

30-Day Planning Document

Office of the Housing-FHA Comptroller

The FHA Comptroller is responsible for the integrity of all FHA accounting records; the preparation of timely and accurate financial and management reports on all FHA activity, and advising the Assistant Secretary, Deputy Assistant Secretaries and other Housing managers on financial management and accounting policy and issues including policy on current programs, proposed changes to existing programs and new product development.

Office of Financial Analysis and Reporting

What the Office currently does/how it operates:

The Office of Financial Analysis and Reporting (OFAR) is charged with the responsibility for **Financial Management, Financial Reporting and Accounting and Budgetary Policy** for the Federal Housing Administration. The OFAR responsibilities include classifying, summarizing, analyzing, and reporting accounting and budgetary transactions for FHA activities.

Primary Functions:

Listed below are the goals and objectives associated with this Office's primary functions:

FHA Financial Management *GOAL: To accurately classify, summarize and analyze the financial, accounting, and budgetary activities and transactions for FHA.*

OBJECTIVE 1: Assure Proper Cash Management

Background - For FY 2004, FHA processed transactions representing nearly \$22 billion in collections and over \$22 billion in disbursements. At 9/30/04, FHA's cash balance with Treasury was nearly \$7.9 billion. The Deputy Assistant Secretary for Finance and Budget has a fiduciary duty to taxpayers to ensure that cash receipts and disbursements are processed accurately and timely and that FHA realizes the maximum return possible on its cash reserves via conservative investment vehicles.

OBJECTIVE 2: Prepare accounting entries to the Subsidiary Ledger to properly record the financial position of FHA.

Background - FHA maintains a portfolio of insured notes totaling nearly \$469 billion and over 92,000 Secretary-held notes and properties totaling nearly \$6.5 billion. FHA's portfolio is maintained on several legacy systems that provide support for the FHA Subsidiary Ledger.

OBJECTIVE 3: Carry out Housing Management Accountability and Control functions in compliance with OMB Circular A-123, A-127 and other requirements.

Background - As part of FHA's stewardship and accountability for taxpayer resources, FHA is required to comply with Federal laws and guidelines pertaining to financial management, such as the Accounting Standardization Act of 1995, the Government Management Reform Act of 1994, Inspector General Reform Act of 1994, Government Performance and Results Act of 1993, the Debt Collection Act (DCA) of 1982 and DCA Amendments of 1993, the Cash Management Improvement Act (CMIA) of 1990 and CMIA Amendments of 1992.

OBJECTIVE 4: Ensure proper funds control of FHA.

Background - The Federal Financial Management Improvement Act of 1996 (FFMIA) and Office of Management and Budget (OMB) Circular A-127, Financial Management Systems, call for Federal agencies to conform to functional requirements set forth by the Joint Financial Management Improvement Program (JFMIP). JFMIP, in its Core Financial System Requirements, dated November 2001, requires agency core financial systems to support the budget administration and execution process. FHA must have funds control to monitor and control the entire budget execution process. Such control mechanisms must account for all apportionments for each fund, as well as related allotments, obligations, and disbursements.

FHA Financial Reporting

GOAL: To ensure accurate and timely, proprietary and budgetary financial reporting for FHA/Housing endeavors in accordance with guidelines and standards as set forth by governing bodies, e.g., Department of Treasury, Office of Management and Budget, and General Accounting Office.

OBJECTIVE: To prepare accurate and timely financial reports to include the annual financial statements, and quarterly budgetary and receivable reports.

Background - FHA is required to comply with Federal laws and guidelines pertaining to accurate reporting of its financial position.

FHA Accounting and Budgetary Policy

GOAL: Develop and implement accounting policy, policy handbooks, and procedures based on accounting requirements and directives and regulations from the Office of Management and Budget, the Treasury, Congress and the Administration

OBJECTIVE 1: Maintain expertise in Federal-basis accounting standards and principles.

Background - As part of FHA's stewardship and accountability for taxpayer resources, FHA must comply with Federal laws, guidelines and accounting principles generally accepted in the United States of America. To facilitate this critical role, FHA staff must remain current on all aspects of financial standards.

OBJECTIVE 2: Provide expert advice to Housing management on budgetary and accounting policies, principles, and guidance to ensure compliance with OMB Circulars, Treasury, and GAO requirements

Background - Proper management of FHA's vast insured portfolio and its asset portfolio requires critical adherence to budgetary and accounting policies, principles, and guidelines. As part of FHA's stewardship and accountability for taxpayer resources, this Office must ensure that Housing managers are adequately apprised of the impact of Federal laws, guidelines and accounting principles generally accepted in the United States of America on their administration of Housing programs.

FHA Improper Payment Identification – Data Mining ***GOAL: Ensure that the Federal Housing Administration (FHA) fulfills the requirements of the Improper Payment Act and to develop new control procedures to manage program risk through the regular examination of trends and relationships of payments and collection across program areas.***

OBJECTIVE: Maintain FHA compliance with the Improper Payments Information Act.

FHA Systems Integration ***GOAL: Implement FHA Subsidiary Ledger to meet the objectives set forth in the Blueprint for Financial Management Systems.***

Background:

The FHA Subsidiary Ledger project was created to address long-standing deficiencies in FHA's systems and financial operations. For well over a decade, FHA's financial statement auditors and other government oversight organizations, such as GAO, have reported that FHA's systems do not adequately support its financial operations. In addition, FHA's business processes have not been designed to support federal financial management requirements, including controls over budgetary resources provided to FHA by Congressional appropriations and the Office of Management and Budget apportionments.

Strategic Vision for the Office:

To accurately classify, summarize and analyze the financial, accounting, and budgetary activities and transactions for FHA which will ensure accurate and timely, proprietary and budgetary financial reporting for FHA endeavors in accordance with guidelines and standards as set forth by governing bodies, e.g., Department of Treasury, Office of Management and Budget, and General Accounting Office.

How this strategic vision supports the Office of Housing and HUD goals:

The Office of Financial Analysis and Reporting's strategic vision supports the Department's goal of embracing high standards of ethics, management and accountability by:

- Allocating available resources to accomplish priority objectives and goals.
- Developing and monitoring workplans to correct all valid/accepted Notifications of Findings and Recommendations, audit findings and internal control weaknesses.

The Office of Financial Analysis and Reporting's strategic vision supports the Department's goal of ensuring cross-program partnerships, collaboration and support by:

- Leading the development of the Office of Housing's FHA Subsidiary Ledger.
- Supporting crosscutting Department initiatives such as the Office of the Chief Financial Officer's Total Estimation and Allocation Mechanism project.
- Representing the Department at industry-sponsored conferences and meetings.

How this strategic vision changes the business we do/the way we do business:

This strategic vision will lead the Office to continually explore ways to better serve FHA's internal and external customers and to implement practical changes utilizing available resources. As the Federal financial practice evolves, the Office will help FHA effectively adapt to change.

Technology is constantly evolving and the Office's personnel will routinely evaluate various applications to see if they may help support the organization's financial operations. Personal computer hardware and software upgrades, as well as other technology, may greatly assist the Office's service delivery efforts in the future.

What we have now – staff, FTEs, skill sets:

Currently, 58 HUD employees are assigned to the Office. There are 53 staff currently on board. Each of these individuals is a full-time employee. These individuals have a wide variety of managerial, financial, analytical, communication, and clerical skills.

In addition, approximately 90 full-time contractor employees support the Office's various functions. These individuals provide a variety of financial management and systems development support services to the organization's Divisions.

What the strategic vision means we will require - staff, FTEs, skill sets:

The Office of Financial Analysis and Reporting will need a highly skilled group of accountants, financial analysts, systems analysts and management analysts to properly implement the strategic vision. The Office will also need a limited number of clerical staff to support the organization.

The managers will need to have the skills to effectively direct the workflow of the organization and identify ways to reduce costs and streamline/improve financial management processes. The managers will also need to be able to effectively oversee the development of their employees.

The staff will need the skills to oversee the FHA's core financial management system, manage the organization's contracts, prepare, analyze and present financial data, evaluate technology, and communicate with the Office's customers orally and in writing.

The clerical staff will need strong oral and written communication skills.

Gaps between what we have and what we will need - staff, FTEs, skill sets:

The number of employees assigned to the Office has been substantially reduced over the last several years resulting in a decrease in both the Office's in-house expertise and its capability to provide backups to staff assigned to critical functions. A significant number of managers and analysts are already eligible for early or full retirement and many more will become eligible in the next few years. When managers and analysts leave, any unexpected delays in effectively replacing these individuals could undermine the Office's efforts to deliver exceptional service to our internal and external customers. At a minimum, all positions allocated to the Office should be filled in order to maintain all required financial functions.

To help ensure effective service delivery, efforts need to be made to help retain experienced managers and recruit excellent candidates for management positions when they become vacant. Having an effective cadre of managers is critical to the future of the organization. In addition, as the FHA Subsidiary Ledger system continues to develop and take on more operational functions, there will be a need for a management function to oversee these operations.

A well thought out training and transition program to bring in new talent at the entry level accounting position should be central to any hiring that is done for OFAR. This will allow the smooth transition of organizational knowledge to the new staff.