2008 Explanatory Notes

Office of the Chief Financial Officer

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Purpose Statement

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

Description of Programs:

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

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

NFC employs approximately 1,200 staff in the operation of centralized, automated, and integrated payroll, personnel, administrative payments, and central accounting systems which serves more than 40 Federal Departments, independent agencies, and congressional entities, including USDA. Operations at NFC are financed entirely by fee-for-service contracts with customers through the USDA WCF. No direct appropriated funding for NFC is reflected in the OCFO operating budget.

The OCFO headquarters is located in Washington, D.C. As of September 30, 2006 there were 1,287 employees funded by appropriated, reimbursed, and Working Capital Funds, of which 1,265 were full-time permanent employees and 22 other than full-time permanent employees.

| Location | Full-time Permanent | Other | Total |
|---|---|---|---|
| Washington, D.C. | 85 | 7 | 92 |
| Field Unit, New Orleans, LA | 1,180 | 15 | 1,195 |
| Total | 1,265 | 22 | 1,287 |

Office of Inspector General Reports:
11401-24-FM 09/28/06 Issued a qualified opinion on the control objectives and techniques implemented.
11401-25-FM 09/22/06 Reviewed fiscal year 2006 National Finance Center Procedures on Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report and submitted to the Office of Personnel Management.
50401-59-FM 11/15/06 Issued an unqualified (clean) opinion on the USDA Consolidated Financial Statements.
50601-0010-Ch 02/13/06 Reviewed USDA's progress to implement the Improper Payment Information Act of 2002.

Government Accountability Office Reports:
GAO-06-1002R 09/21/06 Reviewed Management Cost Accounting Practices at USDA.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Available Funds and Staff Years
2006 Actual and Estimated 2007 and 2008

| Item | 2006 Actual | | 2007 Estimated | | 2008 Estimated | |
|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff Years | Amount | Staff Years |
| Direct Appropriation.......... | $5,874,000 | 38 | $5,815,000 | 38 | $30,863,000 | 38 |
| Rescission........................ | -58,740 | -- | -- | -- | -- | -- |
| Total Available................... | 5,815,260 | 38 | 5,815,000 | 38 | 30,863,000 | 38 |
| Obligations Under Other USDA Appropriations: Management, Oversight, and Administrative Services (provided to WCF Activities)............ | 2,566,000 | 17 | 2,905,000 | 17 | 2,975,000 | 17 |
| Total, USDA Appropriations............... | 8,381,260 | 55 | 8,720,000 | 55 | 33,838,000 | 55 |
| Working Capital Fund a/: | | | | | | |
| National Finance Center | 58,767,745 | 380 | 53,229,000 | 600 | 69,120,000 | 470 |
| Controller Operations... | 30,404,405 | 262 | 30,956,000 | 322 | 30,562,000 | 322 |
| Competitive Sourcing... | 59,316,827 | 81 | 55,221,000 | 92 | 60,721,000 | 92 |
| Corporate Systems........ | 492,964 | 1 | 459,000 | 3 | 459,000 | 3 |
| Purchase of Equipment... | 6,581,000 | -- | 7,800,000 | -- | 11,211,000 | -- |
| Un-obligated Bal Exp... | -- | -- | 6,626,000 | -- | -- | -- |
| NFC (Non-USDA)..... | 85,919,806 | 519 | 95,232,000 | 688 | 89,695,000 | 567 |
| Discretionary Hurricane Supplemental........ | 60,000,000 | -- | -- | -- | -- | -- |
| Total, WCF..................... | 301,482,747 | 1,243 | 249,523,000 | 1,705 | 261,768,000 | 1,454 |
| Total, Office of the Chief Financial Officer............ | 309,864,007 | 1,298 | 258,243,000 | 1,760 | 295,606,000 | 1,509 |

a/ This section only includes WCF activities managed by OCFO. Please refer to the WCF Explanatory Notes for more details about the WCF.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff Year Summary
2006 Actual and Estimated 2007 and 2008 a/

| Grade | 2006 Washington, DC | 2007 Washington, DC | 2008 Washington, DC |
|---|---|---|---|
| SES | 3 | 3 | 3 |
| GS-15 | 5 | 5 | 5 |
| GS-14 | 12 | 11 | 11 |
| GS-13 | 27 | 26 | 26 |
| GS-12 | 3 | 2 | 2 |
| GS-11 | 1 | 1 | 1 |
| GS-10 | 1 | 1 | 1 |
| GS-9 | 2 | 2 | 2 |
| GS-7 | 2 | 2 | 2 |
| GS-4 | 2 | 2 | 2 |
| Total, Permanent Positions....... | 58 | 55 | 55 |
| Unfilled Positions end-of-year... | -3 | -- | -- |
| Total, Permanent Full-Time Employment, end-of-year.. | 55 | 55 | 55 |
| Staff Year Estimate............ | 55 | 55 | 55 |

a/ Positions shown are appropriated and reimbursed only.  For WCF financed positions, refer to the WCF Explanatory Notes.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

### Appropriation Language and Explanation of
### Changes In Language

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses of the Office of the Chief Financial Officer, $30,863,000, of which $24,787,000 shall be available until expended: *Provided*, that hereafter the Chief Financial Officer shall actively market and expand cross-servicing activities of the National Finance Center.

### Lead-off Tabular Statement
### And Summary of Increases and Decreases

| | |
|---|---|
| Estimate, 2007.................................................................................. | $5,815,000 |
| Budget Estimate, 2008....................................................................... | 30,863,000 |
| Increase in Appropriation................................................................... | +25,048,000 |

### SUMMARY OF INCREASES AND DECREASES - - CURRENT LAW
(On basis of appropriation)

| Item of Change | 2007 Estimated | Pay Costs | Program Change | 2008 Estimated |
|---|---|---|---|---|
| Office of the Chief Financial Officer | $5,815,000 | $261,000 | $24,787,000 | $30,863,000 |

### Project Statement - Current Law
(On basis of appropriation)

| | 2006 Actual | | 2007 Estimated | | Increase | 2008 Estimated | |
|---|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff Years | or Decrease | Amount | Staff Years |
| Office of the Chief Financial Officer... | $5,788,950 | 38 | $5,815,000 | 38 | +$25,048,000 1) | $30,863,000 | 38 |
| Unobligated Balance | +26,310 | -- | -- | -- | -- | -- | -- |
| Available............. | 5,815,260 | 38 | 5,815,000 | 38 | +25,048,000 | 30,863,000 | 38 |
| Rescission........... | +58,740 | -- | -- | -- | | | |
| Total Appropriation | 5,874,000 | 38 | 5,815,000 | 38 | | | |

## Justification for Increases and Decreases

(1) An increase of $25,048,000 for the Office of the Chief Financial Officer (OCFO) consisting of:

    (a) A total increase of $261,000, of which $142,000 is for 2008 increased pay costs, and $119,000 is for 2007 pay costs.

    OCFO is a labor intensive staff office with very little ability to absorb pay cost increases without holding a large number of positions vacant for the entire fiscal year; thereby adversely affecting its ability to lead the Department in the areas of financial management, oversight, and guidance necessary to: prevent fraud, waste and abuse; reduce risk of improper payments, and institute proper internal financial controls.

    (b) An increase of $24,787,000 to partially fund the improvement in the financial management performance through a new core financial management system.

    OCFO is pursuing significant modernization of its aging corporate financial and administrative payment systems. These systems, collectively known as the Corporate Financial Management Systems (CFMS) portfolio, consist of Foundation Financial Information System (FFIS), USDA's core financial management system, and various other data warehouses and feeder systems required to provide functionality not available in the core system. A modern interactive core financial system will strengthen internal controls, eliminate material weaknesses, and diminish improper payments across all USDA agencies. Additionally, implementation of all nine currently non-supported general ledger applications will produce substantial cost avoidance of $20 million for replacing just one of the nine financial systems.

    The primary objective of the Financial Management Modernization Initiative (FMMI) is to replace an old, outdated mainframe technology that is no longer supported by the vendor for ongoing compliance with Federal financial management requirements, thus posing unacceptable risks to USDA.

    The following items are critical to note:
- Any delay in implementation time forces USDA to layer additional expenses to operating the existing general ledger system during the implementation cycle along with the other nine agency general ledger systems. The extension of time reduces the return on investment by $20 million per additional year.
- The software for the existing general ledger system is no longer supported by the vendor, which puts the operations at risk and requires costly contractor support to keep the system operating. The nine agency general ledger systems are either no longer supported by vendors or are home grown systems; several of them do not meet the required Federal standards for financial systems.

    This system will replace the four general ledger systems, five payment modules, and multiple manual journal entries in the financial processes at the Commodity Credit Corporation (CCC). These fractured systems and processes lead to excessive compensating controls, exposure to fraud, and the high risk of improper payments.

    It will reduce the cost of operations and headcount by eliminating the need to maintain many of the legacy feeder systems and data warehouses used for program monitoring, funds control, and financial reporting.

    The proposed implementation of FMMI provides for Department-wide expanded functional capability, full integration of critical system components and continued high-quality production and customer support. FMMI also addresses a critical and growing need for better integration of program, financial, and budgetary information to support more efficient and effective management of USDA's missions and improved delivery of programs against established performance goals and objectives.

    Funding in FY 2008 represents a portion of the total cost to fully implement FMMI. This includes conversion of the current FFIS applications into FMMI and the remaining nine applications currently outside FFIS (used by Rural Development, Forest Service, Food and Nutrition Service, and CCC) into FMMI, the new financial management system, by FY 2011.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

### Geographic Breakdown of Obligations and Staff Years
### 2006 Actual and Estimated 2007 and 2008

|  | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|
|  | Amount | Staff Years | Amount | Staff Years | Amount | Staff Years |
| District of Columbia. | $5,788,950 | 38 | $5,815,000 | 38 | $30,863,000 | 38 |
| Unobligated Balance | +26,310 | -- | -- | -- | -- | -- |
| Total, Available or Estimate.................. | 5,815,260 | 38 | 5,815,000 | 38 | 30,863,000 | 38 |

### Classification by Objects
### 2006 Actual and Estimated 2007 and 2008

|  | 2006 | 2007 | 2008 |
|---|---|---|---|
| **Personnel Compensation:** |  |  |  |
| Washington, D.C................................. | $3,666,886 | $3,756,000 | $3,954,000 |
| 11 Total personnel compensation.................. | 3,666,886 | 3,756,000 | 3,954,000 |
| 12 Personnel benefits................................. | 791,101 | 810,000 | 872,000 |
| Total personnel compensation & benefits. | 4,457,987 | 4,566,000 | 4,826,000 |
| **Other Objects:** |  |  |  |
| 21 Travel.......................................... | 95,790 | 96,000 | 96,000 |
| 22 Transportation of things........................... | 895 | 1,000 | 1,000 |
| 23.3 Communications, utilities, and misc. charges................................. | 189,055 | 189,000 | 189,000 |
| 24 Printing and reproduction......................... | 111,685 | 112,000 | 112,000 |
| 25.2 Other services..................................... | 776,704 | 695,000 | 25,480,000 |
| 25.3 Purchase of goods and services from Government Accounts............................. | 3,651 | 4,000 | 4,000 |
| 25.7 Operation and maintenance of equipment. | 52,813 | 53,000 | 53,000 |
| 26 Supplies and materials.............................. | 76,823 | 76,000 | 77,000 |
| 31 Equipment.......................................... | 23,254 | 23,000 | 25,000 |
| 43 Interest and Dividends........................ | 293 | -- | -- |
| Total other objects............................... | 1,330,963 | 1,249,000 | 26,037,000 |
| Total direct obligations............................ | 5,788,950 | 5,815,000 | 30,863,000 |
| **Position Data:** |  |  |  |
| Average Salary, EX/ES positions..................... | $162,500 | $166,075 | $171,057 |
| Average Salary, GS positions.......................... | $81,271 | $83,268 | $88,049 |
| Average Grade, GS positions.......................... | 13.2 | 13.2 | 13.2 |

## OFFICE OF THE CHIEF FINANCIAL OFFICER

## STATUS OF PROGRAM

Current Activities: The Office of the Chief Financial Officer (OCFO) has Department-wide leadership responsibility for financial operations, activities, systems, and personnel. The Chief Financial Officer (CFO) is the USDA's chief financial management policy officer and is the chief financial management advisor to the Secretary and the mission area heads. In addition to responsibilities in financial policy and operations, the OCFO is responsible for the administration of the Working Capital Fund (WCF). The CFO is the Departmental official charged with the responsibility for the financial health of the WCF, and the Associate CFO for Financial Policy and Planning serves as Controller of the WCF in charge of day-to-day financial management. Also, OCFO directly manages four WCF activities: the National Finance Center (NFC), Controller Operations, Corporate Financial Management Systems, and Competitive Sourcing.

Specific areas being addressed include:

Departmental Financial Statements. For the fiscal year (FY) 2006, USDA, and all of its agencies, received unqualified (clean) opinions on its annual financial statement audits.

While USDA made improvements in its financial management systems and internal controls in recent years, there is still room for improvement. USDA Plans to obtain an unqualified opinion on its 2007 financial statements and to make additional improvements including:

- Reducing material weaknesses and reportable conditions, and obtaining an unqualified opinion on the FY 2007 financial statements; and
- Monitoring agency improvements in areas such as reducing inactive unliquidated obligations and abnormal account balances.

USDA has two systems in critical need of replacement, the Core Financial System and the Farm Services System. The OCFO is executing its responsibility for Financial and Mixed systems and is leading the effort to replace these systems and modernize business practices.

USDA currently operates on 9 financial systems, all of which are no longer supported by their vendors. OCFO has closed the Request for Proposal (RFP), formed and trained the evaluation committee, and is preceding with the selection of a Commercial off-the-shelf (COTS) Core Financial System replacement solution. That one system will serve as the Department's general ledger and will subsume the existing 9 general ledgers.

The Farm Service System is starting to show advanced signs of failure. The Department has formed a committee of the CFO, Chief Information Officer (CIO), Under Secretary of Farm and Foreign Agricultural Servicies (FFAS), and the Administrator of Farm Service Agency (FSA), to oversee the project. Reporting to this committee is the Design and Implementation Team made up of 2 Associate Chief Financial Officers, 2 Associate Chief Information Officers, FSA CIO, FSA CFO, and FSA Program Manager. OCFO is working with consultants and groups in the Department on currently available solutions.

In cooperation with the Office of the Deputy Secretary, executives and managers from the Office of the Chief Financial Officer and the Office of the Chief Information Officer have developed an Information Technology (IT) Weakness Executive Steering Committee to monitor and guide actions planned and in progress to eliminate the pervasive IT weaknesses within the Department. In addition, the IT Executive Steering Committee has spawned sub-task groups to work on specific areas of concern for the purpose of making recommendations for further action. An IT Working Group comprised of component agency Chief Financial Officers, Chief Information Officers and Deputy Administrators for Management was formed to resolve the IT material weakness, provide a communication forum to discuss cross-functional issues and ensure cohesive management of cross-functional issues.

<u>Audit Follow-up</u>. As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to the Office of Management and Budget (OMB) Circulars A-50, "Audit Follow-up," and (2) researches and analyzes audits, making determinations on final actions, monitoring management's actions on audits, tracking individual audit recommendations, and reporting results annually to the Congress. The OCFO also provides policy guidance and assistance to agencies on technical matters. Specific efforts are focused on:

- Increasing management's awareness of open audit issues that are not completed in a timely manner;
- Increasing the rate of resolving audits which are categorized as behind schedule and without final action one year or more past management decision date;
- Working with USDA agencies' management and the Office of Inspector General (OIG) to ensure that management actions in response to audits are appropriate and achievable, will correct the identified deficiencies, are cost effective, and provide an action plan with milestones for completion;
- Providing useful and timely information on the status of audits to management and the Congress for decision-making and resource allocation purposes; and
- Reviewing, analyzing, and reporting quarterly on progress in achieving corrective actions for audits one year or more past management decision but without final action.

<u>Management Accountability and Control and Compliance with Laws and Regulations</u>. The OCFO is responsible for management accountability and control under the CFO Act, the Federal Managers' Financial Integrity Act (FMFIA), and the Federal Financial Management Improvement Act (FFMIA). OCFO establishes policy and guidance to ensure that USDA agencies comply with the requirements of FMFIA and FFMIA, and reports on material weaknesses, financial system non-conformances in the Performance and Accountability Report to the Congress and the President. In FY 2006, USDA completed a single-year implementation of the requirements of OMB's Circular A-123, *Management's Responsibility for Internal Control, Appendix A – Internal Control over Financial Reporting*. The OCFO is working with agencies to establish an ongoing process to conduct annual assessments of internal control over financial reporting to sustain compliance with the law and guidance. Current efforts include:

- Re-establishing the Department-wide Assessment Implementation Team to conduct the assessment of internal control over financial reporting;
- Providing a recommendation to the Secretary of Agriculture on the type of assurance to be provided regarding the effectiveness of USDA's internal control over financial reporting as of June 30, 2007 and for the FMFIA Annual Assurance Statement to OMB and Congress;
- Revising Departmental guidance on internal control for consistency with government-wide guidance;
- Increasing Departmental management's awareness of open material deficiencies and encouraging timely correction;
- Reviewing, analyzing, and reporting monthly progress in achieving major corrective action milestones during the reporting period;
- Working with Departmental management, and the OIG to verify the continued materiality of deficiencies; and
- Assisting agencies in focusing resources on the elimination of material weaknesses and financial system non-conformances and non-compliances; thereby, accomplishing these specific elements of the criteria for achieving green in the President's Management Agenda (PMA) scorecard for Financial Performance.

<u>Performance Management</u>. The OCFO coordinates the development of the USDA Performance and Accountability Report. USDA uses requirements from the Government Performance and Results Act (GPRA) of 1993 and the OMB's *Circular A-11 Preparation, Submission, and Execution of the Budget* to establish the content and timeframes for USDA's Strategic Plan and Annual Performance Report. The OCFO works with the Department's leadership, and mission area Budget Performance and Integration Coordinators in the following performance management activities:

- Coordinating with the Office of Budget and Program Analysis (OBPA) on integrating budget and performance management and on enhancing and refining USDA performance goals and metric indicators;
- Developing an annual performance report for the Department that clearly demonstrates linkages to the

USDA Strategic Plan and Performance Budget; and
- Enhancing coordination within USDA and with other Federal agencies to develop common goals and performance measures for cross-cutting functions and programs.

Debt Policy. OCFO is responsible for developing Departmental policy, and coordinating and guiding USDA agencies in implementing the requirements of the Debt Collection Improvement Act (DCIA). USDA's total receivables are $104 billion, which represents about one-third of the non-tax debt owed to the Federal government. OCFO has additional policy and oversight responsibilities for USDA agency debt, credit and cash management activities required by numerous statutes (e.g., Credit Reform Act), regulations, circulars, manuals and directives. Current activities include:

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

Improper Payments. OCFO leads the Department by issuing implementation policy and guidance to USDA agencies on carrying out the Improper Payments Information Act (IPIA) and the Defense Authorization Act for recovery auditing. For fiscal years 2004-2006, the OIG identified implementing the IPIA as one of the most serious management challenges facing the Department because of the numbers and complexity of USDA programs and the intricacy of the risk assessment methodology. OMB elevated the IPIA to one of the PMA items for FY 2005, highlighting IPIA as an area of government-wide weakness in need of special attention and concentrated effort. Current activities include:

- Providing expertise and consultation services assisting agencies with and conducting oversight of risk assessments, statistical sampling, error-rate reporting and remediation planning;
- For FY 2006, USDA identified 142 programs subject to IPIA. Of those, 15 programs with outlays totaling $65 billion have been identified as high risk with estimated improper payments of $4,634 million;
- Conducting analyses of agency plans for implementing the IPIA providing objective evaluation and standardization to improve IPIA compliance;
- Monitoring the USDA agencies' plans for development of internal controls, systems enhancements and recovery of the identified improper payments providing assurance of program integrity and the prevention of future improper payments; and
- Coordinating Departmental preparation and reporting of required improper payment and recovery auditing accomplishments in the USDA Performance and Accountability Report providing objectivity and standardization in report content.

Travel Policy. OCFO is responsible for travel management policy for the Department and has oversight responsibility for USDA's approximately $325 million civilian travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services and the travel card program. OCFO also participates on inter-agency travel policy committees in cooperation with General Services Administration (GSA) and the OMB. As part of the PMA for eGovernment, USDA selected a vendor and initially met the OMB mandated deadlines. However, USDA parted ways with this vendor and has been working closely with OMB and GSA to re-procure the eGovernment travel solution. During FY 2005, USDA successfully consolidated and standardized Departmental travel procedures and policies. This business process re-engineering will benefit USDA as it moves to the eGovernment travel solution. USDA issued the re-procurement Request for Proposal (RFP) on November 10, 2005, and began the evaluation of the proposals in December 2005, with an award in June 2006. Current activities include:

- Providing leadership in the implementation of the OMB Circular A-123, Appendix B "*Improving the Management of Government Charge Card Programs,*" dated August 5, 2005. With responsibilities for salary offset, split disbursement, maximizing travel charge card refunds and an ongoing effort to minimize cardholder misuse, OCFO provides monthly data-mining results of travel card transactions on an intranet Web site for USDA agencies' review and comment. In addition, monthly delinquency and other critical data is monitored and shared with agencies to measure performance against established baseline goals and standards. Historical data provided by the Bank of America enables OCFO to develop current trend analysis and respond proactively to ensure compliance with agency targets;
- Providing leadership for the re-procurement process, involving all USDA agencies to ensure that the selected vendor meets USDA requirements and performance measures. USDA will integrate the eGovernment travel solution with the USDA financial system, which is a major requirement. This integration will dictate the eGovernment travel solution rollout schedule at USDA; and
- Involving the GSA eGovernment travel program management office in the development of the requirements and the re-procurement process.

Grants Policy. OCFO leads the Department in Federal financial assistance policy and oversight. USDA, through OCFO leadership, participates in government-wide Federal financial assistance initiatives such as FFMIA, Grants.gov and the Grants Management Line of Business that support the PMA.

OCFO's leadership in these initiatives ensures that USDA funding opportunities are announced and may be applied for electronically, thereby streamlining the grants-making process for the grantor and grantee. OCFO manages policy and regulation development including five Departmental regulations, several OMB circulars and two Executive Orders. This requires periodic amendments to OCFO grants regulations and policies resulting in improved efficiency in grants management and standardization of regulations across government for the public. OCFO coordinates USDA debarment and suspension actions and regulations including making USDA entries to the Excluded Parties List System. OCFO also is the administrator of the USDA's Federal Assistance Awards Data System application and the Catalog of Federal Domestic Assistance. Through committee participation in grants initiatives, OCFO briefs, coordinates and trains agencies on the Grants.gov FIND and APPLY initiatives, among others, to help in agency implementation. OCFO chairs the FFMIA Mandatory Grants Work Group and the Federal Financial Assistance Committee; participates in eGrants, Grants Network, Interagency Suspension and Debarment Committee, and P.L. 106-107 Work Group committees. OCFO also maintains the Federal Financial Assistance Intranet Web site, and coordinates audit responses and legislative reports. This leads to greater information sharing and transparency of data at USDA. OCFO's committee participation is critical because many government-wide initiatives have compliance implications for USDA.

Selected Examples of Recent Progress:

Financial Statements. USDA financial managers have focused significant attention on enhancing internal controls and have implemented the new requirements of OMB's Circular A-123, Appendix A "*Internal Control Over Financial Reporting.*" Other accomplishments of the OCFO and financial managers include:

- Issued a Request for Proposal (RFP) for the Financial Management Modernization Initiative (FMMI) for the replacement of USDA's legacy corporate financial management system;
- USDA began Web enablement of its Corporate Financial and Performance Reporting, a quarterly performance system that the Secretary of Agriculture and senior executives will use to drive program results;
- Implemented dashboards that will provide agencies with more timely access to tests that measure standard general ledger budgetary and proprietary account relationships. The dashboards will provide a drill-down capability to identify specifically where relationship failures occurred so that appropriate action to fix the problems can be taken;
- USDA agencies improved their financial performance measures, targets and milestones included in the Department's Financial Data Integration Improvement Getting to Green Plan. We expect all agencies this year to begin or continue implementation of their plans; and

- Through continued reviews of year-end adjusting entries; standard general ledger abnormal balances; financial statement line item variance analysis; and other aspects of financial statement preparation were instrumental in the reduction of abnormal balances by approximately $700 million

Audit Follow-up. USDA agencies closed 53 audits in FY 2006. USDA's current inventory of audits that have reached management decision and require final action to close the audits includes 48 new audits in FY 2006 for a total of 168 audits. One of these audits is in appeal status. The Department continued its reduction in inventory of open audits in FY 2006. This is a 25-percent reduction over the past 5 years and it reflects management's commitment to aggressively address deficiencies identified in agency programs.

Management Accountability and Control. The PMA requires, among other criteria, that there be no material weaknesses in internal control to get to "green" for status in financial performance. While USDA's FY 2006 and FY 2005 Consolidated Financial Statements received an unqualified audit opinion from the OIG, the auditor's Report on Compliance with Laws and Regulations also disclosed that the Department was not substantially compliant with FFMIA requirements. As a result of the assessment of internal control over financial reporting and the financial statement audit, additional weaknesses were identified in information technology management, financial accounting and reporting, funds control and county office operations. However, USDA provided qualified assurance of compliance with the objectives of Section 2 and Section 4 of the FMFIA, except for the weaknesses disclosed. USDA has reduced the number of existing material deficiencies from a high of 19 in FY 2002 to 4 in FY 2006. USDA will continue monitoring progress on plans to improve financial systems to comply fully with FFMIA and FISMA requirements.

Performance Management. The OCFO worked closely with Departmental leadership, OBPA, Agency Chief Financial Officers and Budget and Performance Integration Coordinators to publish a revision to the USDA Strategic Plan for Fiscal Years 2005-2010. OCFO also executed USDA performance management activities, such as conducting Department-wide Planning Team meetings to draft the performance management documents for the Department and the Performance and Accountability Report for FY 2006; met with other Federal agencies, external groups, and representatives from foreign countries to discuss USDA performance management efforts and results; and participated in USDA and Federal interagency forums related to GPRA and performance management.

Debt Policy. USDA's gross receivables are $104 billion, about one-third of the non-tax debt owed to the Federal government. Through aggressive OCFO debt management policy and coordination efforts, USDA's achievements for FY 2006 include: a decrease in delinquent debt from $3.9 billion in FY 2005 to $3.7 billion in FY 2006; a delinquency rate of 3.6 percent as compared to the government-wide rate of 20 percent; green status for the 3.2 percent rate of delinquent debt over 180 days old reported to the OMB Metric Tracking System; collection of $874 million in delinquent debt from internal and DCIA tools; write-off of $931 million of uncollectible delinquent debt; close-out reporting of $444 million to Internal Revenue Service as possible debtor taxable income; a 97 percent referral rate to the Treasury Offset Program of the $1.1 billion eligible debt compared to the Government-wide rate of 66 percent; and a 99 percent referral rate to the Treasury Cross-Servicing Program of the $471 million eligible debt compared to the Government-wide rate of 79 percent. Departmental policies have led to the high referral rates providing greater potential for increased collections of delinquent debt through voluntary remittance, offset or commercial collection practices. OCFO coordinated the preparation and submission of the DCIA Annual Report to OMB which provides an assessment of compliance with compromising, writing-down, forgiving and discharging indebtedness and plans for writing-off delinquent debt over 2 years old.

Improper Payments. For FY 2006, improvements to the risk assessment and statistical sampling processes identified and measured four new high risk programs. USDA reported sample results for the first time two additional high risk programs leaving only one identified high risk program unable to sample for improper payments. Six new programs estimating improper payments for the first time resulted in an increase to USDA's total estimated improper payments. Aggressive corrective action plans have been developed to reduce improper payments for these newly identified and reporting programs. USDA did reduce improper payments in the Food Stamp Program, Farm Security and Rural Investment Programs and Wildland Fire Suppression Management in FY 2006. USDA agencies identified 142 programs subject to IPIA review. OCFO provided guidance and instruction to USDA agencies for implementing OMB requirements under IPIA.

Travel Policy. OCFO promulgated its USDA Government Travel Card Regulation that contained a "Zero Tolerance Policy" for cardholder misuse and a Salary Offset Policy that was implemented during 2004. OCFO continues to monitor for travel card misuse and helps to increase disciplinary actions taken for cardholder misuse through close collaboration with USDA agencies. USDA's Department-wide salary offset program had collections of $442,000 and $572,000 in FY 2005 and 2006 respectively, which bring the 3 year total to $1,014,000.

In FY 2006, OCFO began the re-competition of the eGovernment Travel contract after a parting of ways with its original vendor. OCFO led the representatives from all of the USDA agencies and offices in developing the eGovernment Travel RFP requirements and issued the RFP in November 2005. The vendor proposals were received in December 2005 and the evaluation of the proposals was completed in June 2006. A firm fixed price contract was awarded on June 23, 2006 to Northrop Grumman Mission Systems (NGMS.). To date, OCFO has worked with NGMS to develop the implementation project plan and interface requirements with USDA's financial system and SmartPay vendor (currently Bank of America). The implementation of the USDA agencies in the new travel system will be conducted in a phased approach and is targeted for completion in December 2008. Upon completion, USDA will retire its legacy Government Transportation System and the Temporary Duty portion of its legacy Travel System.

Grants Policy. OCFO worked with USDA grant-making agencies to help them comply with new OMB requirements for electronic grants. OCFO has trained over 600 hundred employees from all USDA agencies on the new Dun and Bradstreet number and Grants.gov FIND and APPLY. Our efforts have made USDA the second largest contributor and participant in the Grants.gov initiative and a recognized leader in government. OCFO's· leadership in mandatory grants helped produce forms that will be used on Grants.gov to allow grantees to apply for these grants online. This is an important milestone in achieving greater efficiencies for mandatory grants. OCFO's outreach and training efforts ensured that all agencies reviewed and commented on grants-related work products developed under the various electronic grants initiatives. USDA's input and expertise have been incorporated into these initiatives. It also ensured that USDA participated in the debarment and suspension common rule. OCFO continued to maintain the grants-related systems as well as sought opportunities to improve data quality and timeliness in these systems. OCFO also continued to maintain the USDA Federal Financial Assistance intranet Web site. It is used by the USDA Federal Financial Assistance Committee and serves as a single source for the FFMIA.

OFFICE OF THE CHIEF FINANCIAL OFFICER
Summary of Budget and Performance
Statement of Goals and Objectives

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

| USDA Strategic Goal/Objective | Agency Strategic Goal | Agency Objectives | Programs that Contribute | Key Outcome |
|---|---|---|---|---|
| Supports all Departmental Goals | Improve Financial Management | Objective1.1 Clean audits for all agencies and USDA on a consolidated basis. | The OIG conducts annual audits of the USDA consolidated financial statements. | USDA-wide unqualified audits. |
| | | Objective 1.2 Eliminate material weaknesses through enhanced self-assessment procedures. | OIG assesses the Department's internal control structure and compliance with laws and regulations. | Consolidate financial IT structure in the new Financial Management Modernization Initiative (FMMI). Down-grade existing weaknesses to reportable status. Consolidate Commodity Credit Corporation (CCC) programs into the core financial system. |
| | | Objective 1.3 Increase number of agency accounting operations that met key performance standards. | OIG conducts various audits of USDA's Financial Systems. | 90 percent of USDA accounting operations meet key performance standards. |
| | | Objective 1.4 Decrease number of Anti-Deficiency violations to zero. | OCFO monitors agency obligations and expenditures throughout the fiscal year and works with fund holders to help them avoid ADA violations. | No Anti-Deficiency violations. |
| | | Objective 1.5 Programs meet improper payments reporting requirements. | OCFO issues implementation policy and guidance on the carrying out of the Improper Payments Information Act. | 100 percent of programs meet the improper payments reporting requirements. |
| Supports all Departmental Goals | Improve Financial Management | Objective 1.6 Develop, implement, and maintain accounting and related administrative and financial systems. | OCFO/Corporate Financial Management Systems manages and operates financial and related systems on behalf of the Department. | Consolidate financial information technology structure in the new Financial Management Modernization Initiative (FMMI). |

OFFICE OF THE CHIEF FINANCIAL OFFICER

Strategic Objective and Funding Matrix
(On basis of appropriation)

STRATEGIC OBJECTIVE - Departmental Activities: Improve Financial Management

| Strategic Objective | 2006 Actual | | 2007 Budget | | Increase or Decrease | 2008 Estimated | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| | Amount | Staff Years | Amount | Staff Years | | Amount | Staff Years |
| Improve Financial Management............ | $5,815,260 | 38 | $5,815,000 | 38 | +$25,048,000 | $30,863,000 | 38 |

Selected Accomplishments Expected at the FY 2008 Proposed Resource Level:
- USDA-wide unqualified audit for FY 2008;
- No material weaknesses;
- 90 percent of USDA accounting operations met key performance standards by FY 2008;
- No Anti-Deficiency violations;
- 100 percent of programs meet the improper payments reporting requirements; and
- Acquisition of hardware and software; planning for corporate interfaces, data conversion development, and implementations for FMMI.

Key Performance Outcomes and Measures

Goal 1: Improve Financial Management

Key Outcome: OCFO will achieve internal control and data integrity as reflected in an unqualified opinion on USDA financial statements

Key Performance Measures:

- Clean audits for all agencies and USDA on a consolidated basis;
- Increase the number of agency accounting operations that meet key performance standards;
- Decrease the number of Anti-Deficiency violations to zero;
- Decrease in new management-identified material internal control weaknesses;
- Programs meet improper payments reporting requirements; and
- Convert data, develop corporate interfaces, implement the conversion for existing general ledger applications, and begin design of interfaces for the nine remaining general ledger application conversions.

Key Performance Targets:

| Performance Measure | 2003 Actual | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Target | 2008 Target |
|---|---|---|---|---|---|---|
| Clean audits for all agencies and USDA on a consolidated basis.<br>a. Units | 100% | 100% | 100% | 100% | 100% | 100% |
| Increase the number of agency accounting operations that meet key performance standards.<br>a. Units | 70% | 75% | 80% | 85% | 90% | 90% |
| Decrease the number of Anti-Deficiency violations to zero.<br>a. Units | 1 | 1 | 1 . | 0 | 0 | 0 |
| New management identified material internal control weaknesses.<br>a. Units | 8 | 3 | 3 | 2 | 1 | 0 |
| Programs meet improper payments reporting requirements.<br>a. Units | N/A | 11% | 100% | 100% | 100% | 100% |
| Convert data, develop corporate interfaces, implement the conversion for existing general ledger applications, and begin design of interfaces for the nine remaining general ledger application conversions.<br>a. Units | N/A | N/A | N/A | N/A | N/A | 100% |

OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance
Full Cost by Strategic Goal

Strategic Goal 1. Improve Financial Management

| PROGRAM ITEMS | Dollars in thousands | | |
|---|---|---|---|
| | FY 2006 | FY 2007 | FY 2008 |

Core Administrative Costs

| | FY 2006 | FY 2007 | FY 2008 |
|---|---|---|---|
| Performance Measure: Clean Audits for all agencies and USDA on a consolidated basis. | 100% | 100% | 100% |
| Performance Measure: Increase the number of agency accounting operations that meet key performance standards. | 85% | 90% | 90% |
| Performance Measure: Decrease the number of Anti-Deficiency violations to zero. | 0 | 0 | 0 |
| Performance Measure: New management identified material internal control weaknesses. | 2 | 1 | 0 |
| Performance Measure: Programs meet improper payments reporting requirements. | 100% | 100% | 100% |
| Subtotal for Core Administrative Costs | $5,815 | $5,815 | $6,076 |
| FTEs | 38 | 38 | 38 |

Financial Management Modernization Costs

| | FY 2006 | FY 2007 | FY 2008 |
|---|---|---|---|
| Performance Measure: Convert data, develop corporate interfaces, implement the conversion for existing general ledger applications, and begin design of interfaces for the nine remaining general ledger application conversions. | N/A | N/A | 100% |
| Subtotal for Financial Management Modernization Initiative | N/A | N/A | 24,787 |
| FTEs | 0 | 0 | 0 |
| Total | $5,815 | $5,815 | $30,863 |
| FTEs | 38 | 38 | 38 |

2008 Explanatory Notes
Working Capital Fund

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# WORKING CAPITAL FUND

## Purpose Statement

The USDA Working Capital Fund (WCF) was established in fiscal year 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 (OMB), 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 basis. The costs of providing services to all WCF clients are recovered on the basis of the level of service each client receives. The WCF has not and does not receive funds as an individual discretionary account in support of normal operations; 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.

## Description of Programs and Activities:

The Office of the Chief Financial Officer (OCFO) performs duties of the WCF Controller, including monitoring and supervising fund management activities. Activities financed under the WCF are managed in five organizations, as follows:

1.  Departmental Administration (DA) manages the following activities:

    (A) Beltsville Service Center:

    - Central Supply Stores: operates a self-service supply facility in the USDA South Building (Washington, DC) and a bulk warehouse in Beltsville, Maryland. Both facilities stock common office supplies.
    - Consolidated Forms and Publications Distribution Center: provides forms warehousing, distribution, and transportation services for Departmental, agency, and standard forms.
    - Central Excess Property Operation: provides Departmental agencies with excess and surplus property disposition services in addition to furniture rehabilitation services.
    - Central Shipping and Receiving: administers receipt and shipment of parcels in the D.C. Buildings Complex and the Beltsville Office Facility (George Washington Carver Center).

    (B) Mail and Reproduction Management:

    - Central Mail Unit: furnishes USDA agencies in the D.C. Buildings Complex with door-to-door mail pick up and delivery services.
    - Departmental Mailing List Service: furnishes USDA agencies with Departmental mailing lists, and high-volume headquarters local printing services for National Finance Center reports.
    - Reproduction Services: provides short-order and special order duplicating services, and walk-up/self-service and high volume copying services.

    (C) Integrated Procurement Systems: efforts in this area are geared toward streamlining and improving procurement processes and systems, and developing and implementing an integrated acquisition "toolkit;" improvements in purchase card processes and development, implementation, and operation of a purchase card system; and maintenance and upgrade of software systems to provide agencies with standard contract language support services.

2. The Office of Communications manages the following activities:

    (A) Broadcast Media and Technology Center (BMTC): provides video production services to USDA agencies, and studio and production facilities for teleconferences in which USDA agencies participate.

    (B) Creative Services Center (CSC): provides USDA agencies with exhibit design and visitor center support services, and Web design services.

3. OCFO manages the following activities:

    (A) National Finance Center (NFC): provides financial and administrative management services, including payroll/personnel services, to all USDA agencies and more than 100 non-USDA entities.

    (B) Controller Operations: operates a unified corporate controller organization integrating accountability for sustained financial management processes and systems throughout the Department.

    (C) Corporate Financial Management Systems (CFMS): This office administers the core financial information system, financial data warehouse, and related systems. These systems are essential for achieving unqualified opinions of Departmental financial statements and to maintain systems that merge financial information from financial systems, program systems, and administrative systems.

    (D) Competitive Sourcing: provides guidance and direction to USDA mission areas and agencies in the implementation of OMB Circular A-76 in this critical President's Management Agenda item.

4. The Office of the Chief Information Officer (OCIO) manages information technology services under activity centers in three categories:

    (A) National Information Technology Center: provides mainframe computing services, automated data processing (ADP) training, and other ADP services to USDA agencies and non-USDA entities; supports systems and software development services to USDA agencies and non-USDA users.

    (B) Information Technology Services: this organization within OCIO incorporates the infrastructure roles of the Farm Service Agency, the Natural Resources Conservation Service and the Rural Development mission areas. It was approved by OMB as a new WCF activity in 2005, in accordance with requirements of 7 U.S.C. 2235.

    (C) Telecommunications Services:

        - <u>National Telecommunications Services Office</u>: responsible for Department-wide telecommunications management support services; provides an integrated information system for inventory management, Federal Telecommunications System billing, reporting, and validation; supports telecommunications modernization efforts; manages Internet access; provides optimal wide area network solutions for security and operations, and telecommunications research and development, test and evaluation.
        - <u>Computer Services Unit</u>: plans, acquires, implements, and manages information technology (IT) resources for the Office of Secretary and OCIO; ensures compliance with information resources management standards and policies; and provides economies and efficiencies in the use of IT through elimination of duplication and sharing of resources.
        - <u>Telecommunications Customer Services Center</u>: maintains and administers the USDA telecommunications equipment and services inventory in the D.C. Buildings Complex;

publishes the USDA telephone directory; provides automated telephone directory employee locator services; and manages the Departmental voice mail system service.

- Network Services: provides technical and operations assistance on data networking telecommunications systems, and design, installation, operation, and management of value-added, common shared services provided on Departmental Headquarters networks and platforms.

5. The Office of the Executive Secretariat (OES) analyzes, manages, and tracks mail in fulfilling its responsibilities to control executive correspondence. OES ensures a timely and accurate response to inquiries made to the Department, provides information to Department officials in a timely manner and establishes Department-wide procedures and policies for handling executive records and documents.

Management of the WCF is through the Office of the Chief Financial Officer.

# WORKING CAPITAL FUND

### Available Funds and Staff Years
### 2006 Actual and Estimated 2007 and 2008

| | Actual 2006 | | Estimated 2007 | | Estimated 2008 | |
|---|---|---|---|---|---|---|
| Item | Amount | Staff Years | Amount | Staff Years | Amount | Staff Years |
| **Working Capital Fund** | | | | | | |
| **Recurring Oper. (USDA)** | | | | | | |
| Administration | $40,723,714 | 149 | $41,526,000 | 182 | $40,733,000 | 182 |
| Communications | 7,414,755 | 20 | 6,513,000 | 28 | 6,816,000 | 28 |
| Fin. & Mgt. | 148,981,941 | 724 | 139,865,000 | 1,017 | 160,862,000 | 887 |
| Info. Technology | 299,679,118 | 860 | 264,188,000 | 993 | 265,948,000 | 1,002 |
| Exec. Secretariat | 3,167,048 | 26 | 3,397,000 | 24 | 3,279,000 | 24 |
| Intrafund Adj. a/ | -47,620,000 | 0 | -49,779,000 | 0 | -51,634,000 | 0 |
| Subtotal | 452,346,576 | 1,779 | 405,710,000 | 2,244 | 426,004,000 | 2,123 |
| Purch of Equip. | 15,433,000 | 0 | 15,450,000 | 0 | 16,756,000 | 0 |
| Unobl. Bal. Exp. | 0 | 0 | 6,626,000 | 0 | 0 | 0 |
| Discr. Hurricane Suppl. (appr.) | 60,000,000 | 0 | 0 | 0 | 0 | 0 |
| Subtotal (USDA) | 527,779,576 | 1,779 | 427,786,000 | 2,244 | 442,760,000 | 2,123 |
| **Recurring Oper. (Non-USDA)** | | | | | | |
| Administration | 1,220,248 | 0 | 1,419,000 | 0 | 1,429,000 | 0 |
| Communications | 91,318 | 0 | 219,000 | 1 | 61,000 | 1 |
| Fin. & Mgt. | 85,919,806 | 519 | 95,232,000 | 688 | 89,695,000 | 567 |
| Info. Technology | 12,908,907 | 27 | 12,523,000 | 32 | 17,107,000 | 32 |
| Subtotal (Non-USDA) | 100,140,279 | 546 | 109,393,000 | 721 | 108,292,000 | 600 |
| Total, WCF | 627,919,855 | 2,325 | 537,179,000 | 2,965 | 551,052,000 | 2,723 |

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 (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
### 2006 Actual and Estimated 2007 and 2008

| Grade | 2006 | | | 2007 | | | 2008 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Wash DC | Field | Total | Wash DC | Field | Total | Wash DC | Field | Total |
| Senior Executive Service | 2 | 10 | 12 | 2 | 10 | 12 | 1 | 11 | 12 |
| GS-15 | 12 | 35 | 47 | 12 | 36 | 48 | 11 | 38 | 49 |
| GS-14 | 29 | 108 | 137 | 29 | 124 | 153 | 30 | 121 | 151 |
| GS-13 | 57 | 373 | 430 | 57 | 403 | 460 | 57 | 396 | 453 |
| GS-12 | 45 | 610 | 655 | 45 | 670 | 715 | 45 | 665 | 710 |
| GS-11 | 17 | 285 | 302 | 17 | 315 | 332 | 18 | 321 | 339 |
| GS-10 | 0 | 28 | 28 | 0 | 38 | 38 | 0 | 31 | 31 |
| GS-9 | 9 | 108 | 117 | 9 | 122 | 131 | 9 | 107 | 116 |
| GS-8 | 1 | 42 | 43 | 1 | 57 | 58 | 1 | 53 | 54 |
| GS-7 | 4 | 414 | 418 | 4 | 484 | 488 | 4 | 327 | 331 |
| GS-6 | 14 | 147 | 161 | 14 | 167 | 181 | 14 | 170 | 184 |
| GS-5 | 17 | 145 | 162 | 17 | 158 | 175 | 17 | 133 | 150 |
| GS-4 | 23 | 56 | 79 | 23 | 61 | 84 | 23 | 53 | 76 |
| GS-3 | 1 | 8 | 9 | 1 | 8 | 9 | 1 | 6 | 7 |
| GS-2 | 0 | 10 | 10 | 0 | 10 | 10 | 0 | 4 | 4 |
| GS-1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Graded Positions............... | 42 | 14 | 56 | 42 | 14 | 56 | 42 | 14 | 56 |
| Ungraded Positions............... | 0 | 15 | 15 | 0 | 15 | 15 | 0 | 0 | 0 |
| Total Permanent Positions............... | 273 | 2,408 | 2,681 | 273 | 2,692 | 2,965 | 273 | 2,450 | 2,723 |
| Unfilled Positions end of year............ | -70 | -286 | -356 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total, Permanent Full-Time Employment, end-of-year................... | 203 | 2,122 | 2,325 | 273 | 2,692 | 2,965 | 273 | 2,450 | 2,723 |
| Staff Yr. Estimate.. | 203 | 2,122 | 2,325 | 273 | 2,692 | 2,965 | 273 | 2,450 | 2,723 |

## LEAD-OFF TABULAR STATEMENT
## WORKING CAPITAL FUND

Recurring Operations 1/
| | |
|---|---|
| Current Estimate, 2007 ............................... | $515,103,000 |
| Budget Estimate, 2008 ............................... | 534,296,000 |
| Change in Estimate ............................... | +19,193,000 |

Capital Acquisitions
| | |
|---|---|
| Current Estimate, 2007 ............................... | $15,450,000 |
| Budget Estimate, 2008 ............................... | 16,756,000 |
| Change in Estimate ............................... | +1,306,000 |

Unobligated Balances Expended
| | |
|---|---|
| Current Estimate, 2007 ............................... | $6,626,000 |
| Budget Estimate, 2008 2/ ............................... | 0 |
| Change in Estimate ............................... | -6,626,000 |

Total, Working Capital Fund
| | |
|---|---|
| Current Estimate, 2007 ............................... | $537,179,000 |
| Budget Estimate, 2008 ............................... | 551,052,000 |
| Change in Estimate ............................... | +13,873,000 |

1/    Net of intrafund transfers.

2/    Among the General Provisions of appropriations language, the Secretary has authority to transfer unobligated balances to the WCF, to be available until expended, for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. A total of $6,626,000 in FY 2006 funds and unexpended funds transferred from FY 2005 balances are available for expenditure in FY 2007. A spending plan will be provided to Congress as soon as decisions are made in the Department regarding those initiatives most advantageous to the Department to pursue. The amount for FY 2008 (unobligated FY 2007 funds) will not be known until the end of the fiscal year.

## WORKING CAPITAL FUND

### SUMMARY OF INCREASES AND DECREASES
(Program Activity)

| Item of Change | 2007 Estimated | Pay Costs | Program Changes | 2008 Estimated |
|---|---|---|---|---|
| **Recurring Operations:** | | | | |
| 1. Administration: | $42,945,000 | +$141,000 | -$924,000 | $42,162,000 |
| Beltsville Service Center | 12,744,000 | +48,000 | -574,000 | 12,218,000 |
| Mail and Reproduction Management | 15,938,000 | +85,000 | -493,000 | 15,530,000 |
| Integrated Procurement Systems | 14,263,000 | +8,000 | +143,000 | 14,414,000 |
| 2. Communications: | 6,732,000 | +29,000 | +116,000 | 6,877,000 |
| Broadcast Media & Technology Ctr. | 2,798,000 | +17,000 | +6,000 | 2,821,000 |
| Creative Services Center | 3,934,000 | +12,000 | +110,000 | 4,056,000 |
| 3. Finance & Management: | 235,097,000 | +1,395,000 | +14,065,000 | 250,557,000 |
| NFC/USDA | 53,229,000 | +353,000 | +15,538,000 | 69,120,000 |
| NFC/External Support | 95,232,000 | +624,000 | -6,161,000 | 89,695,000 |
| Controller Operations | 30,956,000 | +290,000 | -684,000 | 30,562,000 |
| Corporate Financial Mgt. Systems | 55,221,000 | +123,000 | +5,377,000 | 60,721,000 |
| Competitive Sourcing | 459,000 | +5,000 | -5,000 | 459,000 |
| 4. Information Technology: | 276,711,000 | +902,000 | +5,442,000 | 283,055,000 |
| NITC/USDA | 61,565,000 | +228,000 | +8,032,000 | 69,825,000 |
| NITC/External Support | 12,523,000 | +40,000 | +4,544,000 | 17,107,000 |
| Information Technology Services | 170,214,000 | +576,000 | -5,331,000 | 165,459,000 |
| Telecommunications Services | 32,409,000 | +58,000 | -1,803,000 | 30,664,000 |
| 5. Executive Secretariat | 3,397,000 | +24,000 | -142,000 | 3,279,000 |
| Intrafund Adjustment 1/ | -49,779,000 | 0 | -1,855,000 | -51,634,000 |
| Total Recurring Operations | 515,103,000 | +2,491,000 | +16,702,000 | 534,296,000 |
| Capital Equipment | 15,450,000 | 0 | +1,306,000 | 16,756,000 |
| Unobligated Balances Expended | 6,626,000 | 0 | -6,626,000 | 0 |
| Total | 537,179,000 | +2,491,000 | +11,382,000 | 551,052,000 |

1/ Intrafund adjustments are estimated costs of service provided by one WCF activity to another. They are identified so as to avoid the double counting of expenses.

## PROJECT STATEMENT
### (Program Activity)

| | 2006 Actual | | 2007 Estimated | | Increase or Decrease | 2008 Estimated | |
|---|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff Years | | Amount | Staff Years |
| 1. Admin.: | $41,943,962 | 149 | $42,945,000 | 182 | -$783,000 | $42,162,000 | 182 |
| Belts. Svc. Ctr. | 12,574,119 | 43 | 12,744,000 | 55 | -526,000 | 12,218,000 | 55 |
| Mail/Repr. Mgt. | 14,238,317 | 98 | 15,938,000 | 117 | -408,000 | 15,530,000 | 117 |
| Integr. Proc. Syst. | 15,131,526 | 8 | 14,263,000 | 10 | +151,000 | 14,414,000 | 10 |
| 2. Commun.: | 7,506,073 | 20 | 6,732,000 | 29 | +145,000 | 6,877,000 | 29 |
| BMTC | 2,878,745 | 14 | 2,798,000 | 16 | +23,000 | 2,821,000 | 16 |
| Creative Svcs. Ctr. | 4,627,328 | 6 | 3,934,000 | 13 | +122,000 | 4,056,000 | 13 |
| 3. Fin. & Mgt.: | 234,901,747 | 1,243 | 235,097,000 | 1,705 | +15,460,000 | 250,557,000 | 1,454 |
| NFC/USDA | 58,767,745 | 380 | 53,229,000 | 600 | +15,891,000 | 69,120,000 | 470 |
| NFC/Ext. Supp. | 85,919,806 | 519 | 95,232,000 | 688 | -25,537,000 | 89,695,000 | 567 |
| Contr. Oper. | 30,404,405 | 262 | 30,956,000 | 322 | -394,000 | 30,562,000 | 322 |
| Corp. Fin. Mgt. | 59,316,827 | 81 | 55,221,000 | 92 | +5,500,000 | 60,721,000 | 92 |
| Comp. Src. | 492,964 | 1 | 459,000 | 3 | 0 | 459,000 | 3 |
| 4. Info. Tech.: | 312,588,025 | 887 | 276,711,000 | 1,025 | +6,344,000 | 283,055,000 | 1,034 |
| NITC/USDA | 72,088,240 | 162 | 61,565,000 | 172 | +8,260,000 | 69,825,000 | 181 |
| NITC/Ext. Supp. | 12,908,907 | 27 | 12,523,000 | 32 | +4,584,000 | 17,107,000 | 32 |
| Info. Tech. Svcs. | 196,702,528 | 663 | 170,214,000 | 775 | -4,755,000 | 165,459,000 | 775 |
| Telecom. Svcs. | 30,888,350 | 35 | 32,409,000 | 46 | -1,745,000 | 30,664,000 | 46 |
| 5. Exec. Secr. | 3,167,048 | 26 | 3,397,000 | 24 | -118,000 | 3,279,000 | 24 |
| Intrafund Adj. | -47,620,000 | 0 | -49,779,000 | 0 | -1,855,000 | -51,634,000 | 0 |
| Total Rec. Oper. | 552,486,855 | 2,325 | 515,103,000 | 2,965 | +19,193,000 | 534,296,000 | 2,723 |
| Capital Equip. | 15,433,000 | 0 | 15,450,000 | 0 | +1,306,000 | 16,756,000 | 0 |
| Discr. Hurricane Suppl. (approp.) | 60,000,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unobl. Bal. Exp. | 0 | 0 | 6,626,000 | 0 | -6,626,000 | 0 | 0 |
| Tot. Avail. or Est. | 627,919,855 | 2,325 | 537,179,000 | 2,965 | +13,873,000 | 551,052,000 | 2,723 |

## PROJECT STATEMENT
### (USDA Activity)

| | 2006 Actual | | 2007 Estimated | | Increase or Decrease | 2008 Estimated | |
|---|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff Years | | Amount | Staff Years |
| 1. Admin.: | $40,723,714 | 149 | $41,526,000 | 182 | -$793,000 | $40,733,000 | 182 |
| Belts. Svc. Ctr. | 11,350,769 | 43 | 11,470,000 | 55 | -681,000 | 10,789,000 | 55 |
| Mail/Repr. Mgt. | 14,241,419 | 98 | 15,793,000 | 117 | -263,000 | 15,530,000 | 117 |
| Integr. Proc. Sys. | 15,131,526 | 8 | 14,263,000 | 10 | +151,000 | 14,414,000 | 10 |
| 2. Commun.: | 7,414,755 | 20 | 6,513,000 | 28 | +303,000 | 6,816,000 | 28 |
| BMTC | 2,796,769 | 14 | 2,772,000 | 15 | +0 | 2,772,000 | 15 |
| Creative Svcs. Ctr. | 4,617,986 | 6 | 3,741,000 | 13 | +303,000 | 4,044,000 | 13 |
| 3. Fin. & Mgt.: | 148,981,941 | 724 | 139,865,000 | 1,017 | +20,997,000 | 160,862,000 | 887 |
| NFC/USDA | 58,767,745 | 380 | 53,229,000 | 600 | +15,891,000 | 69,120,000 | 470 |
| NFC/Ext. Supp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contr. Oper. | 30,404,405 | 262 | 30,956,000 | 322 | -394,000 | 30,562,000 | 322 |
| Corp. Fin. Mgt. | 59,316,827 | 81 | 55,221,000 | 92 | +5,500,000 | 60,721,000 | 92 |
| Comp. Src. | 492,964 | 1 | 459,000 | 3 | 0 | 459,000 | 3 |
| 4. Info. Tech.: | 299,679,118 | 860 | 264,188,000 | 993 | +1,760,000 | 265,948,000 | 1,002 |
| NITC | 72,088,240 | 162 | 61,565,000 | 172 | +8,260,000 | 69,825,000 | 181 |
| NITC/Ext. Supp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Info. Tech. Svcs. | 196,702,528 | 663 | 170,214,000 | 775 | -4,755,000 | 165,459,000 | 775 |
| Telecom. Svcs. | 30,888,350 | 35 | 32,409,000 | 46 | -1,745,000 | 30,664,000 | 46 |
| 5. Exec. Secr. | 3,167,048 | 26 | 3,397,000 | 24 | -118,000 | 3,279,000 | 24 |
| Intrafund Adj. | -47,620,000 | 0 | -49,779,000 | 0 | -1,855,000 | -51,634,000 | 0 |
| Total Rec. Oper. | 452,346,576 | 1,779 | 405,710,000 | 2,244 | +20,294,000 | 426,004,000 | 2,123 |
| Capital Equip. | 15,433,000 | 0 | 15,450,000 | 0 | +1,306,000 | 16,756,000 | 0 |
| Discr. Hurricane Suppl. (approp.) | 60,000,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unobl. Bal. Exp. | 0 | 0 | 6,626,000 | 0 | -6,626,000 | 0 | 0 |
| Tot. Avail. or Est. | 527,779,576 | 1,779 | 427,786,000 | 2,244 | +14,974,000 | 442,760,000 | 2,123 |

## PROJECT STATEMENT
### (Non-USDA Activity)

| | 2006 Actual | | 2007 Estimated | | Increase or Decrease | 2008 Estimated | |
|---|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff Years | | Amount | Staff Years |
| 1. Admin.: | $1,220,248 | 0 | $1,419,000 | 0 | +$10,000 | $1,429,000 | 0 |
| Belts. Svc. Ctr. | 1,223,350 | 0 | 1,274,000 | 0 | +155,000 | 1,429,000 | 0 |
| Mail/Repr. Mgt. | -3,102 | 0 | 145,000 | 0 | -145,000 | 0 | 0 |
| | | | | | | | |
| 2. Commun.: | 91,318 | 0 | 219,000 | 1 | -158,000 | 61,000 | 1 |
| BMTC | 81,976 | 0 | 26,000 | 1 | +23,000 | 49,000 | 1 |
| Creative Svcs. Ctr. | 9,342 | 0 | 193,000 | 0 | -181,000 | 12,000 | 0 |
| | | | | | | | |
| 3. Fin. & Mgt.: | 85,919,806 | 519 | 95,232,000 | 688 | -5,537,000 | 89,695,000 | 567 |
| NFC/Ext. Supp. | 85,919,806 | 519 | 95,232,000 | 688 | -5,537,000 | 89,695,000 | 567 |
| | | | | | | | |
| 4. Info. Tech.: | 12,908,907 | 27 | 12,523,000 | 32 | +4,584,000 | 17,107,000 | 32 |
| NITC/Ext. Supp. | 12,908,907 | 27 | 12,523,000 | 32 | +4,584,000 | 17,107,000 | 32 |
| | | | | | | | |
| Tot. Avail. or Est. | 100,140,279 | 546 | 109,393,000 | 721 | -1,101,000 | 108,292,000 | 600 |

## JUSTIFICATION OF INCREASES AND DECREASES

In the categories of Administration and Information Technology, WCF activities are aggregated under functional categories to simplify presentation. The aggregated functions are as follows:

<u>Administration</u>:

| | |
|---|---|
| Beltsville Service Center:<br>(Belts. Svc. Ctr.). | Central Supply Stores<br>Consolidated Forms and Publications Distribution Center<br>Central Excess Property Operation<br>Central Shipping and Receiving |
| Mail and Reproduction Mgt.:<br>(Mail/Repr. Mgt.) | Central Mail Unit<br>Duplicating Unit<br>Copier Center<br>Departmental Mailing List Service |

<u>Information Technology</u>:

National Information Technology Center (NITC): includes both mainframe/IT services and applications support services

Information Technology Services

| | |
|---|---|
| Telecommunications<br>Services: | National Telecommunications Services Office<br>Computer Services Unit<br>Telecommunications Customer Services Center<br>Network Services |

Justifications of increases and decreases among WCF activities are as follows:

Recurring Operations (reimbursements from serviced agencies):

(1)     <u>A net increase of $19,193,000 for recurring operations consisting of:</u>

    (a)     An increase of $2,491,000 for pay costs.

    (b)     An increase of $16,702,000 for program-related costs in response to agency demand for financial management, administrative support, information technology, communications, and executive secretariat services.

Capital Acquisitions:

Capital acquisitions reflect the most economical purchases of equipment and other capital investments. Capital is allocated among activity centers up to the limit of availability based on their respective equipment and capital needs. Such allocations are not based on any prior year allocation that might have been made to activities. Requests for capital must be justified to and reviewed by the WCF Controller before final allocations are made. In evaluating capital requests, the primary principle governing allocations is that where it is advantageous for the government to purchase rather than lease assets (based on total costs over the life of the asset), capital acquisition resources are allocated. 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 an eye toward 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.

(2)   An net increase in allocation for capital acquisitions of $1,306,000 ($16,756,000 allocated in for capital acquisitions in FY 2008; $15,450,000 allocated in FY 2007):

    (a)    Expenditures for capital acquisitions are as follows:

| | 2007 | 2008 |
|---|---|---|
| Communications: | | |
| Broadcast Media and Technology Center ............ | $150,000 | 0 |
| Finance and Management: | | |
| National Finance Center ...................................... | 4,350,000 | $6,111,000 |
| Corporate Financial Management Systems........... | 3,450,000 | 5,100,000 |
| Total ...... ...................................................... | 7,800,000 | 11,211,000 |
| Information Technology: | | |
| National Information Technology Center ............. | 7,500,000 | 5,545,000 |
| TOTAL, Working Capital Fund................... | 15,450,000 | 16,756,000 |

(3)   A net decrease of $6,626,000 in unobligated balances.

Among the General Provisions of appropriations language, the Secretary has authority to transfer unobligated balances to the WCF, to be available until expended, for acquisition of plant and capital equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. A total of $6,626,000 in FY 2006 funds and unexpended funds transferred from FY 2005 balances are available for expenditure in FY 2007. A spending plan will be provided to Congress as soon as decisions are made in the Department regarding those initiatives most advantageous to the Department to pursue. The amount for FY 2008 (unobligated FY 2007 funds) will not be known until the end of the fiscal year.

Working Capital Fund

Geographic Breakdown of Funding and Staff-Years
2006 Actual and Estimated 2007 and 2008

|  | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|
|  | Amount | Staff Years | Amount | Staff Years | Amount | Staff Years |
| Alaska | $75,365 | 1 | $224,000 | 2 | $231,000 | 2 |
| Alabama | 602,922 | 8 | 1,233,000 | 11 | 1,269,000 | 11 |
| Arkansas | 678,287 | 9 | 1,458,000 | 13 | 1,500,000 | 13 |
| Arizona | 452,192 | 6 | 897,000 | 8 | 923,000 | 8 |
| California | 527,557 | 7 | 1,121,000 | 10 | 1,153,000 | 10 |
| Colorado | 17,619,940 | 38 | 20,108,000 | 53 | 19,793,000 | 53 |
| Connecticut | 150,731 | 2 | 336,000 | 3 | 346,000 | 3 |
| District of Columbia | 281,111,892 | 361 | 150,029,000 | 274 | 151,289,000 | 274 |
| Delaware | 226,096 | 3 | 448,000 | 4 | 461,000 | 4 |
| Florida | 527,557 | 7 | 1,121,000 | 10 | 1,153,000 | 10 |
| Georgia | 753,653 | 10 | 1,570,000 | 14 | 1,615,000 | 14 |
| Guam | 75,365 | 1 | 224,000 | 2 | 231,000 | 2 |
| Hawaii | 75,365 | 1 | 224,000 | 2 | 231,000 | 2 |
| Iowa | 1,130,479 | 14 | 2,354,000 | 21 | 2,422,000 | 21 |
| Idaho | 376,826 | 5 | 785,000 | 7 | 807,000 | 7 |
| Illinois | 904,383 | 11 | 1,906,000 | 17 | 1,961,000 | 17 |
| Indiana | 753,653 | 9 | 1,570,000 | 14 | 1,615,000 | 14 |
| Kansas | 1,130,479 | 14 | 2,467,000 | 22 | 2,538,000 | 22 |
| Kentucky | 602,922 | 8 | 1,345,000 | 12 | 1,384,000 | 12 |
| Louisiana | 241,592,705 | 1,213 | 243,671,000 | 1,676 | 251,366,000 | 1,425 |
| Massachusetts | 226,096 | 3 | 448,000 | 4 | 461,000 | 4 |
| Maryland | 13,741,383 | 54 | 14,650,000 | 72 | 14,179,000 | 72 |
| Maine | 376,826 | 5 | 785,000 | 7 | 807,000 | 7 |
| Michigan | 829,018 | 10 | 1,682,000 | 15 | 1,730,000 | 15 |
| Minnesota | 979,748 | 12 | 2,130,000 | 19 | 2,192,000 | 19 |
| Missouri | 93,814,882 | 305 | 100,200,000 | 370 | 106,079,000 | 379 |
| Mississippi | 829,018 | 10 | 1,682,000 | 15 | 1,730,000 | 15 |
| Montana | 602,922 | 8 | 1,233,000 | 11 | 1,269,000 | 11 |
| North Carolina | 829,018 | 10 | 1,794,000 | 16 | 1,846,000 | 16 |
| North Dakota | 753,653 | 10 | 1,570,000 | 14 | 1,615,000 | 14 |
| Nebraska | 1,356,575 | 17 | 2,803,000 | 25 | 2,884,000 | 25 |
| New Hampshire | 75,365 | 1 | 224,000 | 2 | 231,000 | 2 |
| New Jersey | 226,096 | 3 | 448,000 | 4 | 461,000 | 4 |
| New Mexico | 376,826 | 5 | 785,000 | 7 | 807,000 | 7 |
| Nevada | 226,096 | 3 | 448,000 | 4 | 461,000 | 4 |
| New York | 678,287 | 9 | 1,458,000 | 13 | 1,500,000 | 13 |

Working Capital Fund

<u>Geographic Breakdown of Funding and Staff-Years</u>
<u>2006 Actual and Estimated 2007 and 2008</u>

| | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|
| | <u>Amount</u> | Staff<br><u>Years</u> | <u>Amount</u> | Staff<br><u>Years</u> | <u>Amount</u> | Staff<br><u>Years</u> |
| Ohio | 602,922 | 8 | 1,345,000 | 12 | 1,384,000 | 12 |
| Oklahoma | 829,018 | 11 | 1,682,000 | 15 | 1,730,000 | 15 |
| Oregon | 452,192 | 6 | 1,009,000 | 9 | 1,038,000 | 9 |
| Pennsylvania | 527,557 | 7 | 1,121,000 | 10 | 1,153,000 | 10 |
| Puerto Rico | 226,096 | 3 | 448,000 | 4 | 461,000 | 4 |
| South Carolina | 452,192 | 6 | 897,000 | 8 | 923,000 | 8 |
| South Dakota | 753,653 | 10 | 1,570,000 | 14 | 1,615,000 | 14 |
| Tennessee | 753,653 | 10 | 1,570,000 | 14 | 1,615,000 | 14 |
| Texas | 2,110,227 | 26 | 4,485,000 | 40 | 4,614,000 | 40 |
| Utah | 602,922 | 8 | 1,233,000 | 11 | 1,269,000 | 11 |
| Virginia | 602,922 | 8 | 1,233,000 | 11 | 1,269,000 | 11 |
| Vermont | 301,461 | 4 | 561,000 | 5 | 577,000 | 5 |
| Washington | 452,192 | 6 | 1,009,000 | 9 | 1,038,000 | 9 |
| Wisconsin | 904,383 | 10 | 1,906,000 | 17 | 1,961,000 | 17 |
| West Virginia | 376,826 | 5 | 785,000 | 7 | 807,000 | 7 |
| Wyoming | 301,461 | 4 | 673,000 | 6 | 692,000 | 6 |
| Total, Available<br>  or Estimate.............. | 675,539,855 | 2,325 | 586,958,000 | 2,965 | 602,686,000 | 2,723 |

# WORKING CAPITAL FUND

<u>Classification by Objects</u>
<u>2006 Actual and Estimated 2007 and 2008</u>

|  | 2006 | 2007 | 2008 |
|---|---|---|---|
| **Personnel Compensation:** | | | |
| Washington, D.C. | $20,179,414 | $19,613,000 | $20,570,000 |
| Field | 160,702,586 | 152,280,000 | 146,938,000 |
| 11 Total personnel compensation | 180,882,000 | 171,893,000 | 167,508,000 |
| 12 Personnel benefits | 45,392,756 | 46,202,000 | 44,690,000 |
| 13 Benefits for former personnel | 733,450 | 35,000 | 37,000 |
| Total personnel comp. & benefits | 227,008,206 | 218,130,000 | 212,235,000 |
| **Other Objects:** | | | |
| 21 Travel | 12,218,510 | 4,085,000 | 4,034,000 |
| 22 Transportation of things | 1,551,456 | 723,000 | 679,000 |
| 23.1 Rental payments to GSA | 4,093,725 | 5,062,000 | 3,967,000 |
| 23.2 Rental payments to others | 3,698,481 | 2,427,000 | 3,109,000 |
| 23.3 Communications, utilities, and misc. charges | 116,333,278 | 65,917,000 | 82,938,000 |
| 24 Printing and reproduction | 1,198,494 | 889,000 | 1,067,000 |
| 25.1 Advisory & Assistance Services | 0 | 2,044,000 | 2,242,000 |
| 25.2 Other services | 134,486,914 | 192,313,000 | 196,116,000 |
| 25.3 Purchases of goods and services from Government Accounts | 60,709,676 | 8,397,000 | 15,002,000 |
| 25.4 Operation and maintenance of facilities | 601,614 | 534,000 | 444,000 |
| 25.7 Operation and maintenance of equipment | 72,814,173 | 45,508,000 | 42,796,000 |
| 26 Supplies and materials | 16,713,152 | 12,619,000 | 13,393,000 |
| 31 Equipment | 24,112,176 | 28,310,000 | 24,664,000 |
| Total other objects | 448,531,649 | 368,828,000 | 390,451,000 |
| Total, Working Capital Fund 1/ | 675,539,855 | 586,958,000 | 602,686,000 |
| **Position Data:** | | | |
| Average Salary, ES positions | $135,000 | $137,000 | $139,000 |
| Average Salary, GS positions | $44,000 | $46,000 | 46,000 |
| Average Grade, GS positions | 9.9 | 9.9 | 9.9 |

1/ Totals include all intrafund transfers

| | Departmental Reimbursable Programs | | | |
|---|---|---|---|---|
| **Spon.** | | | | |
| **Agen.** | **USDA Department-Wide Reimbursable Programs** | **FY 2006** | **FY 2007** | **Method for Allocation** |
| OSEC | Advisory Committee Liaison Services | $192,969 | $193,000 | No. of Cmtes./agency |
| OSEC | USDA Tribal Liaison | 75,554 | 76,000 | Natl FTE per agency |
| OSEC | Faith-Based Initiatives | 260,000 | 400,000 | Natl FTE per agency |
| | **Subtotal OSEC Programs** | **528,523** | **669,000** | |
| | | | | |
| ARS | Hispanic Association of Colleges and Universities | 1,500,000 | 1,400,000 | Natl FTE per agency |
| | **Subtotal ARS Programs** | **1,500,000** | **1,400,000** | |
| | | | | |
| OCR | 1890 USDA Initiatives | 2,843,000 | 2,400,000 | Natl FTE per agency |
| OCR | American Indian Higher Education Consortium | 580,000 | 580,000 | Natl FTE per agency |
| OCR | Diversity Council | 495,287 | 495,000 | Natl FTE per agency |
| | **Subtotal OCR Programs** | **3,918,287** | **3,475,000** | |
| | | | | |
| DA | Visitors Center | 145,000 | 260,000 | Natl FTE per agency |
| DA | Honor Awards | 95,438 | 80,000 | Natl FTE per agency |
| DA | TARGET Center | 950,000 | 900,000 | Natl FTE per agency |
| DA | Drug Testing Program | 137,715 | 138,000 | Agency pct. of total cost; $50 min. if no cost share |
| DA | Sign Language Interpreter Services | 229,000 | 229,000 | Natl FTE per agency |
| DA | Emergency Operations Center | 1,903,385 | 1,894,000 | Natl FTE per agency |
| DA | Personnel and Document Security | 1,077,324 | 1,600,000 | Natl FTE per agency |
| DA | Labor / Employee Rel. Case Tracking / Rpt. | 75,000 | 70,000 | Natl FTE per agency |
| DA | Continuity of Operations Planning | 1,022,950 | 1,000,000 | Natl FTE per agency |
| DA | Fed. Biobased Products Preferred Proc. Prgm. | 386,000 | 350,000 | Natl FTE per agency |
| DA | Radiation Safety | 902,386 | 900,000 | Natl FTE per agency |
| DA | Self-Svc Dashboard/Retirement Processor Web App. | 342,558 | 330,000 | Natl FTE per agency |
| | **Subtotal DA Programs** | **7,266,756** | **7,751,000** | |
| | | | | |
| OCFO | Preauthorized Funding | 550,000 | 1,600,000 | Natl FTE per agency |
| OCFO | Financial Management Modernization Initiative | 0 | 4,500,000 | 50/50 blend: Natl FTE per agency & agency DME 1/ |
| | **Subtotal OCFO Programs** | **550,000** | **6,100,000** | |
| | | | | |
| OCIO | E-GOV Presidential Initiatives | 11,023,847 | 9,000,000 | 50/50 blend: Natl FTE per agency & agency DME 1/ |
| OCIO | E-Gov Presidential Initiatives HSPD12 | 12,000,000 | 15,900,000 | Natl FTE per agency |
| OCIO | USDA E-Gov Enablers E-Gov Initiative E-auth. | 6,881,781 | 4,950,000 | Natl FTE per agency |
| OCIO | USDA E-Gov Enablers - Ag Learn | 1,220,000 | 850,000 | Natl FTE per agency |
| OCIO | USDA E-Gov Enablers - Content Management | 1,786,027 | 1,270,000 | 50/50 blend: Natl FTE per agency & agency DME 1/ |
| OCIO | USDA E-Gov Enablers - Enterprise Shared Services | 15,339,733 | 11,000,000 | Same as Above |
| OCIO | USDA Enablers- Living Disaster Recovery Plan. Sys | 1,200,000 | 850,000 | Same as Above |
| | **Subtotal USDA OCIO Programs** | **49,451,388** | **43,820,000** | |
| | **Total All Programs** | **63,214,954** | **63,215,000** | |

1/ DME is development, modernization, and enhancement costs budgeted for each agency.

<u>Benefits of USDA' Participation in Presidential E-Government Initiatives and Lines of Business:</u>

Business Gateway
- By creating access to consolidated compliance information, Business Gateway directly benefits USDA's "customers" (e.g., farm owners, food industries, and agricultural chemical producers), all of whom are subject to complex compliance requirements across multiple agencies.
- Business Gateway provides savings and operational cost avoidance:
  - o By making 520 forms (to date) available on Forms.gov, USDA saves agency time in forms management.
  - o By directing compliance-related inquiries to Business.gov, agencies will save training and staff-time dollars.

Disaster Management
- Disasterhelp.gov provides emergency information for USDA's first responders and its customers, partners, and employees. The Web site provides readily available information to enhance Disaster Management on an interagency and intergovernmental basis.

E-Authentication
- E-Authentication is a public-private partnership that enables citizens, businesses, and government employees to access online Government services using credentials issued by trusted third-parties, both within and outside the Government. Once an agency's system has been enabled to accept E-Authentication credentials, it will be able to grant access to end users who have an identity credential from one or more of the Federation's Credential Service Providers (CSPs). USDA's eAuthentication Service was certified as one of four GSA-approved, government-wide CSPs, which enables USDA to provide Level 2 credentials to other Federal agencies. As of January 1, 2007, USDA agencies collectively had 96,471 employees with Level 2 E-Authentication credentials.

E-Clearance
- E-Clearance enables employees to move from one department to another and take their security clearances with them. This portability of clearances reduces unnecessary costs and lost professional time associated with often long waits for redundant background checks to be completed.
- USDA replaced disparate, manual, and paper-based security clearance processes with eQIP, a single electronic system that ensures compliance with Government standards. All USDA agencies and offices now use eQIP to record information needed to obtain security clearances in support of E-Clearance.

E-Government Travel
- E-Government Travel will create a Government-wide, Web-based service that applies world-class travel management practices to consolidate federal travel, minimize cost and produce superior customer satisfaction. The E-Gov Travel Service is commercially hosted to minimize technology costs to the Government and guarantee refreshed functionality.

Enterprise Human Resources Integration (EHRI)
- USDA will realize significant savings and staff time as we continue migration to the Electronic Official Personnel Folder (eOPF). The eOPF streamlines and automates the electronic exchange of standardized HR data needed for an official employee record.

E-Records Management
- The E-Records Management initiative provides policy guidance to help USDA better manage its electronic records, so that records information can be effectively used to support timely and effective decision making, enhance service delivery, and ensure accountability.

E-Rulemaking
- Fourteen USDA agencies migrated to the Federal Docket Management System as of December 8, 2006. As a result, the public can review and comment on USDA regulatory actions through Regulations.gov.

E-Training
- AgLearn is USDA's system to implement the E-Training initiative. E-Training and AgLearn provide a single, USDA-wide learning management system that replaces seven legacy, agency-specific systems and widespread manual tracking of training.
- The consolidation of training within AgLearn allows agencies to cooperate in developing, tracking, and purchasing training. Training that has proved successful for one agency can easily be made available for others, eliminating redundant costs for course development and sharing subject matter expertise to a broader audience.
- The coordination of agency purchases of online courseware provides volume discounts. USDA negotiated a volume discount with a leading provider of educational software. The cost per license was reduced by 28 percent with the volume discount. The agencies that participated in the purchase have 3,135 individual courses available to their employees.
- AgLearn provides linkages to external training providers; such as the USDA Graduate School.
- Online training eliminates the need for travel, on the part of both trainers and trainees.

Federal Asset Sales
- USDA leverages Government-wide efficiencies and benefits from our leadership role in the Federal Asset Sales (FAS) initiative. USDA's Departmental Administration was selected as Shared Service Provider for Federal Asset Sales.
- The initiative will create a one-stop on-line network place for Federal sellers, buyers, and service providers to interact and share best practices. The future site, www.FedAssetSales.gov, will serve as a clearinghouse for information about Federal Asset Sales. The initiative reduces the need for redundant, agency-specific systems that support federal asset sales.
- HomeSales.gov provides information on previously owned single family homes for sale by the Federal Government. Rural Development lists single family homes for sale on HomeSales.gov.

Geospatial One-Stop
- The Geospatial One-Stop initiative (GOS) promotes coordination and alignment of geospatial data collection and maintenance among all levels of government. USDA is a major Federal producer/distributor and metadata contributor to GOS, and its large repository of current and historical data is accessible through the GOS Portal.

GovBenefits.gov
- GovBenefits.gov provides a self-service tool for citizens to get information about agency benefit programs, which reduces the need for traditional channels such as call centers and mail. Based on the volume of USDA's transactions on GovBenefits.gov, it was estimated that USDA saved or avoided costs of approximately $4.1 million in FY 2006. Over 650,000 citizens viewed USDA benefit program pages on GovBenefits.gov, which generated over 109,000 referrals to USDA program pages.

- GovBenefits.gov supports USDA's mission to work to reduce food insecurity in America by helping increase public awareness of USDA benefit programs and providing access to safe, affordable and nutritious food.
- USDA features 34 benefit programs on GovBenefits.gov. The benefits programs include the Food Stamp, Women, Infants and Children, Child Nutrition and Farmers' Market Nutrition Programs (provided by the Food and Nutrition Service), Farm Labor Housing Loan and Grant Programs (provided by the Rural Housing Service), various farm loan and disaster assistance programs (provided through the Farm Service Agency), the Wildlife Habitat Incentives and other conservation programs (provided by the Natural Resources Conservation Service) and the Crop Insurance Program (provided by the Risk Management Agency).

Grants.gov
- Grants.gov provides a single location to publish grant (funding) opportunities and application packages, and provides a single site for the grants community to apply for grants using common forms, processes, and systems.
- In FY 2006, USDA posted 121 funding opportunities on Grants.gov, and received over 1,160 electronic applications via Grants.gov. USDA offers the option to apply electronically to 100 percent of its discretionary grants and cooperative agreements to applicants through the Web site.
- Grants.gov has also allowed USDA to avoid the cost of maintaining its own front-end system to allow applicants to search and apply for grants online. However, the majority of the benefits are being realized by the public by eliminating the cost of submitting paper application through an expensive mail delivery service.

Integrated Acquisition Environment (IAE)

- Through adoption of the tools and services provided by IAE, USDA improves its ability to make informed and efficient purchasing decisions across the agency and allows it to replace manual processes. If USDA agencies were not allowed to use the IAE systems, they would need to build and maintain separate systems to record vendor and contract information, and to post procurement opportunities. Agency purchasing officials would not have access to databases of important information from other agencies on vendor performance and could not use systems to replace paper-based and labor-intensive work efforts.

International Trade Process Streamlining

- USDA integrated FAS U.S. Supplier List and implemented USDA Export Credit Guarantee (Loan) program online with Export.gov so as to make it convenient to employees, customers, and partners to be able to access export information from the Federal Government in one place. This resource is beneficial to USDA because it saves time and money for those in need of the information.

Recreation One-Stop

- The initiative benefits USDA and specifically the Forest Service (USDA-FS) by providing information related to recreational activities in our national forests and grasslands on the Recreation One-Stop portal. Citizens looking to utilize recreational services have a central place to search and do not need to contact USDA's Forest Service in order to obtain site descriptions, recreation activities, directions, and links to more-detailed information about a specific location.

Recruitment One-Stop
- Recruitment One-Stop provides state-of-the-art online recruitment services to Federal job seekers that include online job posting, intuitive job searching, resume warehousing, online application

submission, automated eligibility and status feedback, applicant data mining and integration with sophisticated automated assessment tools.
- USDA posts its position vacancies on USAJobs.gov, the Web site of the Recruitment One-Stop initiative. USDA also uses the automated assessment tools to speed and improve the quality of candidate screening and selection.

SAFECOM
- SAFECOM functions as the key Federal coordinator for promoting and providing support to Local, Tribal, State, and Federal public safety agencies for the improvement of public safety response through more effective and efficient interoperable wireless communications. USDA takes advantage of the SAFECOM standards to ensure that its public safety officers are able to collaborate effectively with other agency officials.

USA Services
- USA Services provides contact center services (such as help desk support, information centers, and emergency help lines) through the FirstContact contract vehicle and provides leadership to contact center and Web managers across all levels of government.
- USDA used procurement vehicles provided by the USA Services initiative to plan for emergency hotline and help desk needed for a Department-wide emergency. The availability of USA Services procurement vehicles significantly reduced the cost and time of that effort.

Budget Formulation and Execution Line of Business (LoB)
- The Budget Formulation and Execution LoB is to focus on building a "budget of the future," employing standards and technologies for electronic information exchange to link budget execution, performance, and financial information throughout all phases of the annual budget formulation and execution cycle. The LoB was initiated in FY 2006; USDA participated in the development of the LoB business case. USDA plans to leverage the standards developed by the LoB to improve its budgeting processes.

Financial Management LoB
- The Financial Management LoB supports efficient and improved business performance while ensuring integrity in accountability, financial controls, and mission effectiveness.
- FM LoB has established an Advisory Board to govern the activities and decision-making process for the initiative. USDA's involvement with this board affords them the opportunity to review critical issues affecting their financial management systems, voice their unique needs and concerns, and collaboratively offer recommendations and influence decisions on how best to implement the common solution. USDA is integrating financial management software to accommodate the standards set forth by the initiative.

Geospatial LoB
- The Geospatial LoB will identify opportunities for optimizing and consolidating federal geospatial-related investments to reduce the cost of government and improve services to citizens. This LoB was initiated in FY 2006. USDA was a leader in the development of the business case for the LoB.
- USDA's participation in the Geospatial LoB allows intra-agency and inter-agency sharing of geospatial information.

Grants Management LoB
- The Grants Management LoB promotes citizen access, customer service, and agency financial and technical stewardship through end-to-end grants management activities.

- By sharing services, USDA's costs to build and maintain grants management systems decrease. USDA is currently evaluating which of the current set of Federal service centers are capable of supporting USDA's grants management requirements.
- GM LoB will affect all 13 USDA grant-making agencies, simplifying the disparate application processes, improving timely reporting and delivery of services, and allowing greater coordination among USDA service providers.

IT Infrastructure Optimization LoB
- This initiative will identify the opportunities for IT infrastructure consolidation and optimization, and develop government-wide common solutions. The LoB was initiated in FY 2006; USDA participated in the development of the LoB business case. USDA plans to leverage the cost-savings opportunities made available by government wide acquisitions identified by this LoB.

IT Security LoB
- The IT Security LoB intends to establish a comprehensive and consistently implemented set of risk-based, cost-effective controls and measures that adequately protects information contained in Federal information systems. USDA fully participates in the IT Security LoB and will adopt standards designed to improve the efficiency of security practices as they are established by the initiative.

WORKING CAPITAL FUND

STATUS OF PROGRAM

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 Working Capital Fund (WCF). The Chief Financial Officer is the Departmental official charged with responsibility for the financial health of the WCF, and the Associate Chief Financial Officer for Financial Policy and Planning serves as Controller of the WCF in charge of day-to-day financial management. A staff attached to the Controller supports the OCFO in fulfilling this mission. In addition to its responsibilities for administration of the WCF, OCFO also manages four WCF activities: the National Finance Center, Controller Operations, Corporate Financial Management Systems, and Competitive Sourcing.

The WCF is a financing mechanism that provides support to more than 20 financial, administrative, and information technology activity centers across five Departmental organizations. Current activities and examples of recent progress are outlined below.

## ADMINISTRATION

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

Beltsville Service Center (Beltsville, MD):

- Central Supply Stores (self-service store operations managed in Washington, D.C.)
- Consolidated Forms and Publications Distribution Center
- Central Excess Property Operation
- Central Shipping and Receiving (services both Washington, D.C. offices and the George Washington Carver Center (GWCC))

Mail and Reproduction Management:

- Central Mail Unit
- Duplicating Unit
- Copier Service
- Departmental Mailing List Service

Integrated Procurement Systems

The Beltsville Service Center (BSC) provides on-demand customer services to all USDA agencies and activities, to non-USDA agencies and activities served by the USDA National Finance Center, and to certain other non-USDA agencies and activities 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, warehousing and sales.

The Mail and Reproduction Management Division (MRMD) is responsible for managing and directing programs for analysis, development, evaluation, and promotion of improvements in the policies, plans, methods, procedures and systems of the USDA mail management program, Departmental mailing list system, copier/duplicating, printing and mailing operations. MRMD has responsibility for directing centralized printing and copier/duplicating systems, automated systems providing mailing list services, divisional automated data processing support and a staff support system in the areas of divisional financial management, program analysis and administration. MRMD has established world-class mail management

and print on-demand programs through the implementation of technology and achieving cost savings through postal discount programs and centralized services.

Since services are demand-based, the primary goals are sustaining high quality in service delivery and minimizing unit costs for services delivered.

Integrated Procurement Systems (IPS) provides modern, integrated procurement automation tools to the USDA acquisition community through the Integrated Acquisition System (IAS) that will enable it to enhance support of USDA's mission.

Selected Examples of Recent Progress.

BSC:

> In support of Departmental Administration's Office of Operations Continuity of Operations Plan (COOP), the BSC staff prepared the facility to function as an emergency relocation site by installing additional telephones, setting up additional fully-equipped work stations configured to meet the requirements of incoming staff, and installing a backup power generator to support the BSC complex in the event of a major prolonged power outage. Supplies to support a possible pandemic outbreak were prepositioned.

> BSC stocked the retail Self-Service Stores with Bio-Products, reflecting the range and depth of the material available as demand for the products increases. BSC also partnered with the Agricultural Research Service (ARS) to switch from regular "diesel" to "Bio-Diesel" fuel for use in the division's vehicle fleet to include the GWCC shuttle buses.

> BSC was selected as a Center of Excellence operation. BSC staff worked closely with the Office of Management and Budget (OMB) and the General Services Administration (GSA) Federal Asset Sales Program staff in order to develop processes and to implement BSC as a new USDA Sales Center.

MRMD:

> The construction of the New Mail Center started out as part of Phase 3A in the South Building Modernization Plan, but was expedited after the 2001 anthrax attack on the U.S. Mail and mail centers at several government agencies. Occupancy occurred in June 2006. The new Mail Center, located in the sub-basement of the South Building was designed and constructed to be a hardened facility to include an independent heating, ventilating, and air conditioning system that is isolated from the rest of the building and a mail screening room within the loading dock designed to incorporate security considerations.

IPS:

> IAS, the USDA enterprise administrative procurement system of record, replaced all existing agency-specific legacy procurement systems. Use of IAS supports the President's Management Agenda by enhancing funds control, thus contributing to USDA's ability to improve financial management. The IAS implementation phase was completed for all 10 agencies and administrative offices with procurement authority, including Departmental Administration/Staff Offices, Farm Service Agency (FSA), Forest Service, Office of Inspector General, Food and Nutrition Service, Rural Development (RD), Natural Resources Conservation Service (NRCS), Food Safety and Inspection Service (FSIS), Marketing and Regulatory Programs, and Research, Education and Economics (REE).

# COMMUNICATIONS

Current Activities. Activities under this heading are managed by the Office of Communications and include the following (all activities in Washington, D.C.):

- Broadcast Media and Technology Center (BMTC)
- Creative Services Center (formerly "Visual Communications Center")

Centrally managed teleconferencing services, video and multimedia production technologies afford users cost efficiencies. These strategies allow users to avoid higher costs of travel while maintaining contact between headquarters offices and field offices, program participants, and the general public. BMTC produces informational videos, TV public service announcements, national telecasts, satellite media interviews, video and audio conferences, data exchange for interactive Internet conferencing and training, multimedia products such as DVD's and video CD's, and audio and video Web streaming (live and archived) on the Internet. Topics covered include the World Trade talks in Hong Kong, Japan re-opening their markets to US beef, food safety, Avian Influenza, forestry and conservation programs, employee updates, administrative training and rural development issues.

The Creative Services Center (CSC) provides review/clearance, photography, design and printing services as a one-stop center, centralizing services that provide efficiencies to USDA agencies. A highly trained, experienced, and specialized staff provides a wide array of communication products and services including: publications, exhibit, outreach campaigns, educational campaigns, photography, visitor center design and production.

Selected Examples of Recent Progress.

BMTC:

Television news producers in BMTC created 108 stories in FY 2006. The stories covered mission messages including: Soybean Rust, Avian Influenza, food safety and nutrition, Japanese beef trade, Bovine Spongiform Encephalopathy, general trade issues, biotechnology, rural development, research, water quality, national forests, cooperative extension, small farms, marketing and food aid. These stories were aired on two nationally syndicated programs specifically targeted to rural areas and farmers and many other smaller networks and outlets. Video news releases and selected sound bites are also available to the public as "streaming media" files with direct links from the USDA Home Page on the Internet.

BMTC provided Avian Influenza Preparedness video materials and public service announcements that were used to help with outreach to television stations, the public, and to USDA employees and interested groups. BMTC's high definition editing system was used in several high quality products including the Cooperative State Research, Education, and Extension Service (CSREES) video magazine "Partners." Over 12 major video projects including television and radio public service announcements for the general public and the agriculture community informing the general public how to keep food safe when there is a power failure. BMTC also created videos about Dangerous Travelers – Controlling Invasive Plants Along America's Roadways, NRCS Plant Materials Program, coverage of the ARS' Scientist of the Year awards and the new USDA Welcome Video. USDA agencies sponsoring these projects included, CSREES, FSIS, Animal and Plant Health Inspection Service (APHIS), NRCS, ARS, and Office of Communications.

BMTC was recognized for production excellence in FY 2006 in winning five "Telly" Awards for work done on the Forest Service "Lifelines" and CSREES "Partners" as well as projects for National Agricultural Statistics Service and FSIS.

BMTC Data Exchange and Ready Talk allow Federal agencies to provide desktop training to employees worldwide. The cost savings for agencies in terms of travel have increased the demand for this service, which offers the option of interactive Internet conferencing and training. Additionally, the multimedia staff provided technical advice to members of FSA to create a virtual university for online modules. As a result, FSA has been able to train employees nationwide while simultaneously saving thousands of dollars. Also, the multimedia staff worked with FS and developed the SAFETLU Web-based training modules for the Forest Service and the Department of Transportation. The BMTC automated audio bridge allowed employees the use of BMTC's conferencing system 24 hours a day 7 days a week. With it, BMTC produced a total of 5,100 audio conferences.

BMTC coordinated and produced audio and video streaming through USDA's Internet home page with high-end Web streaming servers providing multiple streams in Real Player and Windows Media. They provided desktop coverage of several press conferences by the Secretary including issues regarding the Avian Influenza and beef trade. This service offered immediate access through the Internet by public and news organizations around the world for events as they happened. BMTC staff also coordinated satellite media tours for Secretary Johanns, which included a live interview on Bloomberg News.

BMTC coordinated a total of 100 compressed video conferences during this period. The BMTC compressed video system has provided access to conferences from India, Angola and Italy. This system has saved thousands of dollars as agencies are able to conduct critical meetings with constituents worldwide without travel away from USDA headquarters. The Foreign Agricultural Service has been a major client of this service.

Under CSC:

CSC/Design Services staff members responded to 262 new requests and continue to work on projects begun in the prior year, both for USDA agencies and for other Federal agencies and organizations.

In FY 2006, CSC Design managed over $3.8 million in outreach/educational campaigns that included: National Animal ID System (NAIS), Avian Influenza/Biosecurity for the Birds, Emerald Ash Borer and Asian Longhorned Beetle.

CSC worked closely with APHIS to manage and implement an outreach/education campaign for NAIS. The communications plan incorporates APHIS support for State promotional programs, media relations, outreach activities, and partnership opportunities for States.

CSC support for the Bio Security for the Birds/Avian Influenza Campaign is now in its third year. In FY 2006, the successful Bio Security for the Birds campaign focused on grassroots outreach to backyard poultry producers through a series of stakeholder briefings held in 5 States. Partnerships with National FFA Organization, 4H, and non-profit organizations have also been emphasized resulting in a strong presence and distribution of materials at State, county and local agricultural fairs around the country. The campaign was expanded this year to include outreach to wildlife communities.

CSC supported a joint Avian Influenza media event hosted by the Department of the Interior, the Department of Health and Human Services, and USDA that was held in March 2006, providing support with the design and production of brochures, presentation materials, Avian Influenza image CD-ROM, directional signage, and backdrops. Government agency representatives and national media correspondents attended the event. The brochure created by CSC/Design is a critical informational tool in response to the potential global Avian Influenza pandemic. CSC/Design staff is managing distribution of approximately 600,000 brochures for requesting agency, State, county offices and schools.

USDA and the Department of Energy (DOE) hosted the first Energy Conference as a response to President Bush's Advanced Energy Initiative. CSC/Design staff worked closely with DOE to produce the full gamut of conference materials that included: identity development, Web site development, conference signage, stage backdrops, presentation slides, e-postcards, brochures, banners, backdrops, display graphics and registration signage.

## FINANCE AND MANAGEMENT

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

- National Finance Center (New Orleans, LA)
- Controller Operations (Washington and New Orleans)
- Corporate Financial Management Systems
- Competitive Sourcing

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

NFC also provides government-wide support services to the Office of Personnel Management (OPM) and provides operational payroll support to the Department of Homeland Security.

Controller Operations (COD) operates a unified corporate controller organization integrating accountability for sustained financial management processes and systems throughout USDA.

CFMS, under the Associate Chief Financial Officer/Financial Systems, administers the Foundation Financial Information System (FFIS), which is the corporate integrated financial management system for USDA that:

- Brings the Department and its agencies into compliance with laws, regulations and Federal financial accounting standards, including the U.S. Standard General Ledger;

- Is the basis for sound financial management at USDA; and

- Provides a critical tool for the Department to sustain an unqualified opinion on its Consolidated and Agency Financial Statements.

USDA's Competitive Sourcing function is overseen by the OCFO. USDA is implementing competitive sourcing reasonably and rationally to achieve significant cost savings, improve performance and achieve a better alignment of the agency's workforce to its mission. This initiative is aimed at improving organizations through efficient and effective competition between public and private sources. The Department will continue to simplify and improve the procedures for evaluating sources. The Department improved its use of the competitive sourcing process by ensuring that the studies it conducts reflect more strategically grouped and related functions to maximize the impact of this initiative. USDA plans to continue to evaluate its positions to identify those that can be studied to achieve efficiency and/or quality

improvement. As a result of its achievements and improvements in the Competitive Sourcing Program, USDA has earned a "green" for status and a "green" for progress on the OMB Scorecard.

Selected Examples of Recent Progress.

Under NFC:

NFC, as a shared service provider for payroll, human resources management services, and data center hosting services, had service commitments to more than 132 Federal organizations that were severely challenged as a result of Hurricane Katrina striking the Gulf Coast in August/September 2005. This made service delivery in FY 2006 a difficult test of NFC's management capability as the entire Center began the year operating at reduced levels (roughly 50 percent) from 5 evacuation sites. In order for NFC to fulfill all of its service commitments to its customers, it was essential for NFC to make a rapid return to its base location in New Orleans. However, this location sat in one of the hardest hit areas and lacked basic essential services, including electric, water, sewage, transportation routes, and other services. Within three weeks time, NFC management successfully led the way for NFC to reconstitute in New Orleans which allowed for a return of 100 percent of staff and full service delivery to its customers.

NFC continued to support the e-Payroll Initiative by participating fully with OPM and other key stakeholders, and migrating new e-Payroll customers to NFC. NFC served on the Multi Agency Executive Steering Committee. OPM's leadership efforts were also supported. Also:

- Final bureau of the Department of Justice (30,000 employees) was migrated to NFC's Payroll Personnel System;
- Forest Service was migrated to EmpowHR in August 2006; and
- Transportation and Security Administration, Federal Emergency Management Agency, and Coast Guard were implemented for personnel services through NFC's PayTech Operations.

NFC processed payroll disbursements in excess of $30 billion for approximately 595,000 Federal employees. NFC generated and mailed more than 600,000 W-2 Statements prior to the January 31, 2006 deadline.

NFC branded the "EmpowHR" name throughout the government, a term that refers to the applications and services developed by NFC to further the President's Management Agenda (PMA) item, "Strategic Management of Human Capital." Additionally, NFC devised and built the marketing plan to drive revenue growth in the human resources services marketplace.

NFC led a team that furthered the PMA item, Strategic Management of Human Capital, by competing and winning several new business opportunities. The Pay-Tech program implemented for the Department of Homeland Security began in early FY 2006. This new service line drives efficiencies, reduces manual and duplicative efforts and standardizes administrative processes. This program brought in more than $8 million in new business revenue to NFC in FY 2006.

NFC developed and installed TurboTax functionality to the NFC suite of services. This initiative allows NFC-serviced taxpayers the ability to automatically download W-2 tax information from the Internet into their TurboTax software.

NFC undertook a total rewrite of data center disaster recovery processes and procedures to address the obsolescence of existing disaster recovery/continuity of operations plans and accommodate several potential scenarios – loss of the business operations center, loss of the data center, and response to a pandemic event. Each plan contains a concept of operations, detailed procedures and checklists, time-phased functions and tasks, roles, and responsibilities, and in-depth personnel deployment flow.

Presently all continuity of operation plans are up to date and tested.

NFC achieved an unprecedented 99.98 percent operational system availability, ensuring virtually uninterrupted customer access to systems and avoidance of adverse mission impacts.

NFC orchestrated a successful server-based computing project. Now all automation support for NFC personnel is provided out of the data center and not on the user's desktop computer. Without this capability, NFC would not have been able to reconstitute the workforce back to New Orleans. This new capability has greatly improved the security of end-user computing. It provided end-to-end encryption thereby protecting all information and greatly reduced the time and effort to install critical patches. It also greatly simplified configuration management of these resources.

After the data center operations were restored at the disaster recovery site, it was apparent that NFC would need to operate from this site for a substantial length of time. However, use of the recovery site was only guaranteed for six weeks, after which NFC computer operations could be interrupted – unacceptable from a performance perspective. A new 10,000 square foot data center was built out in less than eight weeks, which included the migration of all production without any adverse impact to customers.

Under CFMS:

In response to Hurricane Katrina the mission critical financial and administrative systems that comprise the CFMS were restored and recovered at USDA's commercial hot site, including the core financial system and over 20 administrative payment systems that disburse payments to over 350,000 USDA vendors and 100,000 USDA employees. In spite of the challenges that recovery from Hurricane Katrina presented, substantial progress was made in FY 2006 to retire certain legacy systems and integrate their processes into the financial system and to reengineer other administrative and financial processes.

The Automated Cash Reconciliation Worksheet System (ACRWS) was successfully modified by CFMS in July 2006 to enable acceptance of Treasury Financial Management Service's new Government-Wide Accounting Account Statements that replaced the FMS 6653, 6654, and 6655 reports. ACRWS is USDA's cash reconciliation research tool and is used to facilitate the daily and monthly reconciliation of USDA's General Ledger data to Treasury Financial Management Service data, State Department data, and Health and Human Services' letters of credit and to perform other cash reconciliation processes.

In FY 2006, OCFO continued its progress in minimizing reliance on manual processing of its vendor invoices by capitalizing on Electronic Data Interchange (EDI) capability. OCFO entered into an agreement with the Department of Veterans Affairs (DVA), enlisting their services and expertise to convert telephone and utility invoices to EDI. In so doing, USDA takes advantage of the cost benefits and efficiencies of cross servicing its invoice automation with an agency which has successfully processed EDI transactions for several years. During FY 2006, in collaboration with DVA, the invoices from three utility vendors were converted to EDI. In FY 2007, the EDI conversion of invoices from seven additional utility and four major telephone vendors will be completed.

The technology modernization of the Financial Data Warehouse (FDW) was implemented in July 2005, with the retirement of the FDW Mainframe system scheduled for the end of August 2005. In response to Hurricane Katrina, all systems were thrust into recovery mode. The FDW Mainframe system was instrumental in providing the critical data required to recover the financial system and therefore not retired as scheduled. The restoration and recovery of the modernized FDW was completed for all agencies in April 2006, with the retirement of the FDW mainframe occurring in May 2006. The modernized FDW is expected to result in the benefit of improved performance of

nightly updates to the FDW, thus resulting in increased availability of the FDW for end user reporting. In addition, an expected increase in query performance will result in shorter run times for user reports. This will enable users to do better daily and monthly financial management. The FDW has also been a critical tool in maintaining the clean audit opinion of the USDA.

Additional system improvements to the Financial Statements Data Warehouse (FSDW) were completed for USDA corporate financial systems in FY 2006. OCFO completed the integration of the Food and Nutrition Service (FNS) and FSA program data into the FSDW, allowing the execution of FNS' financial statements and FACTS I report, and FSA's financial statements and FACTS I and II reports from the FSDW's central repository. Work is continuing on the integration of Commodity Credit Corporation program data into the FSDW. These improvements will enhance the ability to produce the consolidated and agency financial statements, and the FACTS I and II reports more efficiently, and allow all USDA external reporting to be produced from a single integrated system.

In FY 2006, OCFO completed the implementation of the PMA, Internal Scorecard, and Performance and Review Tracking modules of the Management Initiatives Tracking System (MITS), a Web-enabled system for USDA corporate financial and performance reporting. In FY 2007 two additional MITS modules will be implemented, Budget and Audit Tracking.

The Corporate Property Automated Information System (CPAIS) allows USDA to track its inventory, value its properties, and account for capitalized property, leases, and GSA assignments all in one corporate system. The implementation of CPAIS provides the critical underpinning for Executive Order (EO) 13327, "Federal Real Property Asset Management." Performance measurement data elements were added to the CPAIS in FY 2006 to comply with requirements of EO 13327 for submitting the Federal Real Property Profile to the GSA in December of each year. The CPAIS forms or screens were also upgraded to support EO 13327. Approximately 40 change requests were provided to the users in CPAIS Release 1.1 primarily affecting the real property management component of the application.

In FY 2006, OCFO conducted a successful disaster recovery exercise which tested the mission critical OCFO applications at the National Technology Information Center. This test validated the critical infrastructure for these mission critical applications and employed the elements of near real-time mirroring. This disaster recovery technique is vital to providing the service levels required for USDA.

Under COD:

COD played a major role in the implementation and continuation of business processes and enhancement of financial analysis that enabled the Department and its respective agencies to achieve a fifth unqualified audit opinion for fiscal year 2006. COD's staff was able to provide all schedules and required information, which allowed the USDA Office of Inspector General to complete its audit in a timely manner.

COD continued the improvement of the Department's percentage of payments made by electronic funds transfer (EFT) versus paper checks (the percentage of electronic payments is a Government-wide financial management metric). The Division's Accounting Processing Branch implemented policies and procedures that have improved EFT payments from approximately 80 percent as of September 2005, to 96 percent as of September 2006. The percentage range was 91-100 percent for the 17 USDA agencies. Significant cost savings were available as an electronic payment costs 10 cents compared to 70 cents for a check payment.

COD assumed an important leadership role achieving full compliance with requirements under OMB circular A-123, "Management Responsibility for Internal Control, Appendix A: Internal Control over Financial Reporting." COD was engaged in the documentation and testing of processes for five cycles

and 14 processes for which COD is responsible. The completion of this 6-month project was done in a timely manner with no reportable conditions or material weaknesses, which eliminated the need for additional remediation procedures.

COD accomplished efficiencies and improvements that included the following:

- Directed an initiative to clean up cash reconciliation differences with the US Treasury, the FMS 6653 reconciliation. On behalf of USDA agencies, COD's cash reconciliation branch cleared 1.4 million records totaling $704 million.

- Managed the effort to implement EDI or electronic billing for utility and telephone vendors. The utilization of EDI reduces the number of paper invoices to be handled for processing. In addition to improved efficiencies, EDI is also a viable alternative to dependence on the postal system to deliver invoices such as during a weather related deployment to an alternate work site. Delayed or late payments would result in utility service interruptions at USDA field offices. To date, 1,310 accounts have been converted to EDI. An account can contain multiple telephone lines or buildings in the case of utilities.

- Directed a major lessons learned process to improve the successful continuity of operations (COOP) plan utilized to deploy from New Orleans during Hurricane Katrina. The updated plan includes travel card directives, expanded call tree data, pre-assignment of employees to two alternate work sites (AWS), increased remote access/laptop computer utilization, and post office boxes at the AWS to avoid the mail delivery problems experienced during Hurricane Katrina.

- Implemented a new tool, which matches our files to the IRS Taxpayer Identification Number, which significantly reduces Form 1099 errors. This enabled the preparation of 120,000 Form 1099's, a 100 percent increase over prior years with minimal errors.

- Implemented a cleanup of expired general ledger/treasury symbol combinations in the personal property accounting system totaling $164 million.

- Achieved significant improvement, by working with agencies, in the scorecard rating of unprocessed Intra-Governmental Payment and Collection System bills. At the beginning of the year, 6 agencies rated green, 7 yellow, and 5 red. At yearend, 14 agencies were rated green and 4 were red (government-wide metric).

- Cleared foreign cash differences for APHIS in the amount of $519,000 over 14 treasury symbols.

- Managed a reduced COD staff in a manner that resulted in a continuation of essential functions and financial services provided to USDA agencies during deployment to three alternate work sites due to Hurricane Katrina. Staffing levels during the five months deployment reached only 58 percent of authorized division staffing. The efficient use of staff, and cross training techniques enabled COD to meet agency customer and Department needs.

Under Competitive Sourcing:

Competitive Sourcing completed or supported the following recent actions:

- Supported REE-ARS efforts to complete 2 studies on 270 FTEs in FY 2005. Estimated gross savings is $8.1 million over a 5-year period with annualized savings of $1.62 million for competitive sourcing studies completed in FY 2005. Actual savings on the studies completed in FY 2005 totaled $568,000.

- Supported Forest Service efforts to implement the public-private competition of information technology services, which is expected to save $146.7 million over 5 years demonstrating the Department's ability to use the competitive sourcing management tool to achieve positive results. The Forest Service achieved actual savings of $16.8 million in FY 2005.

- Conducted feasibility studies in FY 2006 covering more than 3,000 FTEs. If the results of the feasibility studies indicate a favorable return on investment and market research indicates potential qualified vendors exist, then an A-76 competition will be conducted.

- Conducted training on feasibility studies, most efficient organization and FAIR Act inventory.

- Convened a Department-wide group to review the Federal Activities Inventory Reform Act inventory justifications for similar positions among different agencies Department-wide and addressed inconsistencies in the classification of like functions.

## INFORMATION TECHNOLOGY

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

Activity Centers:

National Information Technology Center (mainframe operations in Kansas City, MO; applications support services in Fort Collins, CO)

Information Technology Services

Telecommunications Services:

- National Telecommunications Services and Operations
- Computer Services Unit
- Telephone Customer Service Center
- Network Services

The National Information Technology Center (NITC) continues to provide users with a comprehensive range of automated data processing operations, consultation, training, and application design services. Mainframe computing services continue to show significant reductions in unit costs of operation. Applications services continue to be characterized by high demand for design support. Midrange computing services continue to add new USDA and non-USDA customers. This growing workload also contributes to the significant reductions in unit costs of operation.

Information Technology Services (ITS) incorporates the infrastructure roles of FSA, NRCS, and the RD mission areas. In February 2003, in response to a number of mandates to improve information technology (IT) support and thus improve service center program delivery, the Secretary made the decision to converge elements of the IT staffs of the Service Center Agencies (SCAs) – FSA, NRCS, RD – into one organization within the OCIO. The activity was established on November 28, 2004. ITS replaced a network of 11 cross-agency teams that coordinated IT infrastructure investment among the SCAs, and enables unified management of the IT infrastructure not possible previously.

In addition, ITS exercises direct management responsibility for the integrated technology portion of the Service Center Modernization Initiative (SCMI). The Common Computing Environment (CCE) is the integrated technology infrastructure portion of the SCMI. The CCE will enable the SCAs to modernize and improve service delivery to customers. In addition to providing a modern integrated technology infrastructure, SCMI

involves office co-location, business process re-engineering, culture change, building partnerships and improving customer satisfaction. The objective of SCMI is to enhance service delivery of the SCAs by improving: 1) citizens' knowledge and access to USDA services, 2) collaboration with public and private partners, and 3) internal efficiency. The CCE provides the shared IT to assist the SCAs in accomplishing this objective.

Since FY 1996, USDA has been planning and deploying an integrated information system to replace several legacy IT systems in the SCAs that could not share data. Investments in the new system are needed to provide timely, reliable service that is currently diminishing by the continued reliance on old technology, separate non-interconnected computer systems, and software applications that are not interchangeable. In addition, maintaining separate systems results in unnecessary duplication, increases maintenance and operating costs, and consumes funds that could be used more productively elsewhere. Moving forward with an integrated IT approach under the framework of a CCE enables USDA to take full advantage of opportunities to use technology to increase the productivity and efficiency and deliver better farm, conservation and rural development services to customers.

The National Telecommunications Services and Operations office (NTSO) in OCIO provides a wide variety of Department-wide telecommunications management support services, as well as an integrated information system for inventory management, billing, reporting, and validation. The system is also 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.

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

Selected Examples of Recent Progress.

Under NITC:

> The NITC was given full responsibility for the management and operation of USDA Enterprise Shared Services (ESS) in March 2005. During FY 2006, the NITC: hosted the Department's Enterprise Architecture Repository and met enterprise architecture requirements; deployed a new release of the Computer Emergency Notification System (CENS); expanded the CENS user community to other Departments outside of USDA; deployed twenty-nine new customer applications to the ESS environment, increasing the customer base by 88 percent; deployed templates for standard Web browser display for all customers and end users; and improved the reliability of the ESS by implementing new monitoring and testing tools and by implementing Network Attached Storage appliances.

> During the year, NITC implemented a new state-of-the-art redundant electrical power infrastructure to support its role as a Level IV Data Center of Excellence servicing all of USDA and fifteen other government agencies. It implemented data mirroring for all the permanent data on the USDA shared mainframe, began implementing (84 percent complete) a General Support System Plan to upgrade to Gigabit technology to include highly-available redundant network appliances, and defined objectives

and established measurable criteria to improve the quality of services offered to customers. Other related goals achieved by NITC included:

- Met scheduled processing availability targets for the USDA and Federal Aviation Administration (FAA) mainframe production environments;

- Met scheduled availability targets of the Storage Area Network;

- Ensured 100 percent of NITC General Support Systems were operating under a formal incident/change/CM process;

- Increased to over 90 percent the number of system software releases that are running in a vendor-supported operating environment;

- Achieved application delivery dates within +/- 10 percent of the customer agreed upon completion date; and

- Received a customer satisfaction rating of 93 percent for delivery of services.

NITC realized software and hardware savings of approximately $4.8 million. These savings were accomplished through negotiations with vendors for discounts off their GSA schedule contracts, competitions, dropping software products and utilizing alternate sources. Additional efforts to contain costs and increase business resulted in many rate reductions that included: CPU minutes (5.3 percent), direct access storage devices (11.4 percent), on-site and off-site tape storage (6.2 and 5.4 percent, respectively), and mid-range hosting services (6.5 to 21.9 percent).

NITC increased its customer base through a number of business development activities. Over sixty three percent of proposals submitted resulted in new business. New business included the Department of Labor's GovBenefits.gov application (one of the President's e-Gov Quicksilver initiatives) and FAA's contract for the Enterprise Architecture and Solutions Environment.

NITC security programs endeavored to ensure the confidentiality, availability and integrity of USDA mission critical systems through a layered defense, including: intrusion detection, firewalls, anti-virus software, hardening of servers, system scans, and patches. All government employees and contractor personnel are required to have current security clearances. Security awareness and privacy training was completed as well. The Office of Inspector General audit of NITC resulted in an unqualified opinion with no recommendations for the second year in a row.

NITC conducted disaster recovery exercises of mainframe and mid-range mission critical systems, updated COOP, documented test results, and initiated after action plans. NITC participated with 40 Federal agencies in the Kansas City Regional Interagency COOP Exercise. A team of 10 key technicians assisted NFC in restoring their systems at an alternate site due to Hurricane Katrina. In addition, 50 displaced NFC employees (due to Hurricane Katrina) were temporarily housed at NITC, providing workspace, personal computers and support.

Under ITS:

ITS continued to work on updating and improving the access control database to improve reporting performance and accuracy. Some successful changes include dramatically decreasing the processing time for the monthly active directory reports. The active directory account processing was taking four days and now takes less than one hour.

ITS began the FSA County File Upload processing cycle for first quarter FY 2007. The process has been fine tuned for increased efficiency. Approximately 217 terabytes of field office data are expected to be cleansed, formatted and made available in less than a week for FSA software development and reporting.

ITS completed the head-end route reflector upgrade project. The route reflectors at the SCA network head-ends in Ft. Collins, Kansas City, and St. Louis were replaced with newer, faster, and higher capacity models to accommodate the network's need for increased data throughput.

ITS completed the testing of the newly released SyncSort backup agent to be deployed to production. A tentative deployment schedule for the upgrading to the SyncSort disk to disk to tape archiving system has been completed and will be submitted for approval. Non-critical servers will be upgraded during production hours, while critical systems will be completed during the monthly/scheduled maintenance window.

ITS completed the automated batch load of current FSA Brio users and eAuthentication Identifications into the Hyperion Repository; supporting an estimate of 6,067 users who access Brio/Hyperion reports. Installed the Hyperion Performance Suite version 8.5, an upgrade to the enterprise reporting software, nationwide and is operational in parallel with the previous Brio version in six pilot FSA State offices and their counties, Kansas City, St. Louis, FSA (Washington), and FAS.

ITS completed the data file moves for customers, allowing them to smoothly transition to the new network storage. The new disk storage facility will provide Kansas City clients increased disk storage capabilities and local recovery functionalities.

Under Telecommunications Services:

National Telecommunications Services Office (NTSO) transitioned from the USDA Internet Access Network to the USDA Universal Telecommunications Network (UTN). The following are some key accomplishments associated with the transition:

- Completed site preparation at 10 UTN nodes.

- Developed a network routing plan for migration from the Internet Access Network to the UTN.

- Completed UTN test and acceptance, security, configuration management plans.

- Completed pilots for the UTN service at three nodes.

- Completed Phase I: Replaced legacy network backbone connectivity with the AT&T multi-protocol label switching (MPLS) backbone.

- Completed Phase II: Replaced legacy Internet access and security services with AT&T Internet access and security services and activate full MPLS routing connectivity.

- Resolved various implementation problems that occurred after transition.

- Began working with agencies for transitioning their networks to the UTN (Phase III).

NTSO completed the procurement for help desk services in support of the day-to-day operations of the UTN.

NTSO provided operational and ongoing telecommunications support for all of the COOP sites.

NTSO created three new FTS2001 billing reports for USDA agencies to provide better more useful information. NTSO provided USDA agencies information on their FTS2001 charges and the necessary methodology to efficiently execute the distribution of those charges to USDA agencies.

NTSO corrected over $3,160,889 in invalid billing to USDA agencies in FY 2005.

NTSO has been assigned as the USDA representative to help develop the follow-on to the FTS2001 contract called Networx. This contract will take USDA and the Federal government into the next generation for purchasing telecommunications circuits and services. The Networx initiative will be a multi-billion dollar contract and will provide the Federal government with offerings that have not existed on any previous single contract at affordable prices. NTSO initiated the transition planning with all USDA agencies from the current GSA contract to the Networx contract.

The NTSO Network Engineering Team performed application performance work impact assessments or performed infrastructure impact assessments for the following:

- The Agriculture Learning Management System (AgLearn);
- The Civil Rights Enterprise System;
- The National Interagency Resource Order and Status System;
- The Grain Inspection, Packers, and Stockyards Administration Telecommunications Network; and
- USDA UTN Network.

NTSO completed the procurement for a USDA Internet Protocol (IP) Address Tracking System (IPATS). There is currently no single system in place for the management and tracking of USDA IP addresses, with the various agencies and offices of the USDA employing a variety of disparate methodologies for the allocation, issuance and tracking of IP address assignments. The implementation of the IPATS will comply with a 2001 audit recommendation to implement and maintain a robust IP database that includes accurate, up-to-date contacts for each IP address.

NTSO conducted a major reconfiguration of the USDA network firewall to enhance the security of USDA's critical telecommunications infrastructure.

NTSO completed Phase 1 of the Border Gate Protocol Project, which will make routing of network traffic more efficient and enhance network management.

NTSO continued to provide the SCAs with operational support for their Internet based virtual private network.

NTSO continued the operations of the Universal Resource Locator filtering capabilities at four Internet access nodes. USDA customers that get Internet access service from the Fort Collins node, the George Washington Carver Center node, Kansas City node, and the Washington, D.C. node are protected from inadvertently accessing prohibited Internet sites as a result of this service. The impact of this project is a reduction in the growth of Internet access capacity requirements, and consequently, a reduction in the overall cost of providing Internet access to USDA customers.

NTSO supported the Telecommunications Cost Management Initiative to better define and track telecommunications expenditures across the Department, including a thorough analysis of accounts with the USDA billing team, saving over $355,000 to date. NITC also worked with the NFC to develop new reporting from the Telephone Vendors System (TELE) to allow USDA agency Telecommunications Mission Area Control Officers or their representatives' access to TELE accounts that reject for payment each month. This new report has been developed and is on-line for agency use.

Support was provided by WCTS to the Office of the Secretary and USDA Administration by:

- Enhancing the Executive Management System events tracking application;
- Developing and maintaining the Faith-Based Communities Initiative Web site;
- Developing and enhancing the Candidates Nomination Program;
- Maintaining and operating the Enterprise Local Area Network; and
- Providing wireless, telecommunications, and continuity of operations site and infrastructure support to the Secretary and the Office of the Secretary.

Messaging services, infrastructure, and technical support were provided by WCTS for the following Departmental initiatives:

- The Emergency Communications Center in preparation for the Avian Influenza Pandemic;
- COOP communications initiatives; and
- 1890 Initiative and 1890 Scholars Program.

A number of different technologies and purchasing strategies were pursued by WCTS that resulted in significant cost savings and improved interoperability for future Enterprise Architecture requirements associated with a variety of areas, including:

- Identified requirements to perform an assessment of the voice mail service to compare voice mail services provided by our current provider with that of another vendor. The anticipated savings from this assessment is estimated to be $100,000;
- Resolved over 19,000 Help Desk service requests, representing a 30 percent increase from FY 2005;
- Upgraded the Microsoft Enterprise Software infrastructure to Microsoft Server 2003 and XP Professional to the desktop;
- Trained approximately 50 users on Microsoft Office and XP software. The survey conducted after training was completed indicated that over 90 percent of trainees were very satisfied with the course;
- Began the WCTS data center infrastructure migration to Beltsville, MD;
- Transmitted 244 Departmental broadcast messages;
- Provided e-mail, File/Print and Desktop Licensing and technical support to over 1,000 users;
- Provided BlackBerry wireless messaging support to over 200 users;
- Operated the USDA Directory Locator Service, answering over 16,500 inquiries;
- Resolved over 1,500 telephone service incidents;
- Completed approximately 2,900 telephone service order requests;
- Administered e-mail messaging service for over 120,000 USDA users;
- Tracked and quarantined over 32 million spam and virus messages;
- Provided messaging services security (e.g. spam and virus e-mail filtering);
- Scanned approximately 1.4 million messages weekly;
- WCTS enterprise architecture services provided FY 2006 Telecommute, Network, Intranet and Internet, File and Print, Database, and Application service availability of 99.93 percent, with e-mail service availability at 99.25 percent; and
- Implemented a distributed mass storage system using network attached storage and Network Appliance Filers in the Enterprise LAN.

WCTS upgraded common services to provide for scalability, new security features and higher throughput; the new common services infrastructure will support new applications and services. Additional value added service accomplishments that improved the level of WCTS customer support include:

- Security enhancements, including a password protected screen saver and password complexity policy. WCTS also provided biopod devices to enable password complexity rule implementation using biometric fingerprint authentication technology;
- Expanded the Citrix remote access and telecommute solution to provide additional users with Web-based, location independent access to network data resources;
- Implemented an Enterprise Asset Management Solution that captures all user workstations, software and hardware configurations in a centralized database;
- Implemented remote control technology to facilitate prompt incident resolution, dramatically improving response times and the overall quality of service. This technology allows the fulfillment of a greater number of user support requests, with existing staff, through the use of remote diagnostics and repair of desktop units;
- Up-to-the minute and historical online WCTS Enterprise, Application and Network Service status monitoring was made available;
- A redundant patch management environment now ensures continued Enterprise protection in the event that a management system is down;
- Stand-by PC availability improved Enterprise user desktop resource availability;
- Network storage and server infrastructure upgrades improved customer service, performance and network availability, while at the same time reduced the network maintenance requirements experienced due to system failures;
- Improved Help Desk service resolution performance by deploying standard operating procedures, a quality assurance ticket review and customer satisfaction confirmation process. WCTS facilitated communications by measuring daily service delivery, providing customer feedback, performance analysis and service efficiency information;
- Expanded the available storage capacity and utilization of the existing network resources at no additional cost;
- Increased after-hour technical support, to 24 hours a day, seven days a week. This support is available from the WCTS Help Desk;
- Enhanced quarterly and year-end service delivery and financial reporting; and
- Improved planning that enabled our customers to plan and budget their requirements prior to the start of the fiscal year.

WCTS improved the Service Level Management processes, allowing customers to track performance against service level agreements. Also provides financial and performance management improvements, providing accurate cost allocation, chargeback algorithms and budget forecasting. Reducing costs and providing improvements in performance and savings through enhanced project, Earned Value Management and portfolio management techniques.

WCTS identified over 5,500 unused phone lines for possible termination or re-use. The initial investment of $40,000 has provided savings of over $191,000 so far. An additional $500,000 in savings is anticipated before all identified unused phone lines are decommissioned or re-used.

WCTS improved wireless service management, automating service ordering, tracking, reporting and inventory management processes. Centralizing accounts prevents service disruptions caused by billing problems.

## EXECUTIVE SECRETARIAT

Current Activities. The Office of the Executive Secretariat (OES) serves as the central office for processing and managing correspondence for the Immediate Office of the Secretary and is responsible for document control, records management, correspondence management, and correspondence policy and procedures.