2019 President's Budget
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:

Material Management Service Center (MMSC)
Mail and Reproduction Services (MRS)
Integrated Procurement Systems (IPS)
Human Resources Enterprise Systems (HRES)
Procurement Operations (POD)

Communications:
Creative Media and Broadcast Center (CMBC)

Financial Management:
National Finance Center (NFC)
Financial Management Service (FMS)
Internal Control Support Services (ICSS)
Financial Management Support Services (FMSS)

Information Technology:
National Information Technology Center (NITC)
Client Technology Services (CTS)
Enterprise Network Services (ENS)

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

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 here under the staff offices administering them.

Management of the WCF is through the Office of the Chief Financial Officer. As of September 30, 2017, there were 3,078 permanent full-time employees, including 503 in Washington, D.C., and 2,575 in field offices.

WORKING CAPITAL FUND

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

Item	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	Sys	Amount	SYs	Amount	SYs	Amount	SYs
USDA Fee for Service:								
Administration….........	$45,864	155	$44,628	159	$43,601	198	$45,256	204
Communications……	4,171	15	5,184	18	7,325	28	7,268	29
Fin. Mgt…….....…....	181,013	730	173,780	720	151,387	675	154,883	676
Info. Technology...…	453,375	841	436,426	850	410,162	956	439,895	959
Corresp. Mgt. …….…	3,219	19	3,925	19	3,533	24	3,813	24
Intrafund Adj. a/ ……	-59,168	-	-51,973	-	-43,843	-	-43,388	-
Subtotal…………..	628,474	1,760	611,970	1,766	572,165	1,881	607,727	1,892
Purch of Equip…........	27,000	-	15,341	-	7,828	-	8,680	-
Purch. Card Rebate…	8,500	-	1,115	-	32,892	-	42,892	-
Unobl. Bal. Exp…….	0	-	714	-	17,710	-	-	-
Subtotal (USDA).........	663,974	1,760	629,140	1,766	630,595	1,881	659,299	1,892
Non-USDA Fee for Service:								
Administration….........	1,351	5	1,413	5	1,340	9	1,383	9
Communications….....	922	3	560	2	1,254	-	365	-
Fin. Mgt……….....….	173,191	783	170,603	773	242,163	927	247,347	925
Info. Technology…....	41,845	50	30,781	39	33,836	38	33,836	38
Subtotal (Non-USDA)……	217,309	841	203,357	819	278,593	974	282,931	972
Total, WCF………….	881,283	2,601	832,497	2,585	909,188	2,855	942,230	2,864

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	2016 Actual			2017 Actual			2018 Estimate			2019 President's Budget		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES	10	5	15	10	5	15	9	5	14	9	4	13
GS-15 ……	38	55	93	37	54	91	41	59	100	41	59	100
GS-14 ……	91	195	286	94	202	296	92	198	290	92	198	290
GS-13 ……	117	637	754	116	629	745	110	597	707	110	599	709
GS-12 ……	58	763	821	57	754	811	53	700	753	51	680	731
GS-11 ……	45	417	462	44	408	452	42	388	430	42	391	433
GS-10 ……	3	4	7	3	4	7	3	4	7	4	5	9
GS-9 ……..	24	108	132	24	109	133	23	104	127	22	99	121
GS-8 ……..	13	22	35	14	25	39	17	31	48	18	31	49
GS-7 ……..	27	314	341	26	304	330	22	254	276	21	249	270
GS-6 ……..	14	54	68	13	51	64	10	39	49	10	40	50
GS-5 ……..	41	67	108	35	58	93	24	40	64	24	40	64
GS-4 ……..	7	21	28	8	25	33	5	15	20	5	15	20
GS-3 ……..	1	-	1	1	-	1	1	-	1	1	-	1
GS-2 ……..	-	-	-	-	-	-	-	1	1	-	-	-
Other Graded Posns…	39	8	47	38	7	45	35	6	41	35	6	41
Total Perm Positions....	528	2,670	3,198	520	2,635	3,155	487	2,441	2,928	485	2,419	2,904
Unfilled, EOY.........	7	25	32	17	60	77	23	80	103	22	76	98
Total, Perm Full-Time Empl.EOY… .	521	2,645	3,166	503	2,575	3,078	464	2,361	2,825	463	2,343	2,806
Staff Year. Est…….....	351	2,250	2,601	352	2,233	2,585	420	2,435	2,855	406	2,458	2,864

Lead-Off Tabular Statement

Recurring Operations 1/
Budget Estimate, 2019	$890,658,000
2018 Estimate	850,758,000
Change	+39,900,000

Capital Availability
Budget Estimate, 2019.	8,680,000
2018 Estimate	7,828,000
Change	+852,000

Purchase Card Rebates Availability
Budget Estimate, 2019 2/.	42,892,000
2018 Estimate	32,892,000
Change	+10,000,000

Unobligated Balances Availability
Budget Estimate, 2019 3/.	-
2018 Estimate	17,710,000
Change	-17,710,000

Total, Working Capital Fund
Budget Estimate, 2019.	942,230 ,000
2018 Estimate	909,188 ,000
Change	+33,042,000

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 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 of Agriculture. The amount for 2019 (unobligated 2018 funds) will not be known until the end of FY 2018.

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

Service Category	2016 Actual Amount	SYs	2017 Actual Amount	SYs	2018 Estimate Amount	SYs	Inc. or Dec. Amount	SYs	2019 President's Budget Amount	SYs
1. Admin.										
MMSC…….	$9,154	31	$9,265	33	$8,316	44	+$331	-	$8,647	44
MRS ……...	10,470	61	10,253	59	9,947	87	+46	-	9,993	87
IPS ……..…	15,970	12	16,135	15	15,668	16	+113	+4	15,781	20
Proc. Oper….	9,641	46	8,280	47	8,741	48	+350	-	9,091	48
HRES………	1,447	7	1,505	7	1,705	9	+767	+2	2,472	11
Adm. Supp…	533	3	603	3	564	3	+91	-	655	3
Subtotal …	47,215	160	46,041	164	44,941	207	+1,698	+6	46,639	213
2. Commun.:										
CMBC ……	5,093	18	5,744	20	8,579	28	-946	+1	7,633	29
3. Fin. Mgt.										
NFC………	163,797	873	172,091	858	156,007	893	+1,438	-1	157,445	892
FMS………	181,749	596	162,402	593	227,807	660	+6,886	-	234,693	660
FMSS……..	2,976	20	2,968	19	3,120	20	+355	-	3,475	20
ICSS ……...	2,589	10	3,005	9	3,020	11	-	-	3,020	11
Adm. Supp...	3,093	14	3,917	14	3,596	18	+1	-	3,597	18
Subtotal...	354,204	1,513	344,383	1,493	393,550	1,602	+8,680	-1	402,230	1,601
4. Info. Tech.										
NITC	188,074	213	154,067	198	154,170	256	-	-	154,170	256
CTS ……….	281,966	651	279,899	662	255,043	701	+17,393	-	272,436	701
Tele. Svc….	24,322	22	32,117	24	33,762	28	+12,340	+3	46,102	31
Adm. Supp.	858	5	1,124	5	1,023	9	-	-	1,023	9
Subtotal...	495,220	891	467,207	889	443,998	994	+29,733	+3	473,731	997
5. Corr. Mgt…	3,219	19	3,925	19	3,533	24	+280	-	3,813	24
Intra. Adj…..	-59,168	-	-51,973	-	-43,843	-	+455	-	-43,388	-
Tl. Rec. Oper.	845,783	2,601	815,327	2,585	850,758	2,855	+39,900	+9	890,658	2,864
Cap. Equip.	27,000	-	15,341	-	7,828	-	+852	-	8,680	-
Pur. Card Reb.	8,500	-	1,115	-	32,892	-	+10,000	-	42,892	-
Unob. Bal.	-	-	714	-	17,710	-	-17,710	-	-	-
Total	881,283	2,601	832,497	2,585	909,188	2,855	+33,042	+9	942,230	2,864

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

Service Category	2016 Actual		2017 Actual		2018 Estimate		Inc. or Dec.		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
1. Admin.										
MMSC………	$7,803	26	$7,852	28	$6,976	35	+$288	-	$7,264	35
MRS ….…....	10,470	61	10,253	59	9,947	87	+46	-	9,993	87
IPS …............	15,970	12	16,135	15	15,668	16	+113	+4	15,781	20
Proc. Oper…..	9,641	46	8,280	47	8,741	48	+350	-	9,091	48
HRES……….	1,447	7	1,505	7	1,705	9	+767	+2	2,472	11
Adm. Supp.	533	3	603	3	564	3	+91	-	655	3
Subtotal …..	45,864	155	44,628	159	43,601	198	+1,655	+6	45,256	204
2. Commun.:										
CMBC ……...	4,171	15	5,184	18	7,325	28	-57	+1	7,268	29
3. Fin. & Mgt.										
NFC………...	59,378	316	60,071	299	44,185	222	-1,640	+1	42,545	223
FMS………..	112,977	370	103,819	379	97,466	404	+4,780	-	102,246	404
FMSS……….	2,976	20	2,968	19	3,120	20	+355	-	3,475	20
ICSS ……….	2,589	10	3,005	9	3,020	11	-	-	3,020	11
Admin. Supp.	3,093	14	3,917	14	3,596	18	+1	-	3,597	18
Subtotal…..	181,013	730	173,780	720	151,387	675	+3,496	+1	154,883	676
4. Info. Tech.										
NITC……….	147,876	167	123,386	159	120,334	218	-	-	120,334	218
CTS ………….	280,319	647	279,799	662	255,043	701	+17,393	-	272,436	701
Telecom. Svc.	24,322	22	32,117	24	33,762	28	+12,340	+3	46,102	31
Adm. Supp.	858	5	1,124	5	1,023	9	-	-	1,023	9
Subtotal….	453,375	841	436,426	850	410,162	956	+29,733	+3	439,895	959
5. Corr. Mgt……	3,219	19	3,925	19	3,533	24	+280	-	3,813	24
Intrafund Adj…..	-59,168	-	-51,973	-	-43,843	-	+455	-	-43,388	-
Tot. Rec. Oper.	628,474	1,760	611,970	1,766	572,165	1,881	+35,562	+11	607,727	1,892
Cap. Avail……..	27,000	-	15,341	-	7,828	-	+852	-	8,680	-
Purch. Card Reb.	8,500	-	1,115	-	32,892	-	+10,000	-	43,892	-
Unob. Bal. Exp...	-	-	714	-	17,710	-	-17,710	-	-	-
Tot., Avail/Est..	663,974	1,760	629,140	1,766	630,595	1,881	+28,704	+11	659,299	1,892

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

Service Category	2016 Actual Amount	SYs	2017 Actual Amount	SYs	2018 Estimate Amount	SYs	Inc. or Dec. Amount	SYs	2019 President's Budget Amount	SYs
1. Admin.										
MMSC………	$1,351	5	$1,413	5	$1,340	9	+$43	-	$1,383	9
2. Commun.:										
CMBC ……...	922	3	560	2	1,254	-	-889	-	365	-
3. Fin. & Mgt.										
NFC………....	104,419	557	112,020	559	111,822	671	+3,078	-2	114,900	669
FMS………...	68,772	226	58,583	214	130,341	256	+2,106	-	132,447	256
Subtotal…...	173,191	783	170,603	773	242,163	927	+5,184	-2	247,347	925
4. Info. Tech.										
NITC………….	40,198	46	30,681	39	33,836	38	-	-	33,836	38
CTS…………....	1,647	4	100	-	-	-	-	-	-	-
Subtotal……	41,845	50	30,781	39	33,836	38	-	-	33,836	38
Tot., Avail/Est…	217,309	841	203,357	819	278,593	974	+4,338	-2	282,931	972

Justification of Increases and Decreases

(1) A net increase of $39,900,000 and a net increase of 9 staff years ($850,798,000 and staff years available in 2018) 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 in response to anticipated levels in service demand from USDA and non-USDA agencies for WCF-supported services. Amounts shown for 2019 are estimates of costs only, and USDA and non-USDA agencies will be billed their share of actual costs. The increase in staff years represent activity centers' best estimate of the most economical use of human resources to deliver expected demand for goods and services.

(2) An increase of $852,000 for capital equipment availability ($7,828,000 available in 2018):

Capital availability reflects availability of investment funds (apart from recurring operations) for the purchase 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 principles governing allocations are whether it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset and where a lease alternative exists) and (for large-scale corporate software applications) whether investments will improve performance and mission support. 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.

Allocations of capital funds will be 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 Department-level management. Allocations are limited to amounts available.

(3) A net increase of $10,000,000 in purchase card rebates availability ($32,892,000 available in 2018).

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, subject to language set forth in appropriations language approved by Congress limiting activities to be funded and requiring notification to the Committees on Appropriations of Congress in advance of obligations under this authority.

Expenditures under this section are deemed a high priority by the Department and are estimated as follows:

	2018	2019
Amount Available:	$32,892,000	$42,892,000
Allocated (projects for which approval to obligate funds is sought are identified below)	25,340,000	0
Unallocated	7,552,000	42,892,000

USDA plans to utilize this funding flexibility to pay for critical investments that would otherwise not be possible due to constrained budgets. Investments for which notification is herein provided to the Committees on Appropriations and a request made to obligate funds transferred to the Working Capital Fund in FY 2018 to include the following allocations ($25,440,000):

Human Resources Data Lake Analytics Platform........... …………………..$2,000,000

USDA is currently unable to provide timely, consistent and accurate human capital data at an enterprise level which hinders strategic decision making. As such, USDA views this investment as an essential component to ensuring USDA can maintain a high-performance workforce that is leaner, more accountable and more efficient. The Centralized Data Lake Project (CDLP) is a two-year project that supports USDA compliance with Office of Management and Budget (OMB) Memorandum M-17-22; "Comprehensive Plan for Reforming the Federal Government and Reducing the Civilian Workforce. (April 12, 2017)." We do not anticipate an additional rebate request from the WCF. We anticipate these funds will allow USDA to provide an opportunity to leverage and enhance an already existing infrastructure at the USDA National Information Technology Center. Although USDA has human resources (HR) data to address requests of information from Congress, OMB and the Office of the Secretary, the time required to retrieve and properly analyze information from numerous systems is cumbersome and requires an inordinate amount of man-hours. USDA has considerable HR data available, but it is unusable because it is contained in various formats in various HR systems that are not interoperable.

The requested $2 million will be used in the first fiscal year to implement the project while $259,000 per fiscal year of existing resources will be used in the subsequent four fiscal years to maintain and support the system. Project total cost is estimated at $3 million.

USDA is providing notification to the Committees on Appropriations to use proceeds from purchase card rebate programs deposited to the WCF to address four specific requirements:

First, to address OMB Memorandum M-17-22 to be lean and accountable, to maximize employee performance and reduce operating costs. It accomplishes this by moving from HR system silos, to a Department Centralized Data Lake (a "data lake" being a storage repository that holds large amounts of data in native format until such time as it is needed) that will help centralize work and reduce extra labor efforts and costs. With this visualization tool and with the use of data analytics, we are estimating a cost avoidance of $720k or 6 FTEs per year. This cost avoidance estimate is based upon other Federal Departments that have instituted similar analytics project tools.

Second, to address the Federal Government moving to shared services as a means for service delivery to allow us to innovate and operate more efficiently under a consolidated set of services across agencies. It accomplishes this by consolidating all technology to a management under a shared system which results in centralizing resources. The effort reaches across agencies in USDA and is designed to have the ability to grow to other business lines creating one centralized data lake for all USDA business.

Third, to address the Secretary's emphasis on data-driven decisions supported by fact-based evidence as the basis for sound decision making and effective outcomes. It accomplishes this by providing a centralized data repository to support analytics visualization that will enable sound decision making in the HR arena. This is viewed by the Department as a critical element in supporting USDA's broad mission.

Finally, to address the Secretary's focus on the customer experience. The Secretary sees the focus on the customer as that key ingredient in decision making across USDA. This project, and the investment made in it, accomplishes this by providing an easy-to-use visualization tool that is built with the customer (end user) in mind, by providing a user-friendly, nimble, effective tool to support HR management.

We estimate the time frame for contractor labor costs to be 12 months. The estimated $1 million in labor and associated costs will support an implementation team (IT Project Manager, Database Administrator, ETL Developer, Data Scientist, and Business Analysts), with an additional $800,000 for the purchase of software that will serve as the basis for the visualization tool. The remaining $200,000 will be used towards training government personnel on use of the analytics platform.

This investment, will support, in part, a broader initiative with well-defined project objectives:

- Collaboration with HR and HR-information technology subject matter experts to define business needs for HR Data Lake and analytics.
- Development of HR-specific data storage for enterprise consumption to enable a well-structured analytics platform.
- Identification of opportunities for cross-agency systems, and data integration and analysis.
- Documentation of the inventory of applications and data sources supporting HR operations

These objectives will be realized as a product of an implementation timeline that includes the following major milestones:

- Assessment of data structures and sources (completed within eight months of project start)
- Deposit of data into the data lake (nine months)
- Performance of analyses at scale (11 months)
- Visualization of the information (12 months)
- End-user testing, change, and communication (13 months)

To these specific milestones over a 13-month period (once funded) we anticipate several releases of new dashboards and visualizations at two-month intervals as well as ongoing support/testing and communication with project participants and stakeholders.

ezFedGrants Customer Service Portal 2.0 ……………………………… $3,000,000

Investment in USDA's ezFedGrants (eFG) application will ensure that our current eFG offering is enhanced and modernized in order to provide a greater customer experience for farmers, ranchers and researchers. In order to provide a superior grants management application to our customers, we must upgrade our external portal to keep our software offerings modernized and up to date to ensure stability, integrity and optimum performance. Implementing the Customer Service Portal using the latest version of Pega (Pega 7.3.1) will resolve many of the support tickets already logged by current users regarding user interface issues in our external portal, as well as addressing other security related enhancements. Upgrading to the new version of Pega and implementing a new and fresh Customer Service Portal will allow us to offer better customer experience and better customer service.

eFG is a comprehensive grants and agreement management system operated by OCFO and is currently used by seven USDA agencies. In the beginning, eFG used the SAP Grantor module and then added a very early version of Pega to bring in workflow for the initial user population. USDA currently has 2,827 users in the eFG system and based on current user enrollment trends, there will be more than 5,000 users by the end of FY 2018; 10,000 by the end of FY 2019; and significant growth each year after. With this growth factor, it is very important that we implement a state of the art customer service portal to ensure improved accuracy and efficiency of the grant management life cycle process that would result in the best possible customer user experience.

The return on this investment will result in lower development and maintenance costs due to using more standardized code, fewer help desk tickets being submitted due to improved user interface experience, an application that is compliant across multiple browsers and devices, and overall better experience for customers such as research institutions, state agencies, farmers, and ranchers.

The investment cost estimate is based on historical upgrades and changes within ezFedGrants as it has matured. The estimate includes costs for these upgrades as well as potential changes needed by modules for FMMI for the Customer Relationship Management-Grantor/ERP Central Component (CRM/ECC) and the HANA/Business Intelligence (BI)/Harmonized Data (HDM) reporting modules.

FMMI Customer Service Portal ……………………………………..……… $1,750,000

A new FMMI Portal will be designed to enhance the customer user experience for SAP. It will be a user-centered design concept focused on the way employees work and offers a variety of business benefits:

- Increased productivity – faster and direct access to relevant information and applications
- Transparency on items needing your attention – timely notifications
- Helps users decide what needs to be done next
- Allows users to take quick and informed actions
- Increased user satisfaction

The new Portal will replace the current FMMI portal that has been in production since 2009. Aside from some kernel upgrades, the portal technology has largely been unchanged since placed into production. It is outdated, and response times are not adequate to support the FMMI end users.

The new portal technology will provide a Launchpad as the central and role-based entry point to access all FMMI applications. These applications represent the numerous business processes performed in FMMI. Notifications on the Launchpad keep users well informed of work status. The new portal would also provide USDA with the flexibility to create mobile applications to support our customers such as research institutions, state agencies, farmers, and ranchers.

FMS has previously performed upgrades in conjunction with Cloud Migrations and other large investment changes on the infrastructure. Moving forward, there are currently no separately funded future large scale investments where FMS could incorporate this upgrade. This cost estimate is focused on the projected contract costs required for this support.

FMMI System Support Pack …………………………………….……… $2,300,000

This investment is an important element in ensuring the USDA's corporate financial management system is state-of-the-art, providing the technology to support decision-making among program managers to maximize program effectiveness on behalf of farmers, ranchers, and other stakeholders in USDA's mission. It will enhance USDA's capabilities for the SAP software platform supporting USDA's corporate financial system, which controls budget, tracks the obligation of funds, and pays USDA expenses. It also provides real-time, high-speed data analytics to understand and manage the Department's financial systems information.

Commercial software from Systems, Applications, and Products (SAP) Inc. forms the basis of USDA's Financial Management Modernization Initiative (FMMI) system. USDA requires an investment to update SAP's Enterprise Resource Planning (ERP) software tools that include underlying SAP software for High-Performance Analytic Appliance (HANA), Portal, Business Objects (BOBJ), Business Intelligence (BI), ERP Central Component (ECC), and Customer Relationship Management (CRM). This investment will allow all of USDA to maintain operations on supported software releases.

SAP publishes two releases per year. One provides the cumulative defect corrections developed in the past year, and the other provides new functionality driven by Treasury mandates, legislative requirements and user-requested features. The releases incorporate modifications to the software framework supporting SAP, such as Business Objects reporting tools. FMS has previously performed upgrades in conjunction with Cloud Migrations and other large investment changes on the infrastructure. Moving forward, there are currently no separately funded future large scale investments where FMS could incorporate this upgrade. This cost estimate is focused on the projected contract costs

required for this support.

By investing in this upgrade, FMMI will remain current, thus ensuring stability, integrity, and optimum performance. Failure to keep application refreshed with the latest update can and will result in system performance degradation, which would result in much slower processing time, increase application outage, and system vulnerabilities.

The estimate is based upon historical costs for core software implementation and testing, as well as estimated cost for servers based on historical cost for a separate landscape to perform the upgrade. The separate landscape is required so critical development projects do not need to be put on hold during this effort.

Wireless Connectivity …………………………………………………..$2,000,000

Currently, wireless connectivity in USDA buildings can be sporadic and varies in signal strength depending on the location. This one-time investment will improve customer experience by investing in wireless connectivity to provide USDA with sufficient networking capability to use technology effectively and economically, and to allow USDA to accelerate technology adoption while continuing mission performance at a rate and performance level otherwise not possible given current equipment.

OCIO requests funding to support facets of the network modernization initiative, specifically, the Local Area Network within the National Capital Region. Combined, the USDA South and Whitten Buildings are the largest single USDA facility in terms of staff supported and have not had the comprehensive infrastructure upgrades necessary to allow implementation of more modern and effective technology.

There are also significant requirements for improved Local Area Network infrastructure in the National Capital Region. The procurement of common network equipment and devices will move from individual agencies to a consolidated enterprise effort by OCIO. The procurement of the number and quality of the devices necessary to support network-dependent technologies such as Voice over IP and Video Teleconferencing requires a capital investment not currently available in the OCIO budget. These infrastructure improvements lead to the further consolidation of one USDA network.

Farm Service Agency/Commodity Credit Corporation (FSA/CCC)
   FMMI Integration ….………………………………………………...$7,290,000

Due to financial management weaknesses within FSA/CCC, USDA could not meet the requisites necessary to achieve a full scope financial statement audit opinion. Because of longstanding audit findings, the Department needs to be aggressive in showing progress in its remediation efforts. Financial management improvement is critical to ensuring taxpayer funds are used wisely and meeting the intended needs of the programs.

The request is for $25,000,000, of which $7,290,000 would be funded from available funds in the purchase card rebate account. The remainder ($17,710,000) would be funded from available proceeds from transfers of discretionary unobligated balances.

FSA is the USDA agency that manages CCC business activity. FSA/CCCs current financial management system is outdated and presents significant risk. The systems used by FSA/CCC are not integrated at a detail level with the rest of USDA in the FMMI system, creating reconciliation and other issues. There are also additional costs to maintain a separate set of systems. This set-up contributes to the inability to achieve an unmodified audit opinion for all the required principal statements. There have been repeated audit issues citing material weaknesses and significant deficiencies to FSA/CCC financial statements. The Office of the Secretary directed the Office of the Chief Financial Officer in collaboration with FSA/CCC leadership to develop a plan to migrate FSA/CCC into the enterprise FMMI system. While FMMI integration addresses consolidation of transactional data, business process re-engineering of FSA/CCC program delivery systems that are the source of financial transactions, must take place to address root accounting issues.

There is a multi-thread approach to the FSA/CCC financial management improvement project. The two areas are (1) Financial/Program Re-engineering and (2) Information Technology for Financial Systems. The total effort at this time is estimated at approximately $45 million. To address the Financial/Program challenges, the project seeks to assess process improvement efforts for functional and system requirements, agency feeder systems; and agency redesign of accounting processes to support FMMI use. Many of these activities will require changes to the code for the agency feeder systems to enable them to create auditable financial data. The estimated costs for this area is approximately $20 million which will be covered by FSA and RD, depending on the ownership of the feeder system that is being addressed. For the Information Technology for Financial Systems, the focus areas will be FMMI implementation, cleaning, converting, and migrating data; configuration of FMMI system; and training. The estimated costs for this area is approximately $25 million which we plan to fund with this request ($7,290,000 from purchase card rebate availability and $17,710,000 from transfers of discretionary unobligated balances; see below).

The $25 million in labor and associated costs will support an implementation team (IT Project Manager, Database Administrator, IT Developers, Data Scientists, and Business Analysts). The current CCC systems often mix programmatic processing with financial transactions, which is the source of the audit findings in recent years. In order to correct the audit findings, these systems must be analyzed and any accounting processing migrated to the USDA standard FMMI system. In many cases, this may require changes to the feeder system code, interfaces, and data reporting functions. There are currently over 50 systems that will need to analyzed to determine their ultimate disposition, whether it be to leave it as is, move the functionality to FMMI, or migrate any FM processing to FMMI.

In addition, the conversion of feeder system data to USSGL compliant auditable financial data will require a significant effort. Many of the loan systems have data that can span back to 30 years, and is missing key data required to comply with the CFO Act of 1990 and the Digital Accountability and Transparency (DATA) Act. A conversion approach will need to be developed, tested, and validated through multiple dry runs prior to migration to FMMI.

Finally, the user community will have to be trained on the new system, and all Standard Operating Procedures will need to be re-written and tested, and the user community will need to be trained on the new processes.

At this time, all estimates are at a low maturity level due to the pre-discovery phase having not been completed. The current goal for the completion of pre-discovery is slated for April 2018. In preparation for initiating pre-discovery FSA awarded a contract in December 2017, to provide contractor support for this effort and conduct a full spectrum analysis to come up with high-level cost estimates.

IT Modernization (Phase I)…………………………………………………$7,000,000

USDA struggles to maintain outdated and antiquated systems that are not capable of moving this Department to a facts-based, data-driven and customer-focused organization. Our ability to effectively manage and modernize IT systems is key to the Department achieving this vision. Furthermore, USDA's commitment to being in the forefront of IT modernization efforts has led to USDA being designated as the lead agency for promoting the President's Management Agenda Cross-Agency Priority Goal related to IT Modernization Centers of Excellence (COEs). USDA plans to utilize these funds to kick start efforts to meet this important initiative.

The IT Modernization program will be implemented in 2 phases. Phase I will consist of the strategy, planning and assessment of the IT Modernization partnership with the Office of American Innovation. The assessment of Phase I will inform the solution set and future cost of Phase II. The funding request will be an investment in contract and government resources. Phase I will be totally focused on Strategy, Program Management, Performance Metrics and Assessment. Phase II will be focused on the implementation of solutions recommended and informed by the assessment in Phase I.

The funds will primarily fund the Phase I activities. The Phase II activities will need to be supplemented with additional funds. The Department is requesting partial funding through the OCIO to begin Phase II implementation activities. The $5 million requested for OCIO will be prioritized to address Phase II activities. We will be clearer of the additional cost of Phase II as we receive the final assessment from Phase I in July 2018. IT modernization Phase I cost will include the creation of an IT Program Management Office, Strategy support and implementation, Acquisition support, IT Assessment (Current State and future recommendations).

The investment in IT modernization will enable USDA to deliver a consolidated data center solution, enterprise end-user help desk and support, consolidated network approach, enterprise data analytics and dashboard, and online digital customer experience. This operating model will be implemented through the development of five COEs:

- Cloud Adoption
- IT Infrastructure Optimization
- Customer Experience
- Service Delivery Analytic
- Contact Centers

The investment will ensure USDA has the ability to implement centers of excellence to enable the strategic planning and development required to deliver the Secretary's vision of an effectively and efficiently managed organization. By December of 2019 USDA will have the following outcomes:

- Closure of 18 Data Centers
- Complete Automation of self-service farm loans
- Consolidated IT end user support
- Modernization of legacy systems

(4) A net reduction of $17,710,000 in discretionary unobligated balances transfer proceeds ($17,710,000 available in FY 2017).

Expenditures under this section are estimated as follows:

	2018	2019
Amount Available:	$17,710,000	$0
Allocated....	17,710,000	0
Unallocated	0	0

The Department is seeking to obligate funds under this account to fund the remainder of the Commodity Credit Corporation – FMMI Integration project described in the previous section, for which $7,290,000 would be funded from purchase card rebate program proceeds (see previous section for a description of the project).

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

State/Territory	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Alabama	$3,098	7	$2,988	7	$2,734	8	$2,720	7
Alaska	832	2	799	2	728	2	777	2
Arizona	2,079	4	1,996	5	1,819	5	1,943	5
Arkansas	4,160	9	3,993	9	3,638	10	3,886	10
California	4,160	9	3,993	9	3,638	10	3,886	10
Colorado	86,751	160	88,821	161	87,265	181	99,519	184
Connecticut	832	2	799	2	728	2	777	2
Delaware	1,664	4	1,597	4	1,455	4	1,555	4
District of Columbia	151,014	389	157,706	370	224,127	442	176,018	432
Florida	3,539	7	3,115	8	2,867	8	3,041	8
Georgia	4,160	9	3,993	9	3,638	10	3,886	10
Guam	416	1	399	1	364	1	389	1
Hawaii	832	2	799	2	728	2	777	2
Idaho	4,160	9	3,993	9	3,638	10	3,886	10
Illinois	6,239	13	5,989	14	5,457	15	5,830	15
Indiana	4,991	11	4,791	11	4,366	12	4,664	12
Iowa	8,319	18	7,986	19	7,277	20	7,773	20
Kansas	6,239	13	5,989	14	5,457	15	5,830	15
Kentucky	4,575	10	4,392	10	4,002	11	4,275	11
Louisiana	274,655	1,126	238,503	1,142	249,051	1,210	277,046	1,219
Maine	1,248	3	1,198	3	1,091	3	1,380	4
Maryland	27,974	66	26,282	62	25,010	75	26,377	74
Massachusetts	832	2	799	2	728	2	777	2
Michigan	3,744	8	3,594	8	3,274	9	3,498	9
Minnesota	6,656	14	6,389	15	5,821	16	6,218	16
Mississippi	3,744	8	3,594	8	3,274	9	3,498	9
Missouri	215,703	423	201,070	408	203,141	466	221,713	470
Montana	4,160	9	3,993	9	3,638	10	3,886	10
Nebraska	6,239	13	5,989	14	5,457	15	5,830	15
Nevada	1,248	3	1,198	3	1,091	3	1,166	3
New Hampshire	416	1	399	1	364	1	389	1
New Jersey	416	1	399	1	364	1	389	1
New Mexico	1,664	4	1,597	4	1,455	4	1,788	5
New York	2,496	5	2,396	6	2,183	6	2,332	6
North Carolina	5,823	12	5,590	13	5,094	14	5,441	14
North Dakota	2,912	6	2,795	7	2,547	7	2,720	7

WORKING CAPITAL FUND

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

State/Territory	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Ohio	5,408	12	5,191	12	4,730	13	5,052	13
Oklahoma	4,160	9	3,993	9	3,638	10	3,886	10
Oregon	3,744	8	3,594	8	3,274	9	3,498	9
Pennsylvania	3,327	7	3,194	8	2,911	8	3,109	8
Puerto Rico	1,248	3	1,198	3	1,091	3	1,166	3
South Carolina	2,496	5	2,396	6	2,183	6	2,332	6
South Dakota	4,575	10	4,392	10	4,002	11	4,275	11
Tennessee	4,991	11	4,791	11	4,366	12	4,664	12
Texas	33,381	113	27,432	107	32,592	118	43,879	121
Utah	4,575	10	4,392	10	4,002	11	4,275	11
Vermont	1,248	3	1,198	3	1,091	3	1,166	3
Virginia	2,079	4	1,996	5	1,819	5	1,943	5
Washington	2,496	5	2,396	6	2,183	6	2,332	6
West Virginia	2,079	4	1,996	5	1,819	5	1,943	5
Wisconsin	4,575	10	4,392	10	4,002	11	4,275	11
Wyoming	2,079	4	1,996	-	1,819	5	1,943	5
Total, Available or Estimate a/	940,451	2,601	884,470	2,585	953,031	2,855	985,618	2,864

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)

	2016 Actual	2017 Actual	2018 Estimate	2019 President's Budget
Personnel Compensation:				
Washington, D.C.	$$32,207	$36,492	$37,110	$36,516
Field	194,480	208,841	212,375	221,653
11 Total personnel compensation	226,687	245,333	249,485	258,169
12 Personnel benefits....................................	75,550	81,731	85,320	88,337
13.0 Benefits for former personnel..................	143	58	73	77
Total personnel comp. & benefits.............	302,380	327,122	334,878	346,583
Other Objects:				
21 Travel..	3,859	5,039	4,526	4,544
22 Transportation of things............................	715	869	784	783
23.1 Rental payments to GSA	7,847	7,076	8,529	8,544
23.2 Rental payments to others........................	6,427	7,171	2,848	2,810
23.3 Communications, utilities, and misc. charges	105,596	101,333	98,120	112,025
24 Printing and reproduction	360	389	466	500
25.1 Advisory and Assistance Services	606	668	68	68
25.2 Other services from non-Federal sources .	270,888	258,950	270,955	272,971
25.3 Purchases of goods and services from Federal sources	75,288	54,888	46,033	43,930
25.4 Operation and maintenance of facilities...	3,068	2,800	2,093	2,094
25.7 Operation and maintenance of equipment..	89,703	87,110	116,186	130,001
26 Supplies and materials	5,785	4,599	3,487	3,457
31 Equipment	67,929	26,456	64,058	57,308
Total Other Objects	638,071	557,348	618,153	639,035
Total, Working Capital Fund 1/	940,451	884,470	953,031	985,618
Position Data:				
Average Salary, ES Position.............................	$164,000	$167,000	$168,000	$169,000
Average Salary, GS Position	$77,000	$79,000	$80,000	$81,000
Average Grade, GS Position.............................	12.1	12.2	12.2	12.2

1/ Totals include all intrafund transfers.

WORKING CAPITAL FUND

Status of Programs

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.

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):

- Material Management Service Center (MMSC) (Washington, DC and Landover, MD);
- Mail and Reproduction Management Division (MRMD);
- Integrated Procurement Systems (IPS);
- Procurement Operations Division (POD) (Washington, DC and Fort Collins, CO); and
- Human Resources Enterprise System Management (HRESM).

MMSC 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.

MRMD is responsible for managing and directing programs through Mail and Reproduction Services (MRS), and for analysis, development, evaluation, and promotion of improvements in the policies, plans, methods, procedures, and systems of the USDA Mail Management Program, Departmental Mailing List System, Transportation Operations, and Copier/Duplicating Operations. MRS has responsibility for directing centralized printing and copier/duplicating systems, automated systems providing mailing list services, package delivery and chauffeur services, and a staff support system in the areas of divisional financial management, program analysis, and administration. MRS has established excellent mail management and print on-demand programs through the implementation of the latest technology and has achieved cost savings through best practices, postal discount programs, and centralized services.

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. The Credit Card Service Center has responsibilities to plan, develop, and implement its charge card program under SmartPay2 and to provide consolidated, department-wide governance in this program to help further USDA's mission.

POD provides a wide range of contract support services to agencies and staff offices of the Department.

HRESM provides Human Resources (HR) Enterprise System Management in support of USDA's strategic goals and is aligned with the Office of Personnel Management's (OPM) Human Resources Line of Business (HR LOB). The vision of OPM's HR LOB is to create government-wide, modern, cost effective, standardized, and interoperable HR solutions, providing common core functionality to support the Strategic Management of Human Capital. To realize this vision, USDA has moved to a Shared Service Center delivery model where HR information system operations reside. The vision of HRESM is to improve mission delivery through the deployment of an integrated workforce system which facilitates strategic and advisory HR service delivery and streamlined HR transaction execution.

Selected Examples of Recent Progress:

Under MMSC:

MMSC's recycling and re-use programs fully supported Executive Order (EO) 13514, Federal Leadership in Environmental, Energy, and Economic Performance (October 5, 2009). This EO established an integrated strategy towards sustainability in the Federal Government and to make reduction of greenhouse gas emissions a priority for Federal agencies. MMSC's staff tracks the reduction of greenhouse gases by using the Environmental Protection Agency waste reduction models and Greenhouse Gases (GHG) Emissions Analysis Reports. MMSC recycling efforts in support of the EO include paper recycling, furniture reuse, and scrap metal recycling. In FY 2017, 246 metric tons of carbon equivalents were reduced, which reduces GHG released into the environment.

CEPO contributed over 25 tons of recyclable electronics that have no reuse or re-sale value to 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, 210 tons of scrap metal was sold for revenues over $8,560. Consolidated Forms and Publications Distribution Center staff recycled 35 tons of obsolete forms, publications, and mixed paper in support of USDA environmental objectives.

CEPO continued to provide USDA agencies with reusable excess flat screen monitors.   Monitors are tested, adjusted and cleaned. CEPO makes these monitors available for transfer at no cost to USDA agencies (agencies outside the Washington DC area pay shipping costs). In FY 2017, 810 monitors were reused, resulting in a cost avoidance of over $162,600.

CEPO worked closely with the USDA Outreach Program to provide information technology to universities and small townships supported by the 1890 and 1990 School Programs and the Stevenson Wilder Act. CEPO also supported the Outreach Program efforts under the 2014 Farm Bill to small townships throughout the United States. In FY 2017, CEPO transferred 623 units (acquisition value $159,450) of excess property to support outreach efforts.

CEPO's Central Receiving function effectively received, inspected and delivered 11,142 pieces of property. All property was received and delivered in a timely manner and without damage or discrepancy, ensuring headquarters staff had essential materials and supplies to complete their respective missions. Prompt delivery of assets to their intended recipients also provided a safe working environment for all building tenants.

Under MRMD:

MRMD, Copier and Duplicating Services (CDS), worked to advance the national copier service program with implementation of new technology and training on document security for scan to network functionality. The term "copier" is obsolete and replaced with titles such as "Smart Devices" or "Multi-function Printer (MFP)." Users are now required to authenticate their credentials using the LincPass when accessing MFPs for document scanning. In addition, LincPass access gives users the flexibility to scan and send to email, to a dedicated drive, or to anyone in the USDA email system.

MRMD, Central Mail Unit (CMU), upgraded security by installing a Lobby Guard Kiosk for entry into the Mail Center. The system tracks customer information so that when they return, the system recognizes the name, which requires less information inputted from customers. This new system helps to secure the Mail Center and ensures that access in monitored and regulated.

CDS continued to expand it service delivery program. In furthering that effort, the FSIS selected CDS as the preferred service provider to install and manage approximately 35 new MFPs. CDS will create a singular

platform for document imaging, incorporate data protection measures by having users authenticate their credentials for access with LincPass, centralize management of supplies and maintenance support, and will do so at a cheaper monthly fixed cost for services.

CDS worked to streamline/transition the hotline for customer service to the new CDS Solution Center. The new system gives CDS customers a one-stop shop for all of the services provided by CDS. Customers can track the progress of their order in real time, which helps enhance customer confidence in and satisfaction with the services provided by CDS.

CDS and CMU's Transportation Operations provided exceptional printing and delivery service by coordinating, organizing and ensuring the delivery of more than 60 items of USDA's budget explanatory notes and Forest Service's Budget Justification to Capitol Hill and various locations throughout the National Capital Region (NCR). The printing of the notes required CDS to coordinate with the Office of Budget and Program Analysis and the Forest Service (FS) over a two-week period, including late nights and weekends. As the printing was completed, Transportation Operations coordinated the delivery of the notes and justifications to Capitol Hill and various other locations throughout the NCR.

MRMD supported the OCFO by providing expertise regarding USDA's postage and shipping accounting protocols, which resulted in collaboration between MRMD and the U.S. Postal Service to reduce the Department's overall Official Mail Accounting System budget by $2.8 million. Additionally, MRMD worked with over 30 USDA agency mail mangers to manage USDA's postage and shipping budget with vendors, which exceeds $30 million each fiscal year. In FY 2017, DMM identified several postage expenditures for postage meters and Permit and/or Business Reply Mailings billed erroneously by the U.S. Postal Service to accounts held by various USDA agencies. By conducting an in depth analysis of each occurrence and collaborating about findings with Postal Service accounting officials and the agency mail managers, DMM successfully arranged for approximately $500,000 in incorrectly billed postage charges to be reallocated to the postage accounts of the agencies that actually incurred the expenses.

Under IPS:

The Integrated Acquisition System (IAS) business line successfully processed over 244,000 transactions in FY 2017, accounting for $2.4 billion in obligations (as of September 29, 2017). During this period, IAS also saved $500,000 on hosting and $40,000 in Help Desk costs by retiring Appian commercial off-the-shelf (COTS) software and replacing it with an internally developed SharePoint tool.

In November 2016, IAS successfully received its Authority to Operate (ATO) for three years. The IAS Information Assurance Management/Security team automated and digitized a variety of security-related processes and forms and completed security-related routine checks to achieve recertification, enabling authorized operations through FY 2019.

The IAS Customer Care team provided classroom training to more than 300 IAS users at USDA sites in California, Texas, Oklahoma, Minnesota, Colorado, New Mexico, and Washington, DC, enhancing users' knowledge of system processes and functionality. Incorporating user feedback, the Customer Care team employed a continuous improvement philosophy to make changes to the IAS website that improved the appearance and increased the access to communication, added tools and features, and enabled conformance to industry best practices through coding changes. The team also upgraded the IAS Help Desk to cloud telephone service to ensure continuous telephone availability in continuity of operations (COOP) scenarios.

The IAS Technical Operations (TO) team achieved 100 percent compliance with Federal regulation by ensuring continuous application of Federal Acquisition Regulation (FAR) clause updates, Product Service Code updates and North American Industry Classification System size standard updates; the team was also compliant with Procurement Instrument Identifier change prescribed in FAR Subpart 4.16. The TO team conducted workshops with the Procurement Operations Division (POD), resulting in defined clause templates, document generation formats, and requirements concerning reporting closeout as well as several recommendations to improve the user experience. The team introduced a new, automated IAS user registration process that streamlines access request processing. The team also enhanced user analysis and reporting

capabilities by re-architecting the IAS reporting platform, enabled IAS to be compliant with FPDS-NG 1.5 by upgrading the COTS contracting software and the IAS database, and implementing a new Help Desk ticketing system to provide better support to users. Additionally, the TO team enhanced the Strategic Sourcing Spend Cube, which provides a mechanism to analyze procurement spend. The team also increased USDA contract traceability by expanding IAS functionality to support additional procurement types beyond Purchase Cards. The IAS team increased contract management efficiency by updating IAS to display invoice information directly in the contracting module. This change provides contracting officers easy access to invoice information that supports de-obligations, troubleshooting efforts, and knowledge of overall contract status and enabled requisition closeout process between IAS and the interfacing financial system resulting in better synchronization and accuracy of data between the systems.

The IAS Program Management team completed the Alternative Analysis and Cost Benefit Analysis of the Future State of IAS, which examined three solutions: current state, PRISM only, and SAP. IAS leadership plans to move to a PRISM-only solution in FY 2020 because a PRISM-only solution provides a higher Return on Investment (ROI), greater cost savings, an earlier break-even period, more benefits to the user community and less negative change management impacts. The IAS program also completed the FY 2017 A-123 Internal Controls testing for the procurement management business processes, as well as General Computer Controls testing, and received the FY 2017 Office of Procurement and Property Management Certification Statement in August 2017. IAS received a green status and a score of 5 on the Office of Management and Budget IT Dashboard for the 7th consecutive year which proves that IAS is a well-managed investment.

The Credit Card Service Center (CCSC) business line consists of two programs: Purchase Card and Fleet Card. The Purchase Card program effectively supported 12,539 open cards with a volume of 897,813 and a total spend of $332.4 million (as of September 14, 2017) in FY 2017. The number of open cards supported by the Purchase Card program was reduced by 617 from FY 2016.

CCSC successfully completed the Purchase and Fleet Card programs Business Process Controls (BPC) testing as required, closed 100 percent of the open Purchase Card Corrective Action Plans (CAP), and completed activities for the FY 2017 Annual Purchase Card Refresher Training requirement. In addition, the CCSC completed an in-depth analysis of USDA's operations under SmartPay2, which resulted in development of a guide to assist with managing USDA's transition from SmartPay2 to SmartPay3 for the Purchase Card program.

Under POD:

Procurement Operations Division (POD) executed over $620 million in new obligations on 3,170 actions in FY 2017 in support of their customer base to include construction, information technology solutions, civil rights support services, human resources support and financial systems support. This was an increase of 23 percent in obligated dollars from the previous fiscal year.

POD implemented additional customer satisfaction collection measures during FY 2017 in the form of surveys taken immediately upon completion of a solicitation source selection. Using this method, POD was able to collect information about the source selection process, the effectiveness of the tools, and the efficiency of the staff conducting those evaluations. This allowed POD to reach a broader audience as source selection members are made up of customers and can be technical experts, management staff, or business process owners. POD is able to collect more in-depth and specific feedback that will be used to enhance POD's overall customer experience and directly impacts POD's reportable performance measurements.

POD, in tandem with the OCFO, continued its work under Federally Shared Financial Operations and Services with the Veteran's Administration financial system modernization; executing on the pre-discovery, design, data conversion and software development portion of the modernization plan. POD obligated approximately $50 million in contracts in Fiscal Year 2017 in support of the USDA Federal Shared Service Provider.

POD provided an increased effort in contract administration tasks. This included reduction of overdue Contractor Performance Assessment Reporting System (contract performance) reports to 0 percent in FY 2017 and focusing on the timely de-obligation and close-out of prior year funds and contracts. In FY 2017, POD

closed out over 1,300 prior year contracts resulting in approximately $13.8 million in prior year funds being returned to customers.

POD revised over one-third of its internal Acquisition Operating Procedures during Fiscal Year 2017. These procedures govern over 50 contracting professionals, and results from those revisions included elimination of outdated processes, streamlining forms to enhance the customer and user experience, and clarification on documentation for POD customers. This improvement directly impacts POD employees providing services as well as customers of POD looking for guidance.

POD continued its work leading USDA's Strategic Sourcing Initiative (AgSSI) by providing program and project management as well as working with the Office of Federal Procurement Policy in Category Management. USDA's AgSSI has documented savings/cost avoidance of $35 million to date, with additional opportunities in future years of approximately $76 million.

Under HRESM:

HRESM designed and deployed OneUSDA, which supports flexible service delivery capabilities and is aligned with the needs of a geographically dispersed workforce. The integrated technology suite is intuitive, user-friendly and provides seamless access to all HR applications and services.

HRESM deployed four major systems over the last three years requiring a huge dedication of resources by HR offices USDA wide. Collectively, USDA HR leadership decided on a strategic pause in deployment of new systems in FY 2017, and in turn devoted its focus on training, maintenance, and enhancement of the current OneUSDA systems in order to achieve a more optimum state of operations within each respectively.

HRESM completed implementation plans for USDA agencies to move to WebTA as the automated time and attendance solution supported by OneUSDA. This effort reduced the number of time and attendance solutions utilized across USDA from four to two systems and providing standardization of time and leave processing within USDA.

HRESM developed an eLearning module of eRecruit (USDA's recruitment system) to support USDA HR offices in their ability to provide real time mission critical training.   The initiative will provide a readily available alternate training option and eliminate the requirement for agencies to wait for available/scheduled training by the vendor.

HRESM developed the OneUSDA Human Resources Information Systems Integration Guide. It highlights strategic system integration providing one time data entry and drastically improved data quality and integrity. The guide provides an overview of data integration points among USDA's HR software systems, and illustrates an enterprise-wide overview of shared HR related data flow created to provide consistent and streamlined processes across USDA.

HRESM continued to manage two blanket purchase agreements for HR system training, greatly improving USDA's ability to obtain critical HR systems training and ensuring that HR specialists obtain training required to gain necessary skills.

HRESM developed and is implementing a Change Control Board (CCB) establishing a unified USDA Department-level review body under the auspices of the Office of Human Resources Management (OHRM) Directorate. The CCB is a collaborative forum, with representatives from all USDA agencies, chaired and facilitated by the Deputy Director of OHRM. The CCB establishes an enterprise level governance board providing strategic oversight, analysis, evaluation and recommendations for prioritizing, approving, planning, and integrating requests for changes to USDA HR systems. The CCB thoroughly reviews all submitted change requests with the goal of building a collaborative consensus and ensuring investments align with strategic initiatives. This board is in place and will provide input and guidance for any new HRESM systems.

COMMUNICATIONS

Current Activities:

Activities under this heading are managed by the USDA Office of Communications. The Creative Media and Broadcast Center (CMBC) provides creative design, video, multimedia and radio production studios, allowing agencies access to technology and content development with shared cost efficiencies. CMBC clients can reduce travel costs delivering mission outreach and training to field offices and the public. CMBC helps ensure the USDA brand value of "One USDA" guidelines and department regulations. CMBC promotes content marketing development and the growth of social media outreach. CMBC's creative services include: field video production, publication layout, illustrations, public service outreach, posters, brochures, websites, infographics, podcasts, banners, trade-show exhibits, visitor centers, special media events, and creative development and delivery of information campaigns.

CMBC Core Services team provides USDA enterprise wide benefits with maintenance and support of www.USDA.gov web portal and a variety of USDA websites, social media tools, and platform accounts, such as USDA Facebook, USDA YouTube, USDA Twitter, USDA Instagram, etc.

Selected Examples of Recent Progress:

CMBC provided services and production of materials including video and radio, graphic design and webcasting in support of USDA mission area programs including: the Secretary's Rural Prosperity Task Force meetings, soil conservation, food safety, AgCensus, Forest Service, invasive pests and disease, and hurricane and fire disaster responses.

Our eWAPS service usage increased 238 percent, while per-tenant costs were reduced through shared service cost efficiencies. Web site delivery grew from 13 to 31 sites between the beginning and end of FY 2017. Major sites included USDA.gov and CNPP's "What's Cooking," in addition to smaller sites that were added.

USDA.gov received a major overhaul reducing IT hosting expenses by approximately $214,000 in FY 2017 by reducing our server footprint by approximately 35 servers. Agency users estimated an expected reduction of an additional $720,000 in IT expenditures for web hosting.

CMBC provided support to "Ask the Expert," a web based customer relations management system for USDA.gov. Questions submitted to the service totaled 729,603. The service responded with answers to 718,324 questions for a self-service rate of 98.5 percent. The balance of 11,279 submitted questions were referred to appropriate agencies for responses.

FINANCIAL MANAGEMENT

Current Activities:

In addition to its responsibilities for administration of the WCF, OCFO manages the following WCF activities (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (NFC) (New Orleans, LA; Denver, CO);
- Associate CFO Shared Services (Washington, DC; New Orleans, LA);
    - Financial Management Services (FMS);
    - Pegasys Financial Services (PFS);
- Internal Control Support Services; and
- Financial Management Support Services (FMSS).

NFC, along with FMS, continues to play a central role in the reengineering and operation of financial management and administrative systems in USDA. NFC and FMS administer and operate over 20 financial and administrative service systems in support of all agencies of USDA and over 140 non-USDA customers. These systems include services such 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 650,000 Federal employees on a bi-weekly basis. Additionally, NFC provides back-end processing and reconciliation for 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. NFC is an OPM-designated Human Resources Shared Services Provider and continues 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.

FMS administers the Financial Management Modernization Initiative (FMMI) system, implementation of which was completed for USDA in November 2012. Having improved its capabilities in financial management and operations, USDA sought to leverage its investment by offering its services outside of USDA. To do so, USDA applied for selection by the Department of the Treasury to serve as a shared services provider for financial management services. The shared services concept stems from an Office of Management and Budget (OMB) memorandum directing agencies to move from agency-specific financial systems to Federal Shared Services Providers (FSSP), consolidate financial management systems, and use existing FSSP operations and maintenance teams to support systems and infrastructures.

This designation served as the basis for a close examination of activity center organization in OCFO under the WCF. The result of this effort was to consolidate the Controller Operations and Financial Systems activity centers into a single Financial Management Service (FMS) organization to provide the most effective means to service both the USDA agency community and to fulfill its new roles and responsibilities as a FSSP. FMS continued to be in active discussions with other Federal agencies and departments to pursue opportunities for shared services by leveraging current USDA shared platforms and service delivery.

FMS is responsible for providing accounting services, administrative payments processing and disbursement certification, standard financial systems, Intragovernmental Payment and Collection (IPAC) Suspense Clearing, Property Suspense Clearing and Inventories, Fund Balance with Treasury (Net), and Treasury reporting. FMS maintains the Department-wide master data file for vendor payments and issues Internal Revenue Service Form 1099 to government contractors. FMS continued to provide support to the agencies for the operation of FMMI. FMS also manages the administrative and financial management systems for USDA.

FMS, through its administration of financial management systems, does and will have significant benefit to USDA agencies. For example, to facilitate the development of small and emerging private business enterprises, USDA awarded grants to public bodies, private non-profit corporations and federally-recognized Indian tribal groups through the deployment of SAP Grantor. To achieve this goal, OCFO provided an automated workflow to link the agency grant process directly to FMMI. To link the grant process to the financials from award through closeout, OCFO has partnered and entered into agreements with USDA agencies including:

- Foreign Agricultural Service (FAS) to build a corporate grants management solution including agreement, amendment, claim execution, automated obligation creation, financial reporting, grant close-out and recipient dashboard portal for its domestic and foreign financial assistance programs;
- Food and Nutrition Service for the transition of its entitlements grants which include the Supplemental Nutrition Assistance Program (SNAP), the Women, Infants and Children Program and the National School Lunch program from its legacy systems to USDA Grantor. As the largest program in the domestic hunger safety net, SNAP offers nutrition assistance to millions of eligible, low-income individuals, families, and provides economic benefits to communities;
- Natural Resources Conservation Service (NRCS) to automate the processing of its Federal financial assistance grants using USDA Grantor for its Agricultural Management Assistance Program, Conservation Stewardship Program, Environmental Quality Incentives Program and Water Bank Program; and

- Agricultural Marketing Service (AMS) to deploy USDA Grantor and enhance its capabilities by implementing an automated application peer review solution for its competitive grants business.

FMS also 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. FMS supports 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 (IAS).

Pegasys Financial Management Services (PFS) was established to serve the financial management needs of multiple agencies as a shared service provider with the General Service Administration (GSA) as the first client. PFS currently operates the Enterprise Financial Management Systems for GSA. This includes Pegasys Financials, Financial Management Information System (FMIS), Central Contractor Registry Connector (CCRC), Vendor Customer Self Service (VCSS), and 20 support applications. In addition, PFS also maintains 40 interfaces to GSA managed systems that feed transactions to the core financials. The systems that PFS supports and maintains currently process 100 percent of the collections, and record 100 percent of the disbursements for GSA.

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.

Financial Management Support Services (FMSS) provides financial management administration, fiscal reporting and budget execution services to WCF activity centers and staff offices. It provides a combination of timely, reliable, and relevant funds execution, financial analysis, financial advice, status of funds reporting, budget formulation and forecasting as well as being responsive to ad hoc requests that allows its customers to make sound fiscal decisions in managing and maximizing their own resources.

Selected Examples of Recent Progress:

Under NFC:

The FY 2017 Statement on Standards for Attestation Engagements No. 18 (SSAE 18), was conducted by USDA Office of Inspector General (OIG), which focused on the NFC internal controls that affect customers' financial statements. NFC received an unmodified opinion on the description and controls that were suitably designed to provide reasonable assurance that the control objectives would be achieved. An unmodified opinion allows a competitive advantage against similar service organizations who have not received a SSAE 18 report, the ability to meet contractual requirements with customers, and increased customer satisfaction due to a sense of security over sensitive information. In addition to SSAE 18, as a result of our refinement of our Investment Management Programs, NFC received a "green" rating in two of our major investment programs for the first time from USDA.

An EF-3 tornado struck the facility that houses NFC on February 7, 2017 rendering it uninhabitable. The week of the tornado was a pay week for NFC's Federal customer base, and NFC successfully implemented their COOP plan, deployed to the alternate work site in less than 24 hours, and still processed payroll for more than 650,000 federal employees on time without any interruption in services within 48 hours of the tornado. NFC's response to this event has led to recognition of their COOP planning and implementation from the White House and Harvard University. Additionally, NFC leadership has been invited to be the keynote speaker to

present its COOP plan at conferences, seminars, and workshops to the following agencies and organizations - Potomac Partnership, National Defense Intelligence Agencies Consortium, USDA Office of Homeland Security and Emergency Coordination (OHSEC), and the Association of Government Accountants.

NFC successfully migrated all USDA agencies (except National Agricultural Statistics Service (NASS)) from WebTA 3.8 into WebTA 4.2. The vendor has determined that the current WebTA 4.2 software is unstable, and no new customer migrations will be allowed after the NASS migration has been completed. NFC's version is stable because our applications development team was able to make significant needed modifications to allow the product to function correctly. NFC continues to work with the vendor to complete remaining modifications to enable the NASS migration to go forward and improve the functionality of the product to continue the rollout to other NFC customers.

NFC successfully implemented seven customers either as new customers or expansion into new product lines as follows:

- Architect of the Capitol – Monster Integration October 2016
- Defense Nuclear Facilities Board – WebTA 3.8 and HR Servicing November 2016
- Commodity Futures Trading Commission – EmpowHR November 2016
- Medicare Payment Advisory Commission – Payroll, EmpowHR, WebTA November 2016
- United State Capitol Police – EmpowHR April 2017
- Gulf Coast Ecosystem Restoration Council – WebTA 3.8 June 2017
- Office of Technical Assistance – Paycheck8 July 2017

In addition, NFC continued to engage in business development activities to gain new customers. NFC conducted numerous system demonstrations, conference calls, and meetings for potential customers including (but not limited to) Department of Justice, National Gallery of Art, National Credit Union Administration, Amtrak, American Battle Monument Commission, Board of Broadcasting Governors, Farm Credit Administration, Department of Homeland Security, Department of the Navy, US Institute of Peace, that are in the process of seeking an HRLOB Service Provider or additional products/services.

In FY 2017, with the assistance of its Insight application, NFC enhanced the Equal Employment Opportunity Commission's (EEOC) reporting capabilities by incorporating the disability code updates into the EEOC reporting tables, expanded reference table accessibility, and developed over 200 customized user functions for enhanced reporting and analytics. Executive overviews were created utilizing advanced system tools to focus on subject areas such as: Organizational Demographics, Hiring and Separation Trends, Succession Planning including Retirement Eligibility and Workforce Analytics. Insight has over 1,200 users that submitted over 700,000 reports since October 1, 2016. Through Insight, customers created over 141,000 reports and dashboards that effectively provide key business intelligence supporting strategic decision making.

NFC accomplished the following in FY 2017 with regard to payroll, debt management, and customer support services:

- Issued 703,834 Form W-2s before the January 31 deadline;
- Complied with the Affordable Care Act and issued 661,995 Form 1095-C before the January 31 deadline;
- Processed over 192,317 manual payments in 1,021 daily payment schedules totaling more than $182 million;
- Processed 32.1 million biweekly salary payments in 1,021 payment schedules totaling more than $75 billion in gross salary payments for the year;
- Processed 19,718 debt collections totaling nearly $26 million;
- Generated and mailed over 66,792 automated bills; and
- The NFC Contact Center (NCC) completed call resolutions for 111,997 telephone inquiries

In its role as an OPM-designated Human Resources Shared Services Provider, NFC 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. Actions taken in this area included:

- Tribal Insurance Processing System (TIPS) - NFC partnered with OPM to support the extension of Federal Employees Health Benefits (FEHB) to the Tribal and Urban Indian organizations as set forth in the Patient Protection and Affordable Care Act of 2010. TIPS is a web-based system of records maintained by NFC that processes FEHB enrollment data, processes monthly billing for each tribe, and processes automated monthly collection through pre-authorized debits. Currently, NFC has over 22,600 enrollees in the Tribal FEHB program. In FY 2017, NFC continued to support the functionality in TIPS to further enhance health insurance enrollment, reporting, and billing processes by strengthening edits and improving reconciliation. FY 2017 highlights included establishing 13 new Tribes and 56 new POI's in the TIPS system, collecting over $213.9 million in FEHB premiums in TIPS, and processing 9,734 SF2809 enrollments.

- Direct Premium Remittance System (DPRS) Web - NFC continued to support a Web Portal for agencies to enter FEHB enrollments for Temporary Continuation of Coverage (TCC) enrollees and Direct Pay Annuitants. In FY 2017 more than 900 agency officials successfully certified their FEHB elections and FEHB change documents through the DPRW web portal, thus expediting FEHB enrollment processing. FY 2017 highlights included: annual billing for over 36,000 enrollees, processing approximately 9,051 SF 2809/SF 2810 enrollments and transfers in (DPRS) and 8,173 SF2809/SF2810 enrollments in the DPRS Web Portal, and collecting $461,733.00 in FEHB premiums.

- Centralized Enrollment Clearinghouse System (CLER) – NFC, at the request of OPM, designed and implemented a Web-based system that receives electronic enrollment data from Agencies and FEHB carriers to facilitate reconciliation and reporting. In FY 2017, NFC continued to support the functionalities in CLER including: the prevention of duplicate data from entering in the system and significant reductions in costs for customer CPU charges. In addition, NFC processed over 2,200 enrollment reconciliations in CLER.

NFC continued fulfilling its role as an engaged participant in Unified Shared Services Management (USSM) initiatives. The goal of these initiatives is to eliminate redundancy, reduce risk, and leverage government buying power in order to create a more efficient and effective government. As one of the largest Shared Service providers, NFC is continually seeking opportunities to meet this goal by providing the most cost-effective and comprehensive services to government agencies in order to allow them to focus on their mission. Also, NFC's participation in the USSM Provider Council has given NFC insight and influence in the direction and focus of the council particularly as it pertains to developing benchmarking metrics and customer satisfaction standards across shared service providers. NFC adopted the USSM Modernization and Migration framework for marketing and project implementations. This framework is a roadmap for agencies to be able to purchase a service and have it delivered on time, on budget, and on value. NFC is committed to continuing its involvement in the USSM to help ensure it meets its mission of improving the way the government serves the American public.

NFC provided support for OCFO acquisition initiatives, as well as those initiated by the Office of Procurement and Property Management. The following targets for purchasing placements by NFC for FY17 were achieved:

	USDA Goal	NFC Results
Small Business Concerns	49%	69.05%
8(a) Concerns	0.0%	10.90%
Small Disadvantaged Businesses	5.0%	14.50%
Woman-Owned Businesses	5.00%	13.38%
Veteran Owned Businesses	0.0%	9.09%
HUBZone Small Business Concerns	3.0%	3.89%
Service Disabled Veteran Small Business	3.0%	6.97%

FMS implemented an enterprise version of ezFedGrants (eFG) with the National Institute of Food and Agriculture and the Animal and Plant Health Inspection Service (APHIS). Later in FY 2017, FMS converged existing eFG agencies from many separate systems into the enterprise solution (FAS, AMS, Office of Advocacy and Outreach (OAO), and NRCS). In addition, FMS built a data extraction methodology and harmonized data model that allows future grants customers to develop reports using data from the core financial system, eFG, and agency repositories. This enhances the attractiveness of our grants management solution for USDA customers, as well as customers in other organizations. FMS also worked to develop a plan to enable the FS to begin deployment activities for eFG in FY 2018.

FMS worked with several agencies to deploy additional FMMI modules to support the budget and planning processes within the organization. FMS migrated several agencies into the Budget Status of Funds tool (FAS, NRCS, RD, and the Risk Management Agency (RMA)). FMS also deployed the Allotment Planning Module for NRCS.

FMS migrated USDA's SAP-based financial management system to a commercial cloud service provider. This has improved performance, reduced risks and costs, increased flexibility, and improved testing and training. By working in the cloud, FMS will be able to offer shared service customers a robust and reliable platform that allows them to focus on their core mission.

FMS improved database performance in USDA's SAP-based financial management system by converting from Oracle database to SAP High-Performance Analytic Appliance (HANA). Converting from an Oracle database to HANA has yielded faster information retrieval in most cases, and has accelerated overnight processing which allows data to be available to the user community sooner.

FMS upgraded USDA's SAP-based financial management system from Enhancement Pack (EHP) 4 to EHP 7. This has increased stability and maintainability of code as EHP 4 is an older version of SAP from 2008. The upgrade also allows for the deployment / inclusion of additional capabilities and utilities that will improve the user experience

FMS implemented the DATA Act, which was mandated by the Department of Treasury and the OMB. FMS produced detailed transaction level reporting and Treasury submissions for Appropriations, Program Activity and Object Class, Award Financials, and Award Attributes for USDA.

FMS implemented moveLINQs, a commercial Software as a Service travel relocation system for USDA. By implementing moveLINQs, FMS replaced legacy technology with a modern, web-based system and automated manual processes to makes employee relocations more efficient. Additional employee data (such as dependent and tax information for employee and spouse) is stored by moveLINQs, which provides the employee with more accurate tax-year information. All required documentation is stored within the system, which supports the Paper Reduction Act. In addition, relocation funds are obligated up front instead of at the time a voucher is submitted, which provides the Department with a better status of relocation expenditures. Finally, financial information at the expense level using the appropriate Budget Object Class is captured and recorded, which is used for various reports and data calls.

FMS deployed the new Reconciliation of Intra-Governmental Payment and Collection (IPAC) Transactions for Agriculture (RITA) system to USDA agencies. This provided bi-directional communication between the agencies and FMS by allowing the agencies to enter notes on IPAC bills. It allows the agencies to upload documents as backup documentation for IPAC bills for auditing purposes. Finally, RITA provided the capability to run self-generated reports, which gives agency users the ability to obtain data in a timely manner.

Serving USDA's external customers, in FY 2017 Pegasys Financial Management Services (PFS) migrated the Pegasus financial system to a CGI Federal FedRamp Cloud. This has improved performance, reduced risks and costs, increased flexibility, and improved testing and training. We have already observed significantly faster job run times and the ability to make adjustments to next year's closing schedule to reflect the benefits from

the Cloud environment. This adjustment will allow all users and customers more processing time to improve data quality. The Cloud environment will ensure PFS continues to offer shared service customers a robust, and reliable platform that allows them to focus on their core mission.

PFS is also committed on streamlining processes to ensure costs savings for customers. PFS is working with GSA on updating several interfaces to several GSA owned systems. These initiatives will improve data quality in Pegasys to include moving to real time data, and greatly improving the quality of the date moving from system to system. PFS is also working to upgrade the commercial financial system to a current release in May 2018.

Under ICSS:

In FY 2017, ICSS continued its efforts to implement and deploy the A-123 Compliance and Reporting Tool (ACRT). ACRT replaces the legacy system A-123 Document Tracking System (ADTS). ACRT is comprised of several workspaces that house the USDA agencies and staff offices' A-123, Appendix A documentation. Although the deployment of the Tool was significantly delayed due to several unforeseen circumstances, ICSS made significant progress.

Through the combined efforts of ICSS staff, agency/staff offices stakeholders, NFC project management, and PriceWaterhouseCooopers LLP (PwC) contractors, successful progress was made in the following areas:

- Configured the Enterprise Management, Policy Management, Risk Management and Compliance Management Workspaces
- Conducted User Acceptance Testing for all Appendix A deliverables including workflow
- Migrated FY 2016 controls data from legacy system and performed validations to ensure accurate data import
- Migrated FY 2017 controls data from interim SharePoint Tool and performed validations to ensure accurate data import
- Imported full control library and all business units with corresponding mission areas
- Imported FY 2017 financial statement and process data for scoping
- Mapped agency business processes to control objectives
- Manually added over 350 users to the system
- Configured the most critical 20 reports
- Configured dashboards for Financial Reporting Assessment Team (FRAT) and Management Control Officers (MCOs) for easy navigation
- Completed training documentation for each Appendix A deliverable
- Facilitated ACRT Launch Training to governance teams
- Completed Phases 1-6 of the required Authorization and Accreditation to obtain the Authority to Operate
- Installed Archer 6.2 platform in the Dev and PreProd environments
- Linked the eAuth application to ACRT for multifactor user access authentication

In the absence of the GRC Tool in FY 2017, ICSS, in collaboration with OCIO, developed an interim SharePoint repository to house the USDA agencies' A-123, Appendix A documentation. The SharePoint Tool included forms, workflow, and reports for all required deliverables. There were also provisions made for the agencies to submit corrective action cancellations and closures. These workarounds allowed for the timely completion of the assessment and status reporting, and timely certification statement reporting which allowed ICSS to provide PwC with accurate controls data to import into the ACRT Tool.

ICSS also developed Excel templates for every deliverable for the agencies to populate and provided training on those deliverables to agency points of contact, including MCOs. All templates required complex equations and functionality to capture the necessary information to document risks, control procedures, testing results and corrective actions.

ICSS developed standard test plans for the Charge Card Monitoring processes, including Travel, Fleet and Purchase Card. We also created or revised standard test plans for Unliquidated Obligations and Abnormal

Balances, monitored closures, and performed spot testing to address findings in the FY 2016 financial statement audit.

At the beginning of FY 2017, the Senior Assessment Team established ambitious target closure goals of 53 percent and 43 percent for Corrective Action Plans (CAPs) and Plans of Action and Milestones (POA&Ms), respectively. The actual CAP closure rate was 7 percent shy of the target closure goal, and the POA&M rate exceeded the goal by 23.5 percent. This year's CAP target closure shortfall was due to AMS not completing their closure goal of 15 CAPs.

In FY 2016, there were a total of 298 deficiencies reported across the Department, and in FY 2017 there were a total of 254 deficiencies reported. This represents a 15 percent decrease in the total number of deficiencies across the Department.

During FY 2016 and FY 2017, ICSS made an internal effort to assist agencies in not only achieving the POA&M closure goals they established at the beginning of the fiscal year, but also help them to ensure that the steps they performed to close open POA&Ms were completed with the utmost due-diligence. This heightened emphasis on quality mitigation efforts had a widespread positive effect in several areas, including overall agency testing efficiency and the number of control deficiencies occurring during annual General Computing Controls (GCC) testing from FY 2016 to FY 2017:

- At the beginning of FY 2016, 9 agencies had open POA&Ms. At the beginning of FY 2017, this number dropped to only 4 agencies, representing a decrease of over 50 percent.
- Three out the 4 agencies met or exceeded their beginning FY 2017 POA&M closure goals by significant margins, with one agency surpassing their goal by over 70 percent.
- This heightened emphasis on quality and efficiency had a positive impact on agency completion percentages for GCC testing in FY 2017. At the end of FY 2016, 94 percent of the agencies had completed their organizational required A-123 GCC testing, 6 percent of the agencies had not. At the end of FY 2017, all of the agencies completed their annual GCC testing.

In addition to its significant accomplishments in FY 2017 for CAPs and POA&Ms remediation efforts, ICSS also achieved similar success in a number of other deficiency mitigation-related sub-categories, including:

- A significant positive reduction in time spent on POA&Ms in FY 2017 occurred in the area of allocated resource time from creation to the final closure of POA&Ms. In FY 2016, an average of 177.98 days were spent completing this process for POA&Ms created and closed in FY 2016. In 2017, the time duration for the same process (POA&Ms created and closed during the FY 2017 fiscal year) dropped from 177.98 (in FY 2016) to 81.70, a decrease in excess of 54 percent.

- In FY 2017, with the current budgetary restraints that are in place, ICSS made efforts, whenever possible, to assist agencies in reducing the mitigation costs associated with successfully completing POA&Ms. In the case of FY 2016 A-123 POA&Ms, the average mitigation cost per POA&M was $10,433. In FY 2017, this cost fell to $9,366, a reduction of 10 percent.

ICSS performed spot testing of POA&M closures annually to ensure compliance with the Departmental POA&M closure procedures and policy. In addition, the spot testing effort was to assess the quality of the GCC POA&M closure procedures performed by the USDA agencies and staff offices, and to identify areas requiring improvement in order to promote consistent and reliable testing results and documentation across all agencies. In FY 2017, the ICSS performed semi-annual spot testing of POA&Ms that closed as a result of the annual assessment of General Computer Controls (GCC), for in-scope financial management systems and related support systems.

In FY 2017, ICSS spot tested a sample of 18 out of 47 closures from three agencies. Overall, all sampled POA&Ms selected for spot testing were verified as being appropriately closed.

ICSS also performed annual spot testing on key controls for the business processes that passed testing in the current year. In FY 2017, ICSS tested 123 processes (in FY 2016 140 processes were tested) that included 71 controls (137 tested in FY 2016), and 215 samples (217 samples tested in FY 2016). In FY 2017, there were no instances where the ICSS staff did not agree with the agencies' conclusions, as compared to last year where there was one instance.

ICSS offered BPC and GCC training to agency and staff office points of contact for the annual assessment both in person and using AgLearn, to facilitate an efficient and effective assessment process. Training attendance was up by almost 70 percent to participate in the following Business Process and General Computer Control trainings that were offered:

- Internal Control Overview Training
- Scoping
- Risk Assessment
- Documentation (Part 1): Narratives and Flowcharts
- Documentation (Part 2): Business Process Controls
- Testing
- Summary of Aggregated Deficiencies
- Corrective Action Plans/ POAMs
- Certification/Assurance Statement
- GCC Testing
- GCC Summary of Aggregated Deficiencies
- Entity-level Control Assessment

The results of training surveys indicated that 75 percent of participants agreed or strongly agreed that the trainings were effective and accomplished intended objectives. Assisting agencies and staff offices in identifying internal control deficiencies, and providing guidance to successfully remediate them are ICD's two critical mission objectives. To address these objectives, ICD provided training during the assessment year, and conducted quarterly meetings to assist agencies and staff offices in accomplishing more sustainable improvements.

Under FMSS:

FMSS provided a combination of timely, reliable, and relevant funds execution, financial analysis, financial advice, fiscal reporting, budget formulation and forecasting for Departmental Administration, OAO, Office of the Chief Information Officer (OCIO), OCFO, OHSEC, Office of the Secretary (OSEC) and Office of the Executive Secretariat (OES) to make sound fiscal decisions in support of the Departments strategic goals. FMSS executed in FY 2017 over $312 million in budget authority across appropriated, shared services programs, program reimbursements, working capital funds, administrative support costs, Farm Bill, and no-year accounts.

FMSS automated all status of funds reporting (with exception of WCF) with standard BeX templates it created making understanding of the status of funds clearer. It further introduced explanatory notes and highlights to help with rapid understanding of the activity owners. Further, FMSS has taken the lead on reporting Status of Funds using SAP's Business Objects (BOBJ) reporting system. Additionally it has added daily/weekly/monthly reporting in BOBJ processing robotically overnight for immediate use upon arrival at work in the morning. This expanded the number of productive hours and reporting without any increase in staff allowing for creation and distribution electronically. Finally, by using exception reports and reporting, management can make effective use of limited resources to act on actionable information and allow for quick prioritization and distribution electronically.

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 and Beltsville, MD);
- Client Technology Services (Washington, DC and field operations nationwide); and
- Enterprise Network Services (Fort Collins, CO)

The Data Center Operations/National Information Technology Center (DCO/NITC) specializes in enterprise information technology solutions. The USDA Enterprise Data Centers managed by DCO/NITC are located in the following locations: Kansas City, Missouri; St. Louis, Missouri; and Beltsville, Maryland. DCO/NITC services are operated seven days a week, twenty-four hours a day, every day of the year and are categorized as follows:

- Hosting Services business line – Encompasses cloud, managed, and collocation data center hosting services as well as key professional and security services to provide cost-effective enterprise class hosting solutions for the Federal community. 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) business line includes among its primary services: delivery of the enterprise learning management system, 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. In addition, this program created and manages the award-winning IT Fellows program to promote the development of senior-level staff.

- Application Development business line 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 information technology 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.

Client Technology Services (CTS), under the OCIO, provides comprehensive, fee-for-service information technology associated operations, security, and technical support services to a fully-supported customer base of more than 43,000 USDA end-user workstations in nearly 2,700 field, State, and headquarters offices located across the United States, its territories, and protectorates around the globe, incorporating the full end-user IT services infrastructure roles of the FSA, NRCS, Rural Development (RD), NITC, and ASOC. Additionally, CTS continues to implement and manage enterprise IT solutions for over 122,000 users Department-wide, which offer large scale benefits to all agencies including reduced overall IT expense, heightened security posture, and a robust and responsive infrastructure that continues to increase productivity and efficiencies. These enterprise service offerings include robust cloud-based Messaging Services, Active Directory, Virtual Private Network (VPN), Mobility Management, Video Teleconferencing, Workstation Image Management, Managed Print Services, and Fax2Mail.

CTS continues to pursue modernization efforts, innovation, and enhanced IT Service Management (ITSM) aimed at optimizing IT resources, reducing costs, improving availability, tuning capacity and throughput, strengthening scalability, improving the quality of IT services delivery, and addressing the needs of stringent data security requirements and the evolving USDA computing environment. Moving customers from a decentralized to a centralized architecture provides added protections to secure confidence on the part of farmers and rural communities that USDA is trustworthy with personally identifiable information and financial data, and protects the larger Federal community from cyber security attacks and penetrations by rogue nations and others. To that end, CTS will continue to provide the latest in IT advances to create an improved enterprise architecture while delivering enhanced customer satisfaction.

CTS also plans, acquires, implements, and manages IT resources, including software licensing and technical support. It provides file and print, remote access, desktop support, wireless messaging and agency application services for the Office of Secretary and OCIO. It 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 COOP site. CTS also 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.

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 all USDA agencies to ensure the acceptable performance of applications on the USDA enterprise network, network access to the public Internet network and partner networks for mission delivery, and to allow application owners to manage risk and achieve cost avoidances.

Selected Examples of Recent Progress:

Under NITC:

NITC began a realignment effort by submitting its reorganization proposal for USDA approval to begin implementation. Organizational functional descriptions for the reorganizational proposal are written. Table top exercises were completed to validate functional realignment of duties and supervisory lines of authority.

NITC worked with Departmental leadership, stakeholders, and GSA to apply for the GSA Federal government-wide Interagency Shared Service Provider (ISSP) program for data center services. NITC received preliminary approval from GSA to join the Interagency Shared Services program (OMB Memorandum M-16-19) and is awaiting final concurrence from the Secretary's Office.   The NITC was accepted as one of the first Federal ISSPs for data center services under the Data Center LOB in accordance with OMB Memorandum M-16-19.

NITC successfully migrated the Federal Emergency Management Agency's large mainframe National Flood Insurance Program system from a commercial provider to NITC's Mainframe service. Leveraging NITC's shared hardware offering will help reduces costs for all mainframe customers.

NITC maintained Authorities to Operate (ATO) on all NITC systems under USDA's Risk Management Framework, and assisted customers with their ATO's.

NITC took proactive steps to improve Department-wide security through improved patching, establishment of cloud security policy, and streamlined risk management framework processes:

- Enhanced Security Technical Implementation Guide (STIG) compliance: Partial implementation of Full-cycle Security Compliance, including automating hardening, Blade-Logic-based reporting, following on with Change Management integration and automated remediation.

- Integration of Enterprise Active Directory (EAD) into Platform as a Service (PaaS) offering supporting enhanced security requirements and Forest Service operational requirements.

- Developed plans to modify NITC accreditation boundaries to support Cloud services as part of the Cloud Brokering function. The plan ensures that customers would continue to be supported, so that they can continue to inherit controls.

- Rolled out a new innovative Temporary Elevated Privileges (TEP) process in NITC's Role Based Access Controls (RBAC) system. TEP provides the customer security officers the ability to directly provision their agency application and database administrators temporary rights into the operating system of their hosted servers. The end result is that NITC's customers are empowered to self-service with easy to use procedures that save time and money.

NITC supported strategic sourcing and category management by ensuring existing and new OCIO contracts aggregate Department-wide requirements to achieve savings:

- A team analyzed Enterprise License Agreements (ELA) and other streamlining initiatives with IBM and Oracle; two of the largest hardware/software providers for the department. NITC declined to implement an ELA with IBM due to commitments required by IBM for new spend annually that could not be correlated to customer demand.

- Approved and funded the implementation of Oracle Exadata Engineered System database platform to consolidate all NITC PaaS – Oracle customers. This will facilitate an efficient growth model estimated to save USDA approximately $7 million over five years.

NITC converted to new Network Access Gateway (NAG) hardware to include license servers that allow us to share licenses between sites, saving NITC an estimated $27,000 annually by reducing the overall number of concurrent licenses needed.

NITC partnered with Farm Service Agency to assemble a strike team to help support county office work during crop acreage reporting season to ensure IT systems are working and meeting the increased demand. NITC directed the installation of end-to-end application monitoring and dashboard capabilities for the Crop Acreage Reporting System. The IT system visibility reduced downtime over prior reporting periods and assisted with timely troubleshooting activities. The monitoring capability will become a shared service offering for other data center customers.

NITC through its Enterprise Application Services (EAS) business line consolidated Application Development Services across OCIO. NITC assumed responsibility for AgLearn, Enterprise Geospatial Management Office, FOIAExpress, Digital Services Center (DSC), SharePoint site development, and the implementation of OMB's Federal Source Code Policy. Related activities included the following:

- Arranged for 120-day details from USDA agency experts during the hiring freeze to ensure continuity of Geospatial services
- Added Service Now and Microsoft Dynamics CRM to the DSC portfolio
- Implemented an enterprise pricing model for DSC services, increasing transparency and agencies' flexibility to scale up or down based on services needed, and more closely aligning the prices with the DSC's actual costs
- Ensured USDA benefited from tiered pricing offered by SalesForce by coordinating the USDA-wide license renewal and saving USDA agencies over $5.1 million

- AgLearn team added 132 custom courses from OCIO and the Agencies and moved to a new, cost-effective platform

NITC through its EAS business line supported intern and student programs across OCIO. EAS hired two interns from Colorado State University that perform support for business development and outreach within OCIO, and from OCIO to the rest of USDA.

NITC supported the Data Center Optimization Initiative (DCOI) by:

- USDA's DCOI quarterly (data center inventory and related savings and avoidance) and annual (specifically the USDA FY 2017 Strategic Plan and CIO Statement) reports were successfully submitted as directed with M-16-19. As an agenda item for the November 2017 USDA CIO Council Meeting, OCIO directed all USDA component agencies to access the revised data center definition as written in M-16-19. The results of this assessment are being presented to and considered by USDA's OMB Desk Officer.

- As an agenda item for the May 2017 USDA CIO Council Meeting, OCIO directed all USDA component agencies to revisit their FY 2017 DCOI Strategic Plans and augment in order to position USDA to meet OMB's FY 2018 performance, savings, and closure targets. DCO completed implementation of automated PUE monitoring; on target to meet 1.5 PUE by September 30, 2018.

- USDA's DCOI Strategic Plans were completed in April 2017. Through the third quarter of 2017, approximately $200,000 has been saved or offset by USDA's DCOI program. USDA is reporting an accurate inventory to OMB this fiscal year.

  - EAS worked closely with the OCIO Federal Information Technology Acquisition Reform Act (FITARA) lead to establish USDA metrics and reporting on compliance with the FITARA Incremental Development requirement.

Under CTS:

In FY 2017, CTS continued with the financial merger of the former International Technology Services, Washington Communications and Technology Services (WCTS), and Identity Credential and Access Management (ICAM). The Computer Services Unit consolidated with CTS services to continue to provide robust end-user/workstation services efficiently to a combined customer base. The Telecommunications Customer Services Center and Network Services business lines, each previously components of the WCTS, were also consolidated into the CTS activity center.

CTS completed the upgrade of the EAD infrastructure to the most current operating systems and application versions in FY 2017. CTS also updated the SCCM infrastructure to the most current versions, plus upgraded several servers to Windows 2016 in FY 2017.

CTS continued to support migrations by other agencies, and now more than 104,000 users and 130,000 computers are supported through the consolidated EAD environment. Almost all USDA agencies and major offices have or are actively migrating into the EAD environment.

CTS deployed an EAD and Integrated Services website accessible to all USDA agencies to provide automated notifications and alerts regarding EAD services management. This SharePoint Online site provides a Document Repository of the EAD architecture documentation, standards, guidelines, and procedures for the consolidated infrastructure and services.

CTS ensures customer computing systems are up to date through the careful deployment of new software applications and hardware, security patches, and software upgrades. CTS completed the certification of 715 projects in FY 2017. Software applications submitted for certification were completed in an average of 28

days, and on average beat the SLA due date by 12 days. For customer certification requests, CTS maintained a 99.58 percent SLA delivery to supported customers.

In FY 2017, the CTS team developed and published the deployment image and tested a wide array of applications including all the core applications supported by CTS. After testing, CTS began the roll-out of Windows 10. Working with the SCAs and other customer organizations, CTS identified and tested critical applications for compatibility with Windows 10. By the end of the fiscal year, CTS began rolling out Windows 10 to the remainder of OCIO and several other organizations including Rural Development, Office of Hearings and Appeals, and Office of the Assistant Secretary for Civil Rights. Most of the CTS supported organizations are now installing Windows 10 on all new workstations purchased, and several have made significant progress toward completing their migration to Windows 10.

CTS partnered with USDA's Agriculture Security Operations Center (ASOC) and OHSEC 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 certificate management, and automated account provisioning and de-provisioning.

CTS improved the security and user experience of logging into eAuthentication applications by integrating the Enterprise Active Directory and eAuth for Single Sign-On. This integration improves security through the further elimination of passwords while also simplifying logon for end-users. Over 1.8 million logons per month have been processed using this new capability.

CTS streamlined citizen access to USDA online services through implementation of an online identity verification process for citizen's creating eAuthentication accounts. Citizens no longer have to visit a USDA Service Center office in person to obtain online access, increasing the reach and availability of USDA's online citizen services, improving citizen satisfaction through elimination of burdensome and costly travel and providing indirect cost savings to USDA by letting service center employee's focus on their core mission, not assigning online accounts.

CTS further secured the USDA network by leading the Department in increase of HSPD-12 PIV (LincPass) enforcement for logical access to over 93 percent, exceeding the FISMA CIO target metric and OMB Cross Agency Priority Goal of 85 percent.

CTS Integrated 34 new agency systems and applications with ICAM and eAuthentication security services and streamlined issuance of the LincPass through implementation of a LincPass Issuance Tracker (LIT) tool. The simple and intuitive user interface has empowered employees, supervisors, and CORs to identify and quickly resolve issues delaying the issuance of a LincPass, speeding time to productivity for new employees.

Using Cisco Web Application Appliances, CTS implemented URL content blocking/warning and Website Reputation Analysis to prevent malicious content from reaching user desktops. These actions have resulted in:
- Over 28.2 million transactions blocked
- Over 347.4G of bandwidth conserved

CTS completed 341 additional USDA sites to Full Session Initiated Protocol (SIP) services allowing for UC-VOICE service subscribers to be transitioned to a true VoIP solution Implemented.

CTS hosted Collaboration Solution-Large Environment (HCS-LE) Migrations; 1,721 additional USDA sites were moved from deprecated eVOIP system to HCS-LE platform.

CTS replaced outdated physical servers in SCA field locations with newer server technology. New equipment was deployed to approximately 322 Field Service Centers, replacing end-of-life file and print servers. As part of this deployment, enterprise infrastructure support was engineered and deployed, providing the framework for a centralized data protection solution within the SCAs. Storage was procured and installed within CTS data center infrastructure in Kansas City and St. Louis. A full backup solution is in place to protect customer data as the server refresh deployment continues into FY 2017. UPS refresh was provided for 1,055 sites and network

cards for 2,651 sites. CTS successfully integrated dual Aggregation Service Routers in St. Louis and Kansas City supporting the SIP CISCO Unified Border Element Routers. Concurrent VOIP call capacity was increased to almost double with enhanced diversity and redundancy for failover and future expansion capability.

CTS deployed a new Ethernet bandwidth solution to the approximately 935 sites identified in the Network Modernization Road Map.

CTS deployed an architecture for virtual offices and expanded the use of desktop virtualization to facilitate removal of end-of-life file and print servers in sites deemed capable of supporting remote desktop technologies.

CTS delivered fully operational enterprise Managed Print Services to USDA customers. This included implementation of: infrastructure, operational processes / procedures, and infrastructure capacity supporting FY 2017 customer orders.

CTS Increased EVPN unique user usage to 22,800/month, and increase of approximately 2,500 per month. Working with ENS and AT&T, CTS completed requirements planning, design, and deployment of EVPN2 solution based on Cisco platform.

CTS replaced WAN Optimizer appliances reaching end of life at 485 sites, ensuring equipment was fully supported to reduce downtime and provide continued stabilization of networking environment.

CTS deployed Advanced Malware Protection for Endpoints to over 47,000 CTS managed devices, preventing more than 4000 instances of malware. Implementation of content filtering that has blocked more than 28.2 million transactions and conserved more than 347.4G of bandwidth.

Under Telecommunications Services:

Enterprise Network Services (ENS) has been leading a Network Modernization Program (NMP) to significantly increase operational efficiencies and generate costs savings for the Department. The NMP originated as an opportunity to transform and modernize its telecommunications infrastructure alongside GSA's transition from the existing Networx and Regional/Local Service Agreements to the new Enterprise Infrastructure Services (EIS) government-wide contract, which was awarded on July 31, 2017. GSA's new contract will accommodate USDA's growing demand for securely and efficiently moving increasing amounts of mission-related information anywhere at any time across a modern telecommunications infrastructure. This modernization program contains three interrelated and integrated telecommunications projects:

- The Data Network, otherwise known as Universal Telecommunications Network (UTN) 2020, which includes enterprise wide area network (EWAN) services to all Service Delivery Points (SDPs);
- The Voice Network, which includes standard voice, Voice over Internet Protocol (VoIP), Unified Communications (UC) and Contact Center Services (CCS); and
- The Mobility/Cellular Network transitioning from blanket purchase agreements (BPAs) to GSA's Federal Strategic Sourcing Initiative (FSSI).

This document provides a high-level overview of ENS' several major performance accomplishments for fiscal year (FY) 2017 with regard to OCIO's Network Modernization effort:

- On November 29, 2016, the USDA CIO Council passed several motions in a special CIO Council Network Modernization meeting. The motions were to validate key assumptions as input into the Statement of Objectives (SOO) and the Concept of Operations (CONOPS) documentation for the USDA Network Modernization initiative. Some of the assumptions were amended to incorporate feedback from the CIO Council.
- By the end of October 2016, ENS completed a GSA-required Agency Transition Plan (ATP) that described the number of Fair Opportunities (FOs) the USDA anticipated conducting under EIS as

well as how the Department intended to meet GSA's goal of 100 percent transition off of Networx and Local Service Agreements by March 2020. An updated ATP was shared with GSA in December 2016.

- USDA OCIO ENS/Telecommunications Management and Governance (TMG) is the group responsible for managing the voice transition within the OCIO under Enterprise Network Services. ENS has been working closely with GSA's Transition Coordination Center (TCC) to begin articulating its requirements in a Statement of Work (SOW). The Voice strategy is intended to outline how to implement a modernized, enterprise Voice and Communications infrastructure that fully utilizes advances in the digital revolution to provide USDA mission areas capabilities to advance their mission delivery objectives.
- On July 27, 2017, ENS presented a high-level executive summary recommending a single enterprise model of the Concept of Operations (CONOPS) for the Data Network project to the CIO Council.
- On June 22, 2017, the initial USDA Modernization Plan was presented to the Acting Assistant Secretary for Administration. Based on the plan presented, USDA intends to modernize USDA-wide IT services to improve service delivery, reduce duplication and achieve cost savings. On August 2, 2017, a USDA IT Reform Plan was presented to the USDA Secretary. USDA's first strategic goal outlined in its Strategic Plan for FY 2018 - 2022 is to ensure USDA programs are delivered efficiently, effectively and with integrity. USDA's top objective to meet that goal is to modernize information technology infrastructure, facilities, and support services to improve the customer experience. USDANet is a major component within the overall modernization plan.

ENS Operations continued to work with numerous USDA Agencies and contract employees as well as AT&T Engineers this fiscal year in support of the Universal Telecommunications Network (UTN). ENS provided operational management and support for the UTN. Included in this is support of Agency projects related to the UTN, support of security incident response and investigations, support of Departmental data center and office moves, provision of an escalation point for other Departmental help desks, management of the Department's domain name and Internet Protocol (IP) address space and management of the Department's security perimeter including Universal Resource Locator (URL) filtering. In addition, hundreds of service desk calls, incidents, and change management tickets were processed.

ENS established a new USDA wide initiative to develop a Concept of Operations (CONOPS) for the proposed network modernization activity. This team is headed by representatives from ENS, FS and CTS with membership from many other USDA Agencies. The group has established a single model for Operations and estimated staffing levels.

ENS maintained and managed enterprise contracts for Data services, Voice services, Alternative Bandwidth, TEMS, Federal Relay and Audio Conferencing with AT&T, Verizon, Level 3, MetTel, Sprint, and AT&T, respectively. Managed ENS services contract with Panum. Conducted monthly program calls with vendors to maintain good working relationships and ensure program quality control. ENS worked with vendors to obtain SLA credits, when applicable, and resolve any outstanding or escalated service problems or outages. ENS also collaborated with vendors and agencies to resolve any billing or invoicing discrepancies.

ENS worked with vendors to ensure service inventory completeness and validity. Collaborated with agencies to explore cost savings options, where available, by terminating unneeded accounts and leveraging pooled and shared services.

USDA worked with the Department of Homeland Security (DHS) and AT&T to fully implement the services currently available in the Einstein 3A program. USDA successfully implemented the Domain Name Service portion of Einstein 3A in mid-October, 2016. USDA successfully completed the implementation of the Einstein Malicious Email Filtering (MEF) service the week of March 6, 2017. The on-boarding process is complete and USDA has migrated all of the Department's 208 email domains to the service. The team is now working with our managed-service partners, to monitor the service and address any issues that arise.

ENS continued to be a leader in the development of Cloud Services across USDA. This activity is done in coordination with the USDA CIO Council Cloud Working Group with participation from other OCIO and Agency representatives. ENS is continuing to develop and define the USDA Cloud Carrier role. Notable cloud initiatives include the following:

- Provided multiple cloud strategy and migration presentations to senior management including NITC, the CTO's and Forest Service.
- Initiated the implementation plan for CPNIv2 from AT&T.
- Initiated the IAA process for Cloud Carrier services for ENS.
- Completed the Cloud Carrier options for Azure (private and public), Azure O365, AWS public and private services.
- Established a Cloud Program Review.
- Established a Cloud Carrier presence in SharePoint.
- Updated Cloud Carrier documentation to fit the new Azure Resource Management (ARM) Environment
- Created financial Management documents.
- Delivered an interim Enterprise Cloud connection to the Microsoft Azure Government cloud environment. This connection provides the USDA Agencies with the ability to quickly and securely connect their Azure Compute VNET environments to the USDA core UTN network to perform development and testing of new services.

Following a tornado strike that damaged the National Finance Center headquarters in New Orleans, LA, ENS worked closely with AT&T and NFC staff members to quickly install network service at a new facility to ensure the organization could continue its mission program area functions. As part of the effort, ENS purchased new hardware and software to permit them to access the Internet and the USDA network.

The ENS staff completed the upgrade and migration to the Exchange 2013 service hosted within the Microsoft Office 365 environment. The adjustments included network, security and UTN service-related (Domain Name Service, Simple Mail Transfer Protocol) components on the Unified Telecommunications Network. The staff also provided technical leadership to the agencies during the migration.

The ENS staff provided technical guidance, evaluation and, in some cases, deployment support for information technology (IT) activities associated with the Microsoft Office 365 services. These activities include the following:

- The Exchange 2013 capacity increase.
- The Outlook Web Access expansion to clients external to the USDA computing environment.
- The Skype for Business Broadcast service offering.
- The Proofpoint as a Service (PAAS) transition.

The ENS staff provided technical networking and security support to the FS by establishing a secure interconnection from the Department's Unified Telecommunications Network (UTN) networking environment to the International Business Machines (IBM) SoftLayer Federal Cloud (SFC) service. This interim interconnection allows the Forest Service staff to promote and transition to a cloud-based record collection and management system.

The ENS staff provided leadership and direction to the FAS by establishing a Local Area Network enclave that extends into the Department of State (DOS) computing environment (OpenNet/OCONUS). The enclave will assist technical administrators in providing support to the FAS clientele who reside on the DOS network infrastructure.

ENS has collaborated with NFC to migrate portions of their network service to the UTN, replacing older SONET technology with Ethernet. The project will result in over $800,000 annually in cost-savings for NFC. The project was completed in July 2017.

The ENS team launched a program improvement effort to replace existing multi-tenant sites with newer Ethernet technology that will deliver a lower unit cost as well as superior performance and capabilities. During this fiscal year, the team has completed the conversions at the Denver, New Orleans, and Elkins locations. The initiative is projected to reduce the unit cost of the Universal Telecommunication Network (UTN) by 5 percent, from $350 per Mbps to $332 per Mbps.

ENS, in partnership with CTS and AT&T Corporation, embarked on a project to deliver an enterprise-level solution for providing over 100,000 USDA employees a secure method to conduct work when they are teleworking or traveling. The new system consolidates multiple Agency systems reducing telecom costs while delivering a next-generation system built by Cisco and managed by AT&T. The team has completed the construction of the system and is already migrating the largest USDA Agencies to the system. ENS anticipates completing the transition by the second quarter of FY 2018.

As part of ENS actions to improve its network programs, the organization worked with Level 3 to improve the performance of their services used by USDA Agencies. During FY 2017, ENS worked with Level 3 to replace their support service with a new company capable to delivering higher-quality service to the USDA. In addition, Level 3 agreed to replace several of their key systems with new hardware better suited to ensuring a higher uptime for their service. ENS was able to accomplish these goals without any additional funds or expenditures.

The ENS Network Security team worked with numerous USDA agencies, OCIO organizations and contractors including AT&T Engineers this fiscal year in support of the Unified Telecommunications Network (UTN) security program. Following is a summary of these activities:

- Authorization, Accreditation, and Verifications including updating ENS Information System Security Program Plan with changes, review and update of all Accreditation and Authorization (A&A) documentation for the UTN both for AT&T and NMSS. A&A support for many DM major applications working towards or receiving ATO's.
- Management of FISMA Plan of Actions and Milestones (POA&M's) including tracking mitigation Tasks for ENS in the CSAM Database from various audits and reviews from OIG, TCV prep, and self-assessments, updating CSAM for UTN's, and responses to various ASOC CAPE FISMA data calls.
- HSPD-12: Role Administration and Adjudicator for all of OCIO including assigning roles for OCIO for security officers, sponsors, and adjudicator in GSA system, assigning roles for mobile enrollment station employees in GSA system, and project manager for OCIO, USDA's POC – implementing HSPD-12 PIV card to all federal and contract staff in the Non-employee and GSA USAccess system.
- DHS: worked with DHS and AT&T to fully implement the services currently available in the Einstein 3A program. USDA successfully implemented the Domain Name Service portion of Einstein 3A in mid-October, 2016, ahead of the December 18th deadline. USDA successfully implemented the Einstein Malicious Email Filtering (MEF) services the week of March 6, 2017.
- Responses to CYBERSTAT and CYBERSCOPE data calls, OMB entry, and responses to DHS TIC data calls.

ENS completed the Agency Transition Plan (ATP) for the Enterprise Infrastructure Solutions (EIS) Contract and submitted the Plan to GSA. In addition to the ATP, ENS submitted the Interagency Agreement (IA) to utilize GSA's contract support to assist with developing Fair Opportunity packages for Unified Communications, Call Center, and Data Services. ENS also met with members of the GSA Transition Coordination Center (TCC) team to discuss the ATP, USDA's acquisition strategy and process, and responsibility of component agencies. We requested and obtained consultant services from the GSA TCC to support voice services.

ENS participated in the Enterprise Infrastructure Services (EIS) 2020 Network Modernization meeting, held in Kansas City. The discussions focused on defining a concept of operations to support the next generation Unified Telecommunications Network (UTN) network and seeking input and buy-in from our component agencies. These meetings provided an opportunity to shape the future of our network support organization as we modernize network management functions.

ENS developed a charter for the ConOps Financial Team. The ConOps Financial team will support OCIO strategic goals including 1) developing and recommending a methodology to recover the costs associated with delivering and managing an Enterprise USDA backbone network infrastructure to support delivery of USDA's diverse range of mission area programs and services and 2) ensuring that the recommended methodology equitably distributes costs to the component agencies, based on actual consumption.

ENS developed an EIS 2020 Integrated Project Team (IPT). The team collected agency requirements and investment data, and developed a Statement of Work (SOW) for Voice services. We facilitated a meeting with the Voice ITP to review and approve the project charter. The IPT finalized stakeholders, decision making, external processes, and key deliverables.

ENS participated in the EIS 2020 and Telecommunications Expense Management System (TEMS) Contract Meeting, held in New Orleans. The main topic of discussion focused on transition to centralized billing within the new EIS 2020 contract. A new methodology for billing was identified that will impact how USDA conducts business. In addition, it was determined that the new contract would cover TEM management and not include telecommunications services. Services will be covered under EIS NS 2020.

ENS supported the Wireless 2.0 initiative by gathering and compiling information through several conference sessions with vendors and agency staff. Vendor discussions focused on detailed billing and inventory reporting, which will be used to assemble a clean inventory for the upcoming acquisition while aligning the current inventories from our carriers and telecommunications expense management provider. Agency interviews focused on identifying key functions and specific needs from the agency perspective.

ENS compiled artifacts related to two additional data calls for GAO Audit 100568 – GSA Telecommunications Program. Agencies provided ENS sample correspondence with Networx vendors and/or GSA that was related to inventory changes and discrepancies. Agencies also provided supporting documentation such as Standard Operating Procedures (SOPs) or instructions on maintaining inventory. ENS developed a consolidated process for wireless and commercial services.

ENS completed several activities in response to GAO audit 15-431 Recommendation 3: (1) Defined and developed the Quarterly Telecommunication Process and Validation Guide to be used in the validation of telecommunication services and costs; (2) Provided GAO access to the Bruin portal that allows inspection of USDA data. As a result of the inspection, GAO requested separate breakouts for SCAs (NRCS, RD, FSA), supported by IN; and (3) successfully completed this task and notified GAO. This satisfied the inspection of agencies and their inventory.

ENS developed the new IPv6 waiver request process to comply with mandates of OMB memorandum "Transition to IPV6" (September 28, 2010). The process include steps for monitoring, reviewing, submitting, approving/denying, and tracking IPv6 waiver requests. ENS updated the Telecommunication Advanced Acquisition Request template to include the IPv6 waiver request procedures. Agencies are given consideration if unable to include IPv6 language in their existing contracts due to budgetary constraints or vendor readiness. We assisted agencies in completing waiver requests to ensure the necessary information required by the OMB mandate was included before submission to senior management for approval.

ENS completed policies for DR 3300-001-C, Wireless Communications and DR 3300-020, Telecommunications Mission Area Control Officer Roles and Responsibilities. These DRs were published on October 13, 2016. ENS completed additional drafts for DR 3300-001-A, Local, Domestic, Long Distance, and International Telecommunications Services; DR 3300-001-I, Internet; and DR 3300-005, Planning and Managing Wireless Technologies.

ENS provided training for new Telecommunications Mission Area Control Officers (TMACOs). The training included an overview of the Departmental Regulation for TMACO roles and responsibilities, end user training on the USDA TEMS and MetTel's Bruin portal, and a review of the various vendor portals used to support

monitoring and tracking of agency spending for telecommunication products and services. ENS conducted phone interviews with each of the new TMACOs to identify their individual responsibilities and goals. In addition, ENS posted the self-certification statements for DR 3300-020, TMACO Roles and Responsibilities in AgLearn.

ENS prepared IAs to recover costs for Enterprise Internet2 service (APHIS, ARS, FS); and a shared circuit at the UTN COOP location (FS, OC); and for reimbursement of charges related to Level 3 interconnect for APHIS and RMA.

ENS extracted a comprehensive list of active OCIO-CTS Networx Agency Hierarchy Codes (AHCs) to facilitate the distribution of CTS telecommunication costs to the customer agencies (FSA, RD, and NRCS). This action supported the development of the Capital Planning and Investment Control (CPIC) OMB-300 investment package for shared UTN services.

ENS participated as a member of the Federal EIS Advisory Group, serves as the USDA representative the Federal Mobility Services Category Team, and Co-Chair of the Federal Mobility Policy and Acquisition Team.

ENS facilitated the October Federal IPv6 Task Force F2F meeting at National Aeronautics and Space Administration headquarters, served as co-chair of the outreach organizing committee, and as a moderator of technical panels to discuss technologies, challenges, successes, and share agencies lessons learned. Additionally, ENS identified members for an IPT that will focus on analyzing systems and software for IPv6 readiness. ENS hosted Federal IPV6 and GSA Mobility meetings at Patriot Plaza III during the transition of the new Administration.

<center>CORRESPONDENCE MANAGEMENT</center>

Current Activities:

USDA's Office of the Executive Secretariat (OES) serves the Office of the Secretary of Agriculture by managing the official correspondence of the Immediate Office of the Secretary, maintaining the official records of the Office of the Secretary, and assisting the Office of the Secretary with special projects through the Electronic Management Correspondence (ECM) system. OES provides services under three broad categories of activity:

- Correspondence management: OES receives and analyzes all correspondence addressed to the Secretary and Deputy Secretary, refers it to the appropriate agencies or staff offices for preparation of a response, as appropriate, and coordinates and tracks the preparation, review, clearance, signature, dispatch, and archival filing of responses. OES works with USDA agencies to ensure prompt delivery of reports and other documents requested or legislatively mandated by Congress or the White House, and provide editorial assistance as necessary to ensure optimal quality;
- Maintenance of official records: OES is responsible for organizing, storing, and providing access to the Secretary's records—including national security classified items. In so doing, this office preserves required official records and serves as a valuable source of institutional memory for the entire Department; and
- Assistance with special projects: In response to requests by the Office of the Secretary, OES assists with the preparation of letters of thanks, congratulations, and condolences; preparation of briefing materials based on correspondence analysis; general writing and editorial services; and other projects as requested.

Selected Examples of Recent Progress:

As a result of the Lean Six Sigma conducted in the fourth quarter of FY 2016, OES revised processes and streamlined clearance procedures in FY 2017 that resulted in reducing USDA's turnaround time for Secretarial correspondence from an average of 80 days to 45 days by the end of the fiscal year. In addition, OES reviewed, analyzed and developed specifications for and procured a new correspondence system that leverages USDA's investment in Microsoft Office products that will be ready for use at the beginning of FY 2019.

In FY 2017, OES processed 13,032 pieces of individual correspondence and other Secretarial documents, and 435,000 pieces of campaign correspondence addressed to the Secretary. Of the controlled correspondence, OES managed responses to 6,201 documents, including 4,059 signed directly by the Secretary or Deputy Secretary. In addition, OES received and processed approximately 151 pieces of signed Secretarial correspondence (i.e., mail, e-mails, couriered, fax, Congressional reports) pertaining to the Farm Bill. OES made additional progress in reducing its records backlog, resulting in the classification and final disposition of approximately 14,203 records that were transferred in FY 2016.

As part of its direct service to USDA agencies, in FY 2017 OES received over one million pieces of correspondence and managed the clearance and signing agency-initiated correspondence and other documents, along with decision memoranda, Memorandums of Understanding for the Secretary's signature, legislative reports, and GAO reports. In addition, OES drafted correspondence responses (letters, Memorandums of Understanding, reports, USDA Secretarial Proclamations, electronic employee messages, congratulatory/condolence letters, certificates for retirement, etc.) and other special writing projects in support of the Office of the Secretary/Deputy Secretary. OES worked one-on-one with USDA Mission Areas/agencies to prepare 13 Federal Register dockets (on various USDA topics) signed by the Secretary and sent to the Federal Register Office.