracking, reduced waste, fraud and abuse, and information-sharing, all of which helps DAIP and its partner agencies assist disaster survivors more effectively. These savings will almost certainly grow in relative proportion to the growth of the portal and interface developments.

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- Currently, 17 Federal agencies contribute to the portal, which offers applications for, or information about, over 70 FOAs as well as news, information and resources to help individuals, families and businesses prepare for, respond to, and recover from disasters.
- DisasterAssistance.gov is scheduled to be completed by 2015 and will include forms of assistance available at the Federal, tribal, state, regional and local levels.

Enterprise Human Resources Integration (EHRI):
- In addition to Office of Personnel Management maintaining for agencies their electronic Official Personnel Folders (eOPF), participating agencies get access to data provided by the eOPF Toolkit. This resource provides an online inventory of materials for the agency to reference policies, procedures, and communication campaign materials. Starting with assessment through maintenance, authorized users can access reference manuals and policy documents as well as sample presentations, letters and memos through OPM's secure portal. USDA was the first Federal Department to successfully begin using their E-Authentication credentials to access eOPF documents.
- Since the beginning of 2011, all USDA agencies have had the transfer functionality enabled, whereby eOPFs can be sent/received electronically to other agencies and to National Personnel Records Center (NPRC). This increases the efficiency and timeliness of the process and provides additional security of the Personally Identifiable Information contained in the eOPFs. Since November 25, 2011, USDA has transferred 6,899 eOPFs to NPRC and 591 eOPFs to other agencies.
- USDA worked with National Finance Center (NFC) and OPM to submit and receive the data feeds for the SF-2809s and TSP-1 and TSP-C into eOPF. These forms now flow directly from NFC's Employee Personal Page into the eOPF environment.
- USDA partnered with OPM to be the first Federal agency to help develop and test the internal control document for the SF-2810 to be loaded into eOPF.
- Conducted monthly USDA eOPF working group meetings to discuss eOPF issues with Agencies and keep them aware of system enhancements and updates.
- Worked extensively with OPM and Northrop Grumman to update our USDA Agency Specific Forms List, as well as USDA Business Rules.
- Conducted numerous Day-Forward Conversion meetings with the 6 remaining USDA agencies to provide guidance on preparing, manifesting, and shipping the remaining hard copy personnel documents from Official Personnel Folders, OF-66 and additional loose documents that needed to be scanned in an electronic format.
- Performed Quality Assurance review on converted documents. Worked with agencies to identify and reconcile conversion/data discrepancies (e.g., mis-filings, missing effective dates).
- Developed a training and communications stratgey for rolling out eOPF to USDA employees.
- Began a phased implementation for employee access.
- Continue to monitor the Transfer Functionality between USDA and other federal agencies/ NPRC to ensure eOPF's are transmitted in a timely manner.
- Conducted a review of security roles and access to the eOPF application.
- Successfully upgraded all USDA agencies to the maintenance Release E.1., which will allow more functionality for HR users and employees.

E-Rulemaking:
- USDA's use of the Regulations.gov web site and the complimentary FDMS is the Department's primary area of focus for increasing the public's participation in the process of developing and issuing regulations. USDA's fourteen rule-making agencies completed migration to the Federal Docket Management System (FDMS) on December 8, 2006. As a result, all USDA Federal Register rules, proposed rules, and notices have been made available for public comment on E Rulemaking's Regulations.gov since that time.
- The web site has made numerous improvements over the years to improve the user's experience, and as a result public participation has continued to increase since the site's inception. In 2007, USDA agencies posted 1,343 rules, proposed rules, and notice documents and received 9,773 comments from the public in response. In 2012, USDA agencies posted 1,131 rules, proposed rules, and notice documents. USDA

received 37,567 comments from the public in response. That is a 12-fold spike in public access since the portal's launch in 2007. This is a direct demonstration of the public's increased participation in USDA's rulemaking process.

E-Training:

- AgLearn is USDA's implementation of the E-Training Presidential Initiative. E-Training and AgLearn provide a single, USDA-wide learning management system that replaces seven legacy, agency-specific systems and widespread manual tracking of training.
- The consolidation of training within AgLearn allows agencies to cooperate in developing, tracking, and purchasing training. Training that has proved successful for one agency can easily be made available for others, eliminating redundant costs for course development and sharing subject matter expertise to a broader audience.
- In 2012, the AgLearn program measured an estimated cost avoidance of about $26.5 million. Considering that the AgLearn's decreasing budget was only about $4.5 million, this represents an overall USDA return on investment of approximately 483 percent.
- With its substantial buying power, AgLearn was able to renegotiate an enterprise license for SkillSoft content for USDA-wide use at significantly reduced costs. In addition, AgLearn renegotiated a reduced rate for requesting agencies to the Rosetta Stone Suite of language courses.
- More than 120,000 AgLearn users (including employees, contractors and partners) completed almost 900,000 training events (e.g., online courses, webinars, and classes) during 2012. AgLearn delivered Department-wide Security Awareness, Privacy Basics, PII, and Ethics mandatory trainings. AgLearn has currently more than 15,000 books in the training library, including more than 8,000 online courses and training events.
- A major Aglearn initiative in 2013 is to make courses available on mobile devices such as tablets and smart phones.

Financial Management LoB:

- The Financial Management LoB is focused on financial systems improvements in coordination with the Chief Financial Officers Council (CFOC). There are thousands of interrelated systems and hundreds of stakeholders, including the Chief Financial Officer (CFO), Chief Information Officer (CIO), and Chief Administrative Officer (CAO) communities across all Departments and agencies.
- The Financial Management LoB provides USDA with standards, requirements, tools, and services to support USDA's financial management activities. USDA benefitted from information sharing across the Federal community on standards and best practices in implementing financial systems based on commercial software products used across government.
- In 2012, USDA supported the FMLoB through the continued deployment of FMMI, a new financial system that replaces USDA's legacy financial system. FMMI is based upon SAP Enterprise Resource Planning (ERP) 6.0, an advanced, Web-based, financial-management system that provides general accounting, funds management, and financial-reporting capabilities. Since beginning operation in mid-2010, FMMI has been deployed to all of USDA's twenty-nine administrative organizations. USDA also chairs the SAP Customer Control Board to exchange information and ensure that future product releases and enhancements are aligned with Federal standards.
- The establishment of GOVerify will assist the Federal community to make accurate payments. Additionally, utilization of the Internet Payment Platform can help federal procurement staff by streamlining the invoicing process.
- Once fully implemented the Treasury's electronic invoicing solution is expected to generate $450 million in savings across the Federal Government.

Geospatial LoB:

- In 2012, Geospatial LoB activities centered on implementation of the Geospatial Platform as a mechanism for developing shared services. The Geospatial Platform activity demonstrates advancement in our collaborative effort to support geospatial activities across agencies and governments and helps to improve the efficiency of government by making geospatial data more accessible, reliable, and less expensive to

acquire through enhanced data-sharing and more effective management of resources. The Geospatial Platform offers access to trusted geospatial data, services, and applications managed in the Federal Geospatial Portfolio to support Federal, State, local, and tribal governments in meeting their mission objectives, and provide efficiencies and cost savings through shared infrastructure and enterprise solutions.

- In 2012, the Geospatial LoB conducted a review of the Data Themes identified in the Supplemental Guidance for the Office of Management and Budget (OMB) Circular A-16 to assess validity and data stewardship responsibility. This review yielded a reduction in Data Themes and in some instances reassignment of the agency stewards. This review further defined the processes, roles, and responsibilities for managing National Geospatial Data Assets datasets and themes, and provides a repeatable process for modifying OMB Circular A-16 Appendix E that describes the geospatial data themes that will be used for portfolio management.

- The Geospatial Platform Value Proposition was completed to validate the needs for a platform including supporting decision making, addressing issues of National importance, and meeting common business needs.

- The Geospatial Platform Business Plan was developed to serve as a "what and how" document, providing an overview of the operational elements and the organizational structure of the Geospatial Platform.

Benefits.gov:
- Benefits.gov provides a self-service tool for citizens to get information about agency benefit programs, which reduces the need for traditional channels such as call centers and mail.

- Benefits.gov supports USDA's mission to work to reduce food insecurity in America by helping increase public awareness of USDA benefit programs and providing information on how to access safe, affordable and nutritious food.

- USDA features 34 benefit programs on Benefits.gov. The benefits programs include the Supplemental Nutrition Assistance Program, Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Child Nutrition Programs, and the Farmer's Market Nutrition Program (provided by the Food and Nutrition Service), Farm Labor Housing Loan and Grant programs (provided by the Rural Housing Service), various farm loan and disaster assistance programs (provided through the Farm Service Agency), the Wildlife Habitat Incentives and other conservation programs (provided by the Natural Resources Conservation Service) and the Federal Crop Insurance Program (provided by the Risk Management Agency).

- Benefits.gov reported the following site usage metrics for USDA for 2012. The USDA FOA site received 9,421,548 page views; along with 83,523 Transfers to USDA's URL/domain from DisasterAssistance.gov.

Grants.gov:
- Grants.gov provides a single location to publish grant funding opportunities and application packages, and provides a single site for the grants community to apply for grants using common forms, processes, and systems.

- In 2012, USDA posted 199 funding opportunities and 199 application packages on Grants.gov, and received 7,800 electronic applications via Grants.gov.

- Grants.gov has also allowed USDA to avoid the cost of maintaining its own front-end system to allow applicants to search and apply for grants online. However, the majority of the benefits are being realized by the public by eliminating the cost of submitting paper applications through the traditional mail delivery service.

- The Grants.gov APPLY function has helped reduce errors in grant applications submitted online through the site. USDA agencies attach an application package with their grants announcement informing potential applicants of the forms that are required to be submitted with their application. Grants.gov helps reduce errors by performing data validation, based on information in the agencies' application packages, to ensure that required fields in the application forms have been appropriately populated. If errors exist, the applicant is notified immediately and is able to correct the information before final submission to the government.

Human Resource Management LoB:

- The Human Resource Management LoB improves USDA's internal efficiency and effectiveness by streamlining and automating the exchange of employee human resource information. USDA has reduced process cycle times and increased the accuracy on all EHRI information exchanges and transactions. It has enabled oversight and allowed agencies access to current raw data and easy-to-use strategic workforce planning/analysis tools.
- In a collaborative effort the Department has set out to establish a Human Resources (HR) footprint across all agencies: minimizing redundancies, increasing efficiencies and leveraging Information Technology (IT) enterprise licenses; thereby, reducing overall HR operations costs.
- HR's Enterprise Solution will deliver a common HR footprint—"ONE USDA," which is to be utilized by all USDA bureaus. Recently, the "ONE USDA" project team collaborated with the NFC project team to execute a two-week long business process requirements session. The objective of the session was to bring USDA functional subject matter experts together to represent their Mission Areas in the design of the future-state of HR operations, by leveraging agency and industry best practices, streamlining HR functional processes and standardizing HR across the Department prior to initiating system implementation. The session produced a draft common approach for the future-state execution of core HR operations, a high-level compilation of agency best practices, reference materials to be utilized by HR personnel across the Department and action items/next steps.
- In 2012, USDA conducted the following high-level activities designed to achieve the initiative's goals:
    - Implementation of core functionality across all USDA agencies, by the NFC;
    - Identification of vendor solutions for all non-core functions, through market research; and
    - Recommendation of vendors to leadership, through a non-core business case.

Integrated Acquisition Environment - Loans and Grants:

- This initiative helps USDA meet the requirements of FFATA, which requires agencies to provide Data Universal Numbering System (DUNS) numbers for the Transparency Act web site. Since all contracts (and some grants) already require DUNS numbers, this initiative seeks to leverage the extant system to cover the remainder of Federal grant activity. This allows both the contracts and grants communities to feed information into the FFATA portal -- USAspending.gov. The IAE contract with Dun and Bradstreet was expanded to allow assigning these unique identifiers and to assist Federal financial award reporting.
- USAspending.gov's existence helps USDA comply with the Transparency Act. USDA uses the data to reconcile award reporting to line 2190 of the Status of Budgetary Resources financial report. This reconciliation is an important effort to improve and demonstrate data quality.
- In 2012, the FFATA Sub-award Reporting System (FSRS) that was developed as the reporting tool Federal prime awardees (i.e., prime contractors and prime grants recipients) use to capture and report sub-award and executive compensation data regarding their first-tier sub-awards to meet the FFATA reporting requirements was implemented for sub-grants reporting and for sub-contracting reporting down to the $25K level. USDA in 2012 represented over one- third of all FSRS reports, demonstrating leadership in sub-award reporting compliance and use of the FSRS too.

Integrated Acquisition Environment (IAE):

- IAE provides a secure business environment that facilitates and supports cost-effective acquisition of goods and services by agencies, with the goal of eliminating inefficiencies in the current Federal acquisition landscape. USDA uses the initiative's standards and best practices as it continues to enhance its Integrated Acquisition System.
- The IAE offers a portfolio of services which facilitate all phases of the Federal acquisition life-cycle. IAE is a set of the separate systems: the System for Award Management (SAM), the Consolidated Hosting Services (CHS), the Federal Service Desk (FSD), and legacy services planned to be combined into SAM which are the electronic Subcontracting Reporting System (eSRS), Federal Business Opportunities (FBO), the Federal Procurement Data System - Next Generation (FPDS-NG), past performance systems (Past Performance Information Retrieval System (PPIRS), Contractor Performance Assessment Reporting System (CPARS), and Federal Awardee Performance and Integrity Information System (FAPIIS)), and

the Wage Determinations On-Line (WDOL). Together these systems provide unified acquisition support services to all Federal procurements. Some of these services also provide support services to the assistance (grants and loans) community as well.

- The SAM is consolidating and sharing services currently duplicated in these legacy applications and the Catalog of Federal Domestic Assistance (CFDA), such as authentication, hosting, and web services. The SAM effort will increase efficiencies, streamline access, reduce redundancies, and improve data quality. These and other advances in shared service delivery will reduce the administrative costs of Federal contracting, support increased competition by making it easier for vendors to do business with the government, and increase transparency by improving the speed, volume, and quality of Federal procurement data that are available to the public.

- Key 2012 accomplishments included: (1) Merged four Federal IAE legacy services into SAM, the one-stop single site; and (2) Met all the requirements of the Federal Funding Accountability and Transparency Act (FFATA) by making Federal acquisition and assistance data available to the public, through USASpending.gov.

The following table reflects estimated USDA contributions and funding amounts for 2011 through 2014 to the E-Government Initiatives and Lines of Business.

E-Government Initiative[1]	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
1. Budget Formulation and Execution Line of Business	$95,000	$90,000	$95,000	$95,000
2. Disaster Assistance Improvement Plan	310,598	133,655	124,397	136,538
3. Enterprise Human Resources Integration (EHRI)	2,896,177	2,960,498	2,363,000	2,124,763
4. E-Rulemaking	425,000	643,970	860,467	965,000
5. E-Training	3,226,316	2,934,071	2,700,000	2,640,000
6. Financial Management Line of Business	75,000	0	167,510	167,510
7. Geospatial Line of Business	0	0	102,000	102,000
8. Benefits.gov	285,829	257,246	324,550	370,656
9. Grants.gov	529,802	483,380	552,402	509,443
10. Grants Management Line of Business	106,426	0[2]	0[2]	0[2]
11. Human Resources Line of Business	260,870	260,870	260,870	260,870
12. Integrated Acquisition Environment – Loans and Grants	1,285,570	1,246,016	1,285,570	504,471
13. Integrated Acquisition Environment	615,145	597,294	653,660	634,453
USDA TOTAL	**10,111,733**	**9,607,000**	**9,489,426**	**8,510,704**

[1] USDA participates in and benefits from 24 E-Government Initiatives and Lines of Business, but not all initiatives require a financial contribution. The table above provides USDA's actual contributions for 2011 and 2012 and estimated contributions for 2013 and 2014 for only those initiatives that require financial contributions.
[2] Beginning in FY 2012, the GM-LOB was subsumed into the FM-LOB and reported under that activity.