

## Management Objective: Financial Management

**Increase accuracy, speed, transparency, and accountability in financial management and budgeting for the agency.**

### OVERVIEW

HUD's current core accounting systems have been a source of audit findings for many years. The systems have limited functionality and are difficult to maintain properly, which increases the risk of failure. Moreover, the current budget process has limited transparency and not all staff are trained on the appropriate budget formulation procedures. Further, HUD's internal control processes need to be improved by addressing these significant deficiencies and material weaknesses.

The Office of the Chief Financial Officer (OCFO) plans to improve internal controls on financial management by reducing significant deficiencies and eliminating material weaknesses across the department. HUD will also improve the reliability of the financial accounting systems. HUD will also modify the budget formulation processes and procedures in order to increase transparency.

### STRATEGIES

- **Improve internal controls.** Improve internal controls on financial management by leading cross-agency initiatives to resolve material weaknesses and significant deficiencies, and work with the Office of the Inspector General (OIG) to agree on appropriate solutions. A strategic review of financial management and budget within the department will be performed to tighten the connection between programs and OCFO to optimize its structure.
- **Improve the reliability of the financial accounting systems.** Replace the current financial accounting systems with a new shared services system to improve viability, reliability, and reporting. The new financial accounting system will:
  - Improve functionality by providing on-demand financial information and greater flexibility in creating customized reports for end-users; and
  - Provide financial information and analytical capability to complete analysis to measure the effectiveness and efficiency of program outputs and outcomes
- **Improve the budget formulation process.** OCFO will improve this process by implementing necessary system improvements and establishing an annual budget calendar with timeliness targets to circulate to program offices; create a platform to initiate and respond to customer feedback; prepare clearer budget policies and procedures with program offices; and develop and provide budget formulation training to program office staff. This will allow leadership to make more informed budgetary decisions.

**LEADING THIS OBJECTIVE**

David Sidari

*Chief Financial Officer*

**MEASURING OUR PROGRESS**

To track our progress towards this objective, HUD will monitor completion of specific milestones set forth in the Department's Annual Performance Plan.