National Finance Center's Annual Report June 2011

Letter from the Director

To Our Customers:

Thanks so much for taking the time to review the National Finance Center's (NFC) annual report. This report details important achievements in the past year and our plans to continue advancing our mission of providing value-added, employee-centric systems and services.

NFC's key objective in executing this mission is to continually improve customer satisfaction. As a proof point, we recently completed the Office of Personnel Management (OPM) assessment in conjunction with OPM's Shared Services management team. OPM commented in the final report's executive summary that NFC … "was doing an excellent job" … as a shared service provider.

NFC's customer satisfaction plan is focused in five areas:

1. Improving the change request process by involving customers in a priority setting, extending customer test times, and providing an end-to-end test environment.
2. Reporting, reacting, and resolving software problem reports. Our process has improved such that problem reports are resolved in advance of agreed timeframes.
3. Improving quality of help desk operations across all service areas. The help desk effort is detailed in this report.
4. Reducing customer risks and cost:
   - Improvements implemented in *EmpowHR* eliminate reliance on legacy personnel applications for processing transactions.
   - Risk mitigation and lowering costs in legacy payroll/personnel applications and operations.
   - Continuity of operations plan to ensure, regardless of unplanned events, that NFC can continue to provide customer services.
5. Creating and executing on a vision for future value-added enhancements to our Enterprise Human Resources System, *EmpowHR*. This exciting vision, crafted with you, and progress on execution are detailed throughout this report.

NFC employees appreciate and value our relationship with you. We continually strive to balance service levels and costs to be most effective at serving you.

I personally want to thank you for your business. I hope you find this report valuable.

Sincerely,

John White

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The Department of Agriculture (USDA), Office of the Chief Financial Officer (OCFO), National Finance Center (NFC) serves USDA and other Federal organizations by providing reliable, cost-effective, employee-centric systems and services allowing our customers to focus on achieving their mission critical results. Every effort undertaken by NFC on behalf of our customers is driven by this vision. We know that the services we provide are essential to keeping Government agencies operating.

We value the collaborative relationship we have with our customers in serving this great nation. That is why we themed this year's report, "Moving Forward Together". The report is reflective of how our collaboration on the Strategic Management of Human Capital is moving the Government forward in a positive direction. The solutions we offer our customers are full-service and overlapping where needed to ensure the continuity required by Human Resources (HR) information management.

In this report, we highlight recent accomplishments and planned initiatives for the months ahead related to our expanding Human Capital Management (HCM) offerings. Additionally, we outline how we are improving our systems and services, expanding customer involvement, managing risks, and providing a data center that offers exceptional hosting services while ensuring the integrity and security of the data entrusted to us by our customers. Lastly, we will spotlight how we are moving forward and remaining fiscally prudent on behalf of our customers, stakeholders, and the citizens we all serve to improve the way Government is performed!

NFC's Mission

The National Finance Center serves USDA and other Federal organizations providing reliable, cost-effective, employee-centric systems and services thus allowing our customers to focus on serving this great nation through their mission delivery.

Strategic Management of Human Capital

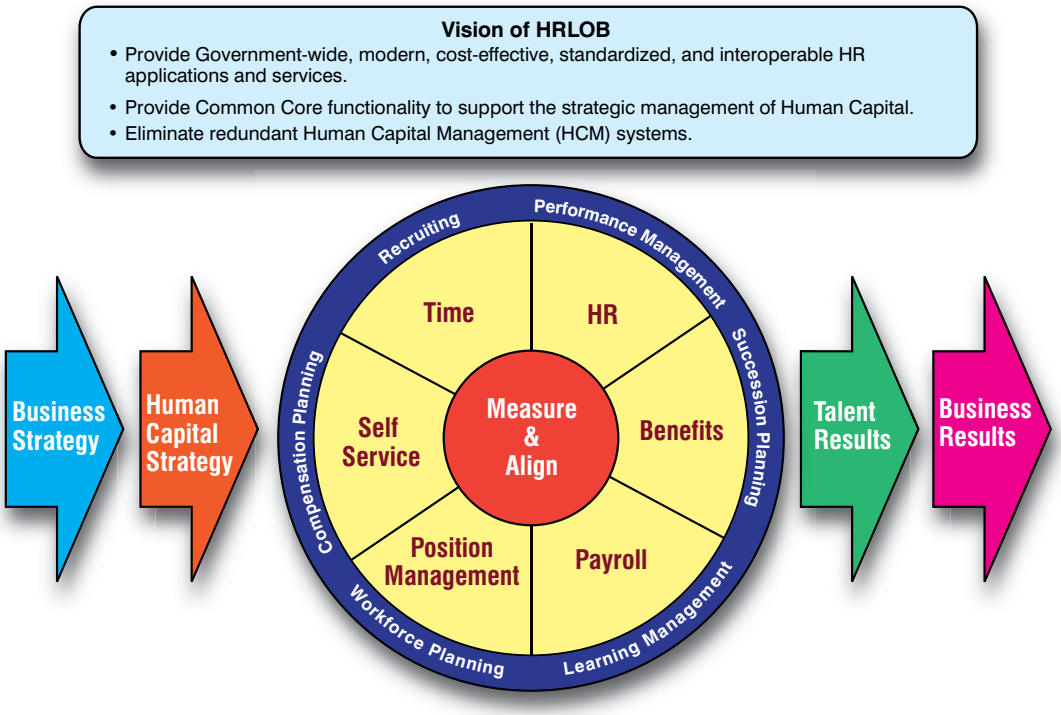
The Strategic Management of Human Capital continues to pose a significant challenge for Federal agencies. NFC remains focused on playing a key role in assisting you, our customer, with this challenge. We know that you are looking for solutions that provide these capabilities at the best possible value. As a certified Shared Service Center (SSC) provider, under Office of Personnel Management's (OPM) Human Resources Line of Business (HRLOB), NFC has the suite of solutions needed to assist you in achieving this objective. Our solutions are modern, cost-effective, standardized, and interoperable in order to provide the core functionality required to strategically manage your human capital. Within these solutions, we offer a blend of system options that meet every HR processing need. Additionally, we offer HR operational transaction processing services that are designed to eliminate time-consuming, transactional functions and increase time for your staff to perform more mission-related activities. Our future offerings will expand upon these technologies and services to meet the evolving requirements faced by our customers on a daily basis.

Additionally, we continue to collaborate with OPM and other SSCs on many key initiatives toward achieving the goals set forth under the HRLOB. The section that follows provides details on the great strides achieved within our product offerings. Our efforts have been targeted on delivering expanded system functionalities while keeping pace with legislated changes. The valuable information within this section has been organized into two major categories: (1) Human Capital Management System (HCMS), and (2) Payroll/Personnel Systems (PPS) and Human Resources Services.

Provider Assessment Report

OPM's HRLOB performed a formal assessment of NFC from June 2010 through December 2010. NFC was assessed on its ability to deliver on twenty different business practices that HRLOB customers determined to be important.

Per the OPM assessment, NFC has developed a clear and defined strategic vision that is validated through their yearly goal setting process.



Human Capital Management System

As an OPM-certified HRLOB shared services provider, NFC offers a complete HCMS, *EmpowHR*, which addresses core and non core services as defined by OPM's business requirements model. *EmpowHR* is a suite of commercial and Government applications that support all critical HR functions including Personnel Action Request (PAR) processing, benefits administration, position management, and Federal compensation management. The core component of *EmpowHR* is an Oracle/PeopleSoft application (currently Version 9.0) that has been modified to support Federal functionality.

EmpowHR allows agencies to focus their resources on more important mission-related activities rather than time-consuming payroll and personnel office processing.

We continue to mature and expand the *EmpowHR* product offering by increasing functionalities through scheduled releases, implementation of new value-added capabilities, quality help desk services, effective release management, and deployment of software monitoring tools ensuring application performance. While working to enhance *EmpowHR*, we also continue to focus on implementing new customers into this system offering. Outlined below are details on the accomplishment of these initiatives.

EmpowHR Scheduled Releases

In 2010 and 2011, multiple releases of *EmpowHR* were implemented including the highlighted changes below.

Additional information on these enhancements can be found within the Release Notes and *EmpowHR* procedure manual on the Training/Documentation page of the *EmpowHR* Web site at www.*EmpowHR*.gov.

Highlights of *EmpowHR* Release Changes

Release Date	Highlights
May 2010	• Implementation of OPM Update 52 (Authority Codes for Reservist Differential) • Modifications for the use of History Override Codes • Deployment of the Excel to Component Interface Utility
December 2010	• • Deployment of the Excel to Component Interface Utility for Award Mass Actions • Enhancements for the History Correction process • Modifications for Non-Resident Tax changes
January 2011	• Implementation of MSS/AWE for the Department of Homeland Security and the Government Printing Office • Configuration of MSS/AWE for the Fill-A-Position Component
February 2011	• Addition to the EHRI/RSM page for Work Email Address • Changes for the New Locality Pay Area for Foreign Service Overseas employees • Modifications for tax changes related to services performed outside a city or county
June 2011	• Changes to the Employee Self Service component for ERI/Gender/and Handicap updates • Enhancements to the History Override process • Section 508 Compliance modifications • Changes to ePerformance data field labels • Replacement of the term "handicap" with the term "disability" • Implementation into the Customer User Acceptance Test Environment (CUAT)

EmpowHR New Functionalities

In 2010 and 2011, several new component functionalities were added to *EmpowHR*. With the inclusion of these components, we remain focused on the expansion of the *EmpowHR* into a full HCMS suite offering. We know that the product must serve our customers and their employees from the point of hire to retire. The new components added include:

Manager Self Service (MSS)

MSS provides managers with the information and ability they need to administer certain aspects pertaining to employees' professional development. It eliminates paperwork and provides managers with a method to track information on each employee. Managers are able to:

- Initiate a PAR
- Initiate a Fill a Position Request (FAP)
- Request New Positions
- Manage PAR Requests
- Review Transactions
- Delegate Approvals
- Add Attachments

Managers have the ability to perform personnel requests for their direct reports and their subordinates. Once a manager initiates a request, it passes through an approval workflow process that is specified by the Agency. Once the request is approved, it is submitted to the appropriate *EmpowHR* module for processing. MSS is delivered with Approval Workflow Engine (AWE). AWE is the engine that provides the framework and capabilities for creating, running, and managing approval processes. It enables three levels of users to develop, configure, and use transaction approval that meets organizational requirements. With AWE, agencies will have the ability to develop and configure their own approval workflow process and define who should be included in that process. Managers will have the ability to initiate requests and view the routing process and approval status of each request. In January 2011, the United States Government Printing Office (GPO) and the Department of Homeland Security's Coast Guard were successfully implemented into the MSS module of *EmpowHR*.

HCM Data Warehouse

In support of the growing needs of our customers, NFC delivered a single source of reporting for *EmpowHR* customers. The Oracle/PeopleSoft HCM Data Warehouse and Oracle Business Intelligence Enterprise Edition (OBIEE) is a comprehensive and pre-built system that integrates with *EmpowHR* to provide analyses on workforce trends. The HCM Data Warehouse intelligently consolidates and enriches data, providing insight into Human Resource operations to identify trends and discover opportunities. With this level of insight, *EmpowHR* customers can make the right strategic decisions to maximize their workforce and improve HR performance.

In June 2010, NFC completed the implementation of Phase 1 of the HCM Data Warehouse. Phase 1 consisted of standard reports using Peoplesoft's delivered data elements from the *EmpowHR* System and contains the following report categories:

- Demography
- Grade Distribution
- Headcount Distribution
- Headcount Trend by Department
- Employment Change
- Activities by Period Summary
- Activities by Period Details
- Activities Trend by Department
- Minority Profile
- Department Employee Details

Future Data Warehouse enhancements will be folded into the NFC Enterprise Reporting Solution initiative described in the pages to follow.

For further information on using any of the new EmpowHR components, please contact your Dedicated Customer Service Representative or the EmpowHR Help Desk at 1-888-367-6955 or nfcempowhr@usda.gov.

Talent Acquisition Management (TAM)/ Candidate Gateway (CG)

In August 2010, the TAM and CG modules were put into operation explicitly for the Drug Enforcement Agency (DEA) to meet their requirement for recruiting and staffing. This solution allows DEA to recruit for and staff all of their positions.

In August 2010, DEA began utilizing the TAM and CG modules to accommodate recruitment and staffing functions. The TAM module supports HR Specialists and Hiring Officials throughout the recruitment life cycle. Specifically, TAM provides online tools that allow users to create vacancy announcements, use vacancy templates, post job openings to USAJOBS and other sites as needed, search for applicants, view applicant information, communicate with applicants via email, conduct rating and ranking of applicants, schedule interviews, create the applicant certificate of eligibility and manager referrals, and create offer letters/email. NFC's solution supports a 360-degree view of applicants and requisitions.

Through CG (via USAJOBS), applicants can create user accounts, search and apply for vacancies, track the history of all of their applications, and manage their profile by uploading resumes, skills, work experience and supporting documents (i.e., DD Form 214's, SF 50s). Applicants can also receive electronic notifications regarding the status of their applications, interviews scheduled, assessment scores, and other communications from the HR office and/or the selecting official.

Person Model

Person Model is a term used to describe the information captured about a person and how the person is related to the organization at many different times throughout their lifetime. Each relationship may require different attributes and different processing. With *EmpowHR*'s Person Model component, agencies can track the personal information about the person in one place with no redundant data. For example, the user may have a person who is now a Federal employee but was previously a contractor. The system tracks this person using one identification (ID), which enables their history as a contract worker to exist along with their history as a Federal employee. Person Model manages every relationship for a single identity. The system architecture interfaces the NFC's PPS with the Person Model functionality in *EmpowHR*, creating a single authoritative store for all employees. Person Model consists of a set of tables and Web-enabled user interface screens that manage both a person's identity information and organizational relationships by merging the identity records into a single HR-owned system. Person Model verifies each identity to prevent duplicate records from being created.

The intangible benefits and the expected impact on the business are identified as follows:

- **Organizational relationship management -** Ability to manage a single identity and all respective organizational relationships that a person has over time in one authoritative system.
- **Reduced maintenance cost -** Eliminates the need to change to multiple systems in a synchronized manner when any new identity management requirement arises.
- **Security risk mitigation -** Significantly reduces the security risks associated with duplicate records and data integrity issues introduced because of multiple identity sources.
- **Automated provisioning and deprovisioning -** Person Model is much better suited to support automated functions for managing entitlements, including provisioning and deprovisioning accounts and access rights.
- **Role life cycle management -** Person Model provides a consolidated single view that can be used to assign the applicable access rights required based on the individual's current organizational relationships.
- **End-User Benefits -** With Person Model an agency can have integrated on-boarding and access control assignment processes, and users can benefit from a reduced wait time to gain access to systems, applications, and facilities, which will improve their productivity.

As of the 2nd quarter of calendar year (CY) 2011, current USDA *EmpowHR* agencies were implemented into the *EmpowHR* Person Model product in support of USDA's integrated, policy-driven identity management solution.

EmpowHR History Processing Changes

Numerous changes were made to the *EmpowHR* components for History Override, HR Processing, Correct Applied Action, and Cancel Applied Action during fiscal year (FY) 2011. These changes reflect significant improvements in the history processing functionalities of *EmpowHR* in the following ways:

- Controls have been incorporated to prevent transactions from being created, entered, or deleted at an inappropriate time.
- Improvements on the display or non-display of certain fields and/or tabs.
- Verification is now performed on the current pay period "paid" status of an employee before a transaction is allowed.
- Various history processing tasks can now be created up until 3 p.m. central time on the Thursday and Friday of the Payroll Processing System (PAYE) processing week.
- Additional messages are now displayed to inform the user more thoroughly about the history update process.

For details on the history processing changes, please consult the related *EmpowHR* bulletins, release notes, or procedure manual instructions which can be found on the Publications tab of the NFC Web site at www.nfc.usda.gov.

Additional changes are planned for the Pay Period 20 Release of *EmpowHR* that will continue to enhance the functionalities of history processing. Our goal is to improve *EmpowHR* to make the complex processing of history updates a little easier for your HR staff.

Tools for Improved *EmpowHR* Processing

NFC has begun implementing various tools that will help *EmpowHR* process more efficiently and seamlessly. The specific tools and their implementation dates are described below:

- STAT for PeopleSoft – STAT is a change management and version control solution that provides increased visibility into – and control over – the change process, allowing NFC to be more responsive to updates and patches. By implementing STAT, NFC can help manage change, and ensure we achieve regulatory compliance. STAT will provide auditing and traceability for changes being made to the *EmpowHR* Peoplesoft application and make the migration process more automated. STAT will be fully implemented for all *EmpowHR* environments by July 11, 2011.
- BMC Control-M 7 - Control M integrates and automates business processes from a single point of view to provide an enterprise-wide dynamic workload management solution. Through Control M, NFC will be able to provide a seamless flow of processes from within all *EmpowHR* test and production environments to and from the mainframe so that mainframe file transfers and associated *EmpowHR* PeopleSoft jobs can be run immediately after mainframe jobs complete. This will enable *EmpowHR* to begin to import mainframe data earlier and complete well ahead of normal business hours the following day. The PeopleSoft jobs in Control-M will be implemented into production by June 20, 2011. The planned implementation of the imports/exports to and from the mainframe is June 27, 2011.

NFC's HRLOB OFFERINGS

Dependable, Accurate Compensation Process

- Proven payroll engine and processes for over 30 years

New Human Capital Management Tools

- New robust, user-friendly HR application that facilitates planning and leverages best-in-class processes

More Time for Strategic Planning

- New service offerings designed to unburden time-consuming, transactional functions and free up time to perform more strategic planning activities

Increased Standardization

- Best practices determined and shared with all agencies
- Consolidated legacy systems and databases

EmpowHR Insourcing Initiative

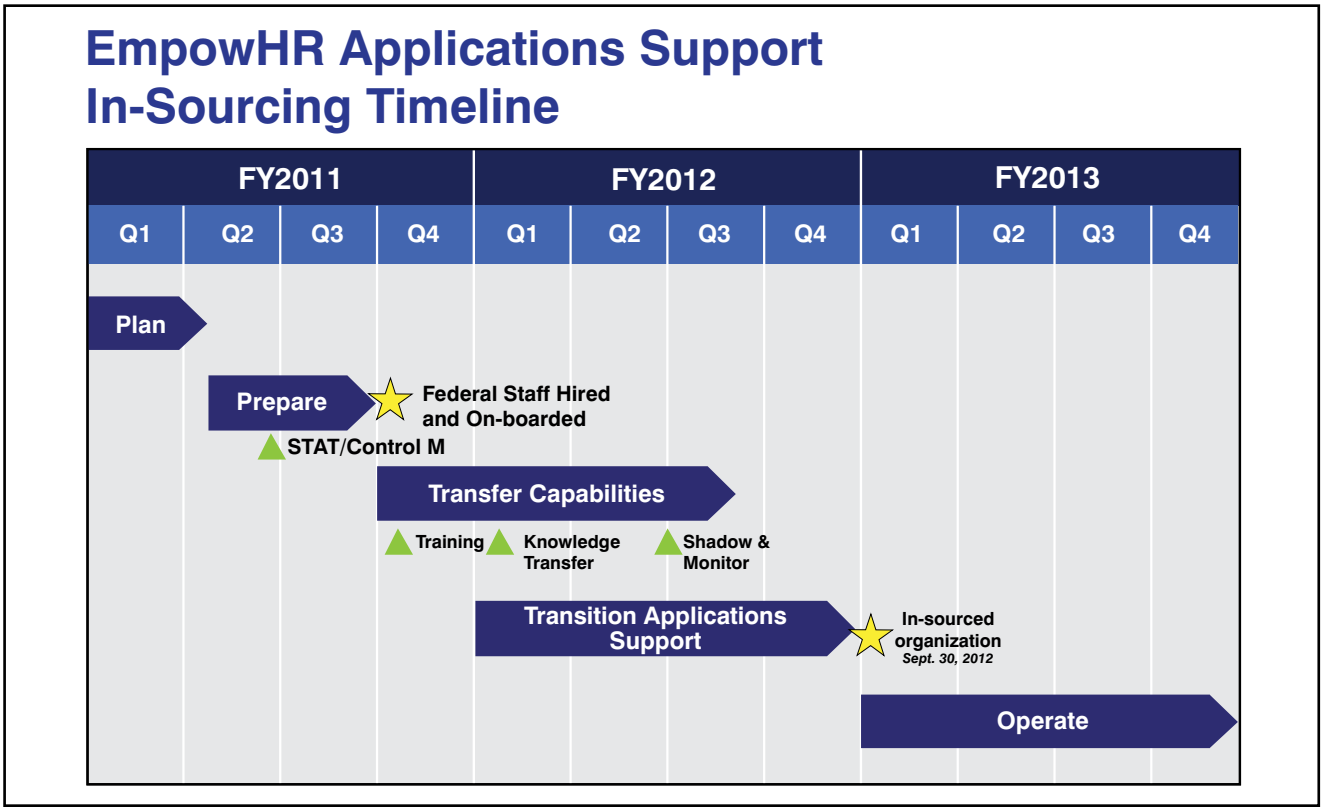
In FY 2011, NFC launched the *EmpowHR* Insourcing initiative to transition the *EmpowHR* Applications Support from contractors to NFC's Federal staff. Under this new insourced model, NFC will perform all the applications support for the *EmpowHR* application, including incident management, development management, change management, and release management. An NFC cross-functional team is currently performing the following activities to promote a seamless transition to the insourced model:

- Designing and implementing the insourced operating model, governance structure, and organization;
- Recruiting and hiring Federal Information Technology Specialists with PeopleSoft expertise to perform the applications support services;
- Conducting knowledge sharing and capability transfer between the current contractor and NFC Staff; and
- Implementing enhanced tools to support the insourcing of *EmpowHR* Applications Support.

Insourcing of the *EmpowHR* Program will provide NFC and its customers with several benefits:

- Increased flexibility over the *EmpowHR* application (i.e., improving NFC's ability to quickly respond to changing customer needs and varying requirements);
- A reduction in spending on contracting services, in line with the Office of Management and Budget's (OMB) guidance; and
- An investment in the cultivation of internal expertise and commitment to the *EmpowHR* program.

Currently, we are preparing for the transition, which will formally commence beginning July 2011 and run through September 2012. In order to minimize the impact to our customers, we will be using a phased approach over the 15-month period to transition the applications support program and associated processes to Federal employees. The insourced *EmpowHR* Program will enable NFC to provide greater service levels for our *EmpowHR* customers.



Payroll/Personnel Systems And Human Resources Services

Payroll/Personnel System

Our HCMS solutions described above also include significant solutions for Payroll/Personnel systems and services. Included in these solutions are NFC's current payroll application and its many associated entry, reporting, and data tracking tools for payroll and personnel transactional processing. In the following section, we have outlined the latest initiatives for these system solutions and services focused on enhancing the value of these offerings to you.

Redesigned Employee Personal Page (EPP)

The EPP is a Web-based, self-service application providing employees with access to view and update personal information. Effective, May 2010, the EPP was redesigned to improve usability. The newly redesigned EPP provides an improved user interface and expanded functionality. The navigation is now menu driven and the pages within EPP have a new look and feel. Each benefit type contains current information and self-service processing on the same page.

EPP now provides users with a Self-Service History feature where employees will be able to view the current status of documents being processed through Employee Self-Service (ESS). Employees are able to follow a document as it is processed from EPP to the PPS database beginning with documents processed in the implementation pay period.

Some additional enhancements provided by the redesigned EPP include:

- Employees experience an improved user interface when viewing and updating their personal information.
- Employees are able to view multiple pay periods of their Statements of Earnings and Leave (SEL) on a single screen and experience improved navigation in EPP.
- Employees can track the status of their Self-Service documents entered and view Self-Service documents history.

Other changes were made to the EPP in July 2010 related to EPP's Sign-up letter, Email Preferences, and Health Savings Account (HSA) Self-Service page as described below.

- **New Sign-Up Letter -** Effective Pay Period 13, 2010, the EPP sign-up letter that is mailed to employees to provide them with the necessary information to begin using EPP was modified to provide updated instructions regarding the initial login process.
- **Email Preferences -** Effective Pay Period 15, 2010, EPP users have the option of entering a second email address in the Preferences section of EPP.
- **Revised HSA Self-Service Page -** Effective Pay Period 15, 2010, EPP's HSA Self-Service option provided users with a series of warnings that notify the user that this entry will establish an HSA and not a Flexible Spending Account (FSA). Employees are required to acknowledge that they are eligible to establish an HSA. The HSA Self-Service Request page also provides employees with helpful links on HSA eligibility requirements, a list of High-Deductible plans, and Internal Revenue Service (IRS) publications regarding HSAs.

Employee Personal Page Milestones

- **649,331 employees subscribe to EPP (95.7% of NFC payroll population)**
- **74% use the paperless SEL feature**
- **Over 1,117,000 self-service transactions applied during January – December 2010**

NFC Enterprise Reporting Solution

Over the decades, NFC has developed a variety of reporting systems including FOCUS, the Reporting Center, Dispatch reports, and data downloads. Issues with these systems make them inadequate for today's reporting needs. Some of the main issues include:

- FOCUS is too expensive, the pool of talent is dwindling, and FOCUS report delivery timeframes are often unacceptable.
- The Reporting Center does not provide enough ad hoc capability.
- It is cumbersome to deal with multiple reporting systems. Data integrity issues arise when reports from different reporting systems conflict.

The new NFC Enterprise Reporting Solution will address these issues and more. It is intended to do more than simply display statistics; it will provide for analytic and predictive reporting capabilities. The NFC Enterprise Reporting Solution will provide a suite of modern reporting tools for NFC customers and replaces multiple, legacy reporting systems with a consolidated data warehouse. It will support a wide range of reporting needs from standard reports to strategic business analytics.

The NFC Enterprise Reporting Solution will be useful throughout the NFC community. Executives will have access to dashboards that display key metrics at a glance. Power users will have the ability to perform strategic business analysis and quickly respond to requests for information. Knowledge workers will have access to scheduled and operational reports.

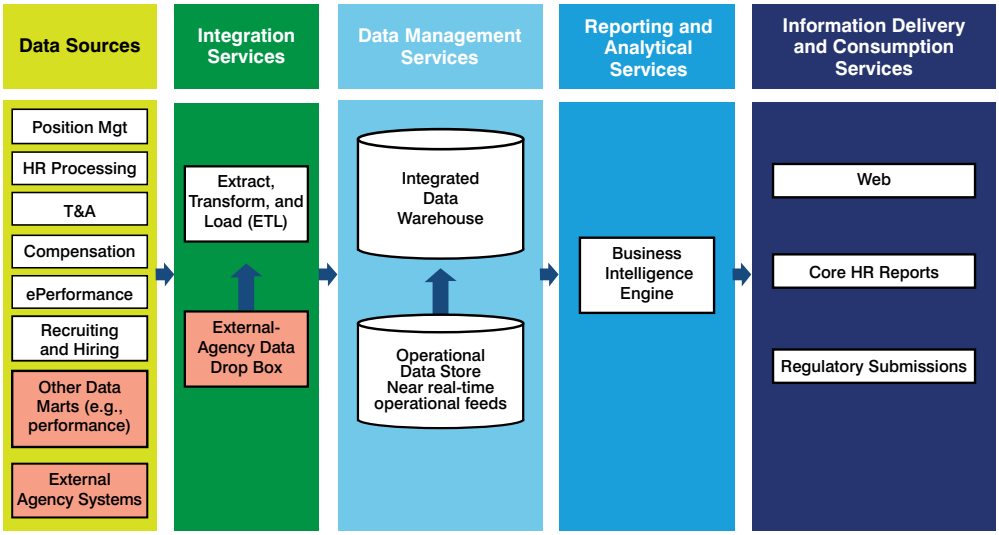
At the heart of the NFC Enterprise Reporting Solution being designed is a consolidated Oracle data warehouse. It will combine and reconcile data from a variety of data sources including PPS, *EmpowHR*, and agency-specific data. It will be scalable and able to adapt to changes in the transactional systems from which it is populated. Web access to the warehouse is provided by Oracle OBIEE.

The Enterprise Reporting Solution milestones for FY 2011 include the following:

- Definition of agency reporting requirements
- Creation of the conceptual model for the data warehouse
- Customer outreach for managing change from legacy reporting to the new solution

The first production build is targeted for the end of CY 2011 and will include PPS data. Subsequent builds will occur over the next few years and will allow for the retirement of current legacy reporting tools.

NFC Enterprise Reporting Solution



OPM Mandated Projects

Many system updates completed in FY 2011 and targeted for completion in FY 2012 are mandated by OPM. Each of these OPM mandates is described below along with its respective implementation date.

Combined Federal Campaign (CFC) Pledge Automation

NFC is working with OPM to implement CFC e-pledge through our EPP/ESS product. We are participating in OPM forums designed to assist NFC with this automation and are actively working on developing the system requirements necessary to define the application changes. NFC has provided OPM with a high-level project plan for implementing a pilot project in 2012. As progress occurs, updates on this initiative will be provided through customer notifications available on the NFC Web site.

Reservist Differential and Update 52 Guide to Processing Personnel Actions

Reservist Differential was mandated as part of the Omnibus Appropriations Act 2009, Public Law 111-8 (effective on the first day of the first pay period beginning on or after March 11, 2009; i.e., March 15, 2009) and Public Law 111-117 and this legislation encompasses several facets. As dictated by Title 5 of the U.S.C., Section 5538, Federal agencies must provide a payment for the difference between the employee's civilian and military pay. This payment, Reservist Differential, is not payable for periods during which the employee is receiving civilian basic pay for performing work or using civilian paid leave or other paid time off. NFC has completed their analysis of the system changes necessary to implement this payment into the Web version of our Special Payment Processing System (SPPS Web). These system changes were implemented in Pay Period 08, 2010. Payments were available for entering in SPPS beginning April 19, 2010. Additionally, NFC issued, Title I, Bulletin 10-7, Reservist Differential Payments Processed in the Web-based SPPS outlining these changes.

Another facet of this legislation is based upon an amendment made by Section 745 of Public Law 111-117 and the corresponding Update 52 to the Guide to Processing Personnel Actions (GPPA), issued by OPM, effective March 28, 2010. A major change addressed in this update is to provide guidance on coding personnel actions when employees are eligible to receive Reservist Differential. The new process introduces a new second authority code (QRD) to be utilized when an employee is eligible for Reservist Differential. These system changes were implemented in Pay Period 10, 2010. NFC issued Title 1 Bulletin, 10-11, Changes for Documenting Reservist Differential based upon OPM Update 52 outlining the changes.

Finally, on March 1, 2010, OPM issued Update 61, Update 01 of the OPM Data Standards which addresses the need for new pay status codes for reporting which are related to the Nature of Action Code (NOAC) changes for Reservist Differential addressed in Update 52 of the GPPA. The new OPM Pay Status Codes were implemented in Pay Period 10, 2011.

Nature of Actions for Details

Effective May 11, 2008, OPM mandated the use of three new NOACs to use for Details (930, 931, and 932). As OPM has not traditionally assigned 900 level NOAs and NOA 930 is currently used for 'Change in Quarters Deduction', application changes were necessary to reassign NOA 930 to another NOA. These system changes were implemented in Pay Period 20, 2010. NFC issued Title I, Bulletin 10-22, New Nature of Action Codes to notify customers of these changes.

Nature of Actions for Absent Uniformed Service

On December 13, 2010, OPM issued new proposed practices for processing NOAC 473 "Absent Uniformed Service". The proposal allows NOAC 473 Uniformed Status Leave Without Pay (LWOP), actions to be processed without processing a NOAC 292, Return To Duty personnel action. OPM has targeted January 1, 2012, as the implementation date for the proposed practices for NOAC 473 and the final guidance will be issued via an Update to the Guide to Processing Personnel Actions. NFC is currently analyzing the potential system changes and will complete this analysis once OPM issues this Update. Accordingly, NFC is targeting the implementation of these changes for Pay Period 01, 2012.

Pay Retention for Former NSPS Employees, OPM Update 04, Guide To Data Standards
Effective February 1, 2011, OPM's Update 04, Guide to Data Standards established a new Pay Rate Determinate (PRD) code of Y = NSPS RETAINED PAY to be used by all Federal agencies. PRD "Y" will allow employees to be paid above the EX level IV pay cap but not to exceed 5% above the cap. NFC is currently reviewing the guidance and analyzing the system changes needed to implement this project. In the interim, agencies can use PRD "R", which allows the employee to be paid above the pay cap.

National Defense Authorization Act (NDAA)
OPM's Recent Pay-Related Legislative Changes to the Duncan Hunter National Defense Authorization Act for FY 2009 (PL 110-417), extended the waiver authority extended through 2011. NFC reviewed the 1-year Extension of Authority to Waive pay limitations for certain Federal Civilian employees working overseas, and developed processing instructions in order to pay this payment over the premium pay cap through SPPS.

Another provision of the NDAA allows an agency to grant their own dual compensation (salary offset) waivers on a temporary basis under certain specified circumstances. OPM requires that agencies report their use of this authority no later than February 1 of each year through 2015. The data for the yearly reporting will have to be maintained and provided by the agencies. While two new Annuitant Indicators (Civil Service Retirement System (CSRS) - numeric 0) and (Federal Employees Retirement System (FERS) – K) need to be set up to allow eligible employees to receive pay without salary reduction, no new authority code was established. Numerous PPS changes are needed to accommodate the new annuitant indicators and the new codes need to be added to Table Management System (TMGT) Table 053. NFC analysis of this portion of the legislation will be completed by early summer 2011 and this project will then be scheduled for implementation.

Revisions to Form Standard Form (SF)-256, Self Identification of Disability

The SF-256, Self-Identification of Disability form has been revised. The changes to the form include:

- Title of form changed from Self-Identification of Handicap to Self-Identification of Disability
- Form is now arranged in two parts, "Targeted/ Severe Disabilities" and "Other Disabilities"
- Similar disabilities were combined and given new codes and descriptions
- Code descriptions were changed
- Brand new designations were added

NFC identified the system changes necessary to implement these form changes. A crosswalk between the old and new codes was developed and documents were system generated to update employee records accordingly. These changes were implemented in Pay Period 12, 2011.

Electronic Official Personnel Folder (eOPF) Update

NFC has been directed by OPM to make the following changes to the signature block areas of the Thrift Savings Plan (TSP)-1, TSP-1C, SF-2809 and SF-2810, when an action is completed using ESS.

1. Place the words "Employee Self-Service" in the block where the employee would sign on a paper form.
2. Place the words "Self-Service Transaction" in the space where the agency authorizing official would sign on a paper form.

Additionally, NFC continues to work diligently to provide OPM with eOPF data for subscribing customers and looks forward to implementing new subscribing customers upon request.

Retirement Systems Modernization (RSM)

OPM initiated the Retirement Systems Modernization (RSM) program as a strategic initiative to automate retirement calculations using modern technology to ensure retirees and annuitants are paid accurately. OPM's strategic priorities for this initiative are to modernize the retirement system to upgrade mission-critical legacy systems supporting the retirement process, migrate from a paper-based environment to an electronic system of retirement data management, and improve retirement processing and post-retirement processing efficiency.

OPM will be realigning the RSM effort to be included in the Enterprise Human Resources Integration (EHRI) warehouse. OPM is expected to provide additional details related to this initiative sometime in the spring or summer of 2011. In the interim, NFC has been working with OPM to develop a standard method of submitting retirement-relevant data. OPM has also developed the following required data feeds:

- Separation, Transfer, and FERS Election Retirement Data Feed
- Re-employed Annuitant Notification Data Feed
- At-Retirement Data Feed
- Summary of Service Data Feed

NFC's RSM Team has completed its analysis of the data feeds and identified how to populate the data elements required for these feeds. The team is now analyzing what triggers the transmission of data to OPM. NFC is working with OPM to test connectivity for file transfers. Once that connectivity has been established, NFC will continue to work with OPM to provide the test files required and to complete the analysis and application changes required for the additional feeds.

We provide integrated HR personnel and payroll services to more than 170 diverse agencies and over 650,000 employees across the United States, its territories, and in foreign countries.

Federal Erroneous Retirement Coverage Corrections Act (FERCCA)

The Federal Erroneous Retirement Coverage Corrections Act (FERCCA) was established to provide relief to Federal civilian employees, former employees, annuitants and their survivors who were placed in the incorrect retirement system for at least 3 or more years of service after December 31, 1986. It is the agency's responsibility to determine the affected employee's FERCCA eligibility, as well as, to process the necessary corrections and to submit the appropriate documents to NFC's Payroll Processing Branch (PAPB) for processing of any manual adjustments associated with the FERCCA case. Because multiple work areas within NFC are responsible for work on a FERCCA case, it is necessary for control of the case to be maintained. Because of this, PAPB is the starting point for all FERCCA cases and will distribute documentation to the other responsible areas. Cases are logged into SPPS for identification and to annotate receipt of the case.

Other than PAPB, several other areas within NFC have responsibilities related to the complete processing of a FERCCA case. NFC's Benefits Processing Section (BPS), the Payroll Tax Reporting Section (PTRS), and the Payroll Reconciliation Retirements Section (PRRS) uses documentation from the FERCCA package along with information from PAPB to update the employee's TSP records, Social Security records, and Individual Retirement Record (IRR).

Processing of FERCCA cases can be a labor intensive and timely process. To keep the process moving, contractors were obtained to work in PAPB to process cases. Cases are processed in the order in which they are received and several Federal employees work along with the contractors to ensure accurate processing. NFC staff regularly attend the annual FERCCA conferences conducted by OPM to gain additional knowledge regarding FERCCA processing.

You can email the FERCCA mailbox at FERCCA.GROUP@nfc.usda.gov if you have questions regarding FERCCA or require priority processing for a specific case.

Non-Appropriated Fund Instrumentality (NAFI) Program Employee Retirement and 401k Benefits Deductions

Nonappropriated-fund instrumentalities (NAFI) of the Federal Government are Federal financial entities, but their receipts and expenditures are not reflected in the Federal budget. They can spend funds without a Congressional authorization or appropriation and without resulting in Federal budgetary outlays.

The Department of Defense (DoD), the Department of Veterans Affairs, the U.S. Coast Guard, and the State Department all operate NAFIs for the benefit of their employees. DoD's NAFI programs are the largest, and the Department of the Army has the largest number within the military branches. NAFI employees are Federal workers who, because they are paid with nonappropriated funds, are not part of the civil service.

The military exchanges-which provide general retail stores, specialty stores, and consumer services at military installations-are among DoD's largest nonappropriated-fund activities. DoD military exchanges, morale, welfare, and recreation programs for service members include many NAFI activities, including libraries, fitness centers, child care centers, clubs for officers and enlisted personnel, restaurants, hotels, golf courses, and bowling alleys.

The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 allowed DoD and Coast Guard employees who moved from a NAFI position to a CSRS- or FERS-covered position, and vice versa, the opportunity to elect to remain in the retirement plan they had in their previous employment system. Public Law 107-107, The National Defense Authorization Act for FY 2002 eliminated the vesting requirement for NAFI portability. Eligible employees in the nonappropriated fund system of DoD or Coast Guard who moved into the civil service could continue NAFI retirement plan coverage. Employees moving into civil service positions who elect to retain coverage under a NAFI retirement plan are not eligible to participate in the Federal TSP.

Portability elections are time-limited, one-time, irrevocable choices. In authorizing employees to choose between retirement plans, Congress required that the choice be a one-time only opportunity, that it be made within 31 days after the move, and that it be a permanent choice. Once you have elected to stay in a retirement program, you will be in that program for the rest of your Federal career.

Currently, salary payments for NAFI employees are processed through the automated system. Receipt accounts are established to collect employee retirement and 401k deductions. The employing agency is charged for benefits contributions through SPPS adjustments and these funds along with the employee deductions are combined and disbursed to the NAFI Portability entity. Any pay changes that are made require a modification of the NAFI employee's records and the reporting to the NAFI Portability entity.

Even though NAFI employees are Federal employees, their benefit deductions are disbursed to the appropriate DoD branch, to be forwarded to an investment institution, and not OPM or TSP. In an effort to improve and streamline the process, a project has been established to automate the NAFI process. This automation project is still in the requirements development phase.

New NFC Organization For Processing Post-1956 Military Service Deposits

In 1956, Congress enacted a law requiring that CSRS retirees with annuities that included credit for military service after 1956 would lose that credit when they became entitled to Social Security benefits. This law coincided with a change in Social Security requiring that military wages be subject to Social Security taxes starting in 1957. Years later, as these laws began to cause recalculations of CSRS annuities, Congress passed another law to re-address the issue. This statute, passed in 1982, allows

Our number one priority is the delivery of a full range of human capital technologies and services at an affordable price for our customers and the Federal marketplace.

Federal employees that were also veterans with post-1956 military service an opportunity to pay deposits into the retirement system to avoid the loss of their military service credit.

Deposits for post-1956 military service consist of payments to the employing agency equal to 7 percent (in the case of those in CSRS) or 3 percent (for those in FERS) of military basic pay earned during the period of military service. The transfer of these payments to OPM occurs after the employee retires or separates from Federal service, pays the debt in full, or changes payroll offices.

Currently, three distinct NFC organizations are involved in processing Post-1956 military deposits: the Administrative Billings and Collection (ABCO) Section, the Payroll Operations Section (POS), and PRRS. However, this organizational structure no longer provides for an efficient and effective means of processing military deposits. Regulatory and operational changes along with significant increases in both the volume and complexity of the military deposits provided NFC with the opportunity to address workflow issues to meet our customers' needs. Constant shifting of priorities within independent organizations tended to create backlogs throughout the process. Also, since FY 2005, the number of military deposit accounts has increased significantly. Currently, NFC processes approximately 5,600 paid-in-full military deposit accounts a year and maintains another 5,500 active accounts that require yearly interest updates. Furthermore, the complexity of processing military deposit accounts significantly increased in large part to three recent changes:

1. In FY 2005, NFC allowed agencies to process their own military deposit accounts, thereby shifting the responsibility for final reconciliation of the account to the NFC's Retirement Section. A significant amount of NFC staff hours are spent contacting agencies to obtain the required documentation and resolve discrepancies.

2. In September 2007, OPM required payroll offices to submit the military deposit package when the employee paid the debt in full. Prior to September 2007, the payroll office maintained all military deposit account documentation and submitted it to OPM only when the employee retired or separated from Federal service or changed payroll offices.

3. In 2008, NFC expanded the database to allow for reporting multiple periods of service on the Individual Retirement Records up to 30 for each record. With the Iraq and Afghanistan Wars, employees now receive credit for each period of activation. Accounting for the multiple periods of service adds complexity and time to the process.

In order to streamline the entire process, ensure accurate and timely processing, develop more responsible caseload tracking, and establish reliable performance metrics, NFC will treat Post-1956 Military Service Deposit Accounts as a single product line and consolidate all functions under one organization. This new organization will be comprised of a lead component and a core staff representing each major function within the process. Consolidation and implementation is scheduled for July 2011 and the new organization should be fully operational by September 30, 2011.

Legacy System Risk Mitigation

In last year's annual report, a summary of the Pay Engine Project was provided. Due to the lack of approved funding to implement the Pay Engine, NFC established the Risk Mitigation Project to identify and determine the strategic approach to convert, modernize, and migrate NFC's mainframe-based systems to a new database structure; and/or a new mid-tier platform; and consolidate existing software applications with the least amount of risk.

Recommendations and alternative approaches will be presented in order to determine the best migration strategy allowing minimum disruption of services and supporting NFC's targeted business models. Recommendations regarding available conversion and development tools as well as a detailed cost estimate, project plan, and proposed

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timeline will be completed. The largest of these applications involve 20+ large mainframe applications which make up the Governmentwide NFC PPS.

As we work through this initial phase and as this important project matures, we will provide updates through the meetings of the NFC Customer Advisory Board (CAB) and Project Review Team (PRT) and through the NFC Home Page.

Human Resources Services - Partnering Approach

As a Shared Service Center, NFC continues to support OPM's HRLOB concept through HR services offerings. NFC is working on a competitive procurement to partner with private sector vendors for services that would be made available through a portfolio of multi-year blanket purchase agreements (BPA) to deliver specific system solutions. Part of our strategy is to use this partnership to provide support in the areas of competency management, position management, job analysis and sourcing, candidate evaluation and selection, employee performance management, and employee development needs assessments. The first BPA should be awarded during the July 2011 timeframe with the remainder following before the end of the calendar year.

Human Resources Services Implementation
The USDA's National Appeals Division (NAD) is the most recent customer added to NFC's Human Resources Services offering. Effective Pay Period 01, 2011, NFC began supporting NAD in the areas of Benefits Management, Labor Relations, Employee Relations, Personnel Action Requests, Workers Compensation, Recruitment and Placement, and Staffing.

webTA Hosting Plus Services

In 2008, NFC developed a business model for utilizing Kronos' webTA application and NFC-related services as a new software service product offering using a "public cloud" service concept. With this product offering, an agency can completely automate its timekeeping and labor management processes, improve data accuracy, reduce costly payroll errors, and complete a variety of Federally-mandated compliance requirements. webTA Hosting Plus supports employee entry and automated routing of leave requests, premium pay requests, and Time and Attendance (T&A) reports. It also records an audit trail each time the T&A status changes; i.e., created, validated, certified, and sent to NFC for processing in the payroll cycle. Besides webTA migration support, Hosting Plus services provide total technical infrastructure support, including certification and accreditation of your T&A system. Hosting Plus services also provide disaster recovery, technical and functional help desk support, training, reporting, and interface support.

In 2010, NFC established a bi-directional interface between webTA and data contained in NFC's PPS. This interface provides NFC hosted agencies with updated HR source data within webTA to improve timeliness and accuracy of employee information. The bi-directional interface will keep webTA information in sync with legacy PPS. The data included in the interface is comprised of daily employee reference data, needed to establish employee profiles in webTA, as well as bi-weekly updates of leave balances. NFC looks to grow the functionality of its webTA Hosting Plus product offering.

For more information on NFC's webTA Hosting Plus services, please contact the webTA Help Desk at 1-888-265-8369 or via email to webtahelpdesk@usda.gov.

Currently, we are in the Design Development phase of the next release of webTA Version 4.0. With webTA Version 4.0, users can expect improved, streamlined navigation which will provide quick access to all areas of the system. WebTA Version 4.0 will also offer access to support populating and saving future timesheets; an expanded remarks field for individual time entry; expanded schedules that can include designated meal times and regular days off; an enhanced reporting system with the capability of importing templates into the system; and configurable workflows, roles, and organizations within the user interface.

NFC has migrated 43 agency level organizations, representing approximately 100,000 Federal employees, to webTA Hosting Plus. NFC's webTA Hosting Plus services business continues to grow to achieve economies of scale to ensure best service for best possible value. In 2010, NFC added USDA's Office of Advocacy and Outreach and the Office of Compliance. In 2011, NFC will be implementing several new webTA customers including: National Endowment for the Arts, National Capital Planning Commission, U.S. Marshals Service, U.S. Court of Appeals for Veterans Claims, and the Department of Justice.

HRLOB Governance

The robust suite of system solutions managed by NFC are governed by a formal process structured to set direction for each system and facilitate communications regarding requested changes. Determining priorities for system development activities and customer initiatives is critical to ensure the continued operation and advancement of our system offerings. NFC has a formal vehicle for each of our lines of business to provide this critical governance structure. An update on some of the governance activities is provided below as well as a summary of the activities of the GESD Project Control Office.

Project Review Team

In June 2010, NFC held its first *EmpowHR* PRT meeting. In accordance with NFC's improved governance structure, NFC decided to model the *EmpowHR* governance structure after its existing Payroll/Personnel System and Services (PPSS) governance structure. The *EmpowHR* PRT was organized to represent the *EmpowHR* clients in prioritizing agency-specific requests, system-wide enhancements, and unresolved customer-wide initiatives involving NFC's Scheduled Releases.

After a couple of stand-alone meetings the *EmpowHR* PRT, the webTA PRT, and the PPS PRT were consolidated to optimize the governance model and streamline customer input coming into NFC. In February 2011, NFC held its first consolidated PRT meeting with its highest participation to date. Discussion topics usually include the current Scheduled Release (SR), the SR Project Plan, Functional Requirements Document statuses, interagency agreement statuses, and updates on the major initiatives in progress at NFC. Performance Measures are also distributed on Software Change Request's, Software Problem Report's, Incident Report's, and system-specific Help Desk statistics.

webTA Governance

NFC's webTA Hosting Plus product offering is governed by the NFC PRT. The PRT considers all agency-specific requests, works with the membership to prioritize such requests and ensures funding for such requests is properly identified. The PRT provides information, as needed, to NFC to determine schedules for development and implementation. The PRT does not engineer software modifications, but provides

The improved governance model provides a forum for better information exchange, stronger strategic direction, and a more meaningful customer-provider experience.

prioritization of agency-specific requests after considering agency priority input and NFC-identified resource requirements. NFC considers the priorities and resource requirements and provides the PRT with a schedule of planned implementations. NFC acts as the liaison between the PRT and the requestor and is responsible for technical review, analysis, feasibility studies, preparation of documentation, scheduling of the change request, coordination of the software modification (and associated testing), and implementation of the change request.

GESD Project Control Office

In 2010/2011, NFC/GESD Project Control Office (PCO) continued on its quest for Continuous Process Improvement. Improvements were realized in the following areas:

- **Improved Governance Model**
  - CAB and PRT Partnership
  - Streamlined Configuration Control Board (CCB)
  - Documented Procedures for CAB, PRT, and CCB
  - Combined PPS, *EmpowHR*, and webTA CCBs and PRTs
  - Published a Management Control Directive on Software Change Requests (SCRs)
  - Revising the Software Development Life Cycle (SDLC) Management Control Directive
- **Improved Performance Measures**
  - Providing Software Problem Report (SPR) and Incident Report (IR) Oversight
  - Improved Service Level Agreement (SLA) Metric Reporting and Tracking
  - Distribution of Performance Measures at Committee for Agriculture Payroll/Personnel Systems (CAPPS), PRT, and CAB
  - Added IRs to the FY 11 Performance Measures
  - Implemented all OPM Mandated Shared Service Center Performance Measures for FY 11.
- **Communication and Reporting**
  - PCO Communication Plan and Communication Matrix
  - Stakeholder transparency gained in the issuance of the bi-weekly PRT reports
  - Categorization and Impact of Software Changes Improvement Initiative
  - Utilized GovDelivery as NFC's primary subscription service
  - Improved Web Presence for CAB and PRT participants
  - Functional Requirements Document (FRD) Form Improvements
  - FRD Web-based Landing Page associated with each major SR
  - Publishing the CY 2011 SR Project Plan
  - FRD Statuses and Interagency Agreement (IA) Statuses being monitored with issues. Issues communicated at PRT and CAB regularly
  - Customer Notice given on the SR Lock Down date in preparation of the CUAT

User Groups

The role of NFC's User Groups continues to grow. The four groups are Entry, Processing, Inquiry, and Correction System (EPIC), *EmpowHR*, Reports (RUG), and T&A(TAUG). In the past year, User Group members worked together to identify system enhancements that would benefit all customers. Each group ranked their projects and identified their top priority projects. Members then volunteered to serve on work groups to document the requirements for these projects. Once the requirements are completed, NFC will create and submit an SCR to the PCO. Once the SCR is approved, it will be added to the project timeline.

Participating in the User Groups gives NFC customers the opportunity to share information and ideas with other agencies. The User Groups also serve as a forum for newly released information regarding enhancements to NFC PPS, *EmpowHR*, T&A, and reporting systems. As an example, the RUG members will be participating in development of the requirements for a new reporting project, NFC's Enterprise Reporting Solution.

Communications And Training

At NFC we are dedicated to improving our communications and training approaches for our customers. We understand that the quality of both rest at the core of providing excellent customer service to each customer. One of our highest priorities is to ensure that NFC's initiatives are fully communicated and that every customer has the information they need to productively serve their employees each day. Over the last year, we have made significant progress on this improvement journey. Some of these accomplishments include new delivery methods for communication, improved Web site capabilities, Help Desk changes, redefined communication model, and expansion of automated training usage. Our goal is that these improvements will enhance your service experience with us. Below you will find descriptions on these initiatives and contact information should need more details on them. We encourage you to provide us with your feedback on these changes and submit any suggestions for further improvements in our communications to you.

NFC Email Subscription Service

NFC reminds you to check out our important communication tool, a comprehensive email subscription management service that allows you to choose the information you wish to receive from NFC and customize the frequency of when you receive it. This subscription service offers you extensive choices ensuring that you can receive information that is specifically tailored to your needs and interests. This service replaced all notification processes that were currently in place for bulletins and customer notifications.

With this subscription service you can:

- **Create a Customized User Profile** of information you wish to receive from across NFC for all topics of interest (e.g., product offerings, payroll updates, procedure manuals, newsletters, publications, customer notifications, etc.). This new service offers a single profile for email subscriptions per subscriber instead of requiring you to join disparate lists.
- **Control Your Profil**e with the freedom to change or update email addresses, sign up for new items, or unsubscribe at any time.
- **Receive Timely Communications** through this automated service.
- **Trust the Communication Source** because this service employs a certified email capability which provides a special "trusted email" marker in emails sent to major Internet Service Providers (ISP) such as Yahoo! and AOL. This means NFC can ensure reliable delivery of messages to your email Inbox in a proven, secure manner.

NFC launched this new email subscription service on January 25, 2010, and completely discontinued the mailing of any bulletins in hardcopy format and eliminated its former electronic distribution processes for NFC notifications. Since that time, over 12,275 subscribers have established their profile to receive information that is important to them regarding NFC's systems and services.

In summary, we encourage you to visit the NFC Web site at www.nfc.usda.gov and select the email subscription icon so that you can enroll in the categories that you want to receive notifications on or select any new types of notifications that you want to begin receiving. If you experience issues with enrolling in this service or have any questions about it, please email us at nfc.pvct@usda.gov.

Customer Outreach

NFC has staff located in Washington, D.C., to provide face-to-face interaction with you as well as assistance in a medley of areas. Our Washington, D.C., staff operates a Customer Support Office, (CSO) which is responsible for training support, maintaining and making available personal computers with our applications that you can use, and providing other general customer support. If you need to utilize this office, please contact our staff at (202) 205-0195.

Based on our customers' budgetary constraints, NFC now provides access to security documents at the CSO rather than requiring customers to travel to New Orleans for their review.

Help Desk Assessment

In March 2011 Government Employees Services Division (GESD) enlisted the assistance of a Contractor, with extensive knowledge of help desk configuration and operations to complete comprehensive assessment of the operations and functionality of the eight GESD help desks to eliminate waste and redundancy, streamline processes, and improve delivered customer service. Included in the assessment are the help desks supporting the ABCO/Claims, the Direct Premium Remittance System (DPRS), *EmpowHR*, the Federal Employees Health Benefits Clearinghouse System (CLER), the PPS, webTA, and the technicians who support the U.S. Coast Guard and those areas that receive customer inquiries such as the Client Management, Payroll Reporting, and Payroll Processing Branches. The primary goal of this help desk assessment is to identify a best practice model and consolidate numerous lines of business into one state-of-the-art help desk organization.

NFC's state-of-the-art help desk is defined by a single point-of-contact (phone, email, fax, Web, etc.) help desk for all NFC inquiries. This consolidated help desk should be capable of responding accurately, completely, and timely to 80% of all incoming inquiries during the initial contact. The assessment will examine GESD's Service Desk functions and activities in order to indicate potential overall cost reductions, provide more efficient use of resources, eliminate waste and redundancy, streamline processes, and better support its customers.

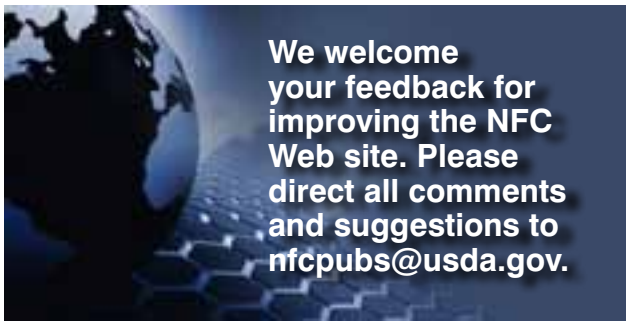
The assessment will also evaluate GESD's current organizational structure specific to the help desk functions and assess the alignment of resources to its business processes. Lastly, the assessment will recommend an optimal organizational structure for the help desk functions, a staffing model that shows suggested supervisor/employee ratios with grade structures, optimal hours of operation, and a roadmap for converting from its existing structure to this described consolidated help desk offering.

NFC management will use the assessment to develop its path forward for a streamlined service management offering. Regular updates will be provided through CAPPS, the PRT, and the CAB quarterly meetings.

Implementation of Google Search Engine on NFC Web Site

NFC is continually striving to make our Web site a valuable resource for our customers. The latest enhancement to our site is the implementation of a new search engine, powered by Google. We have upgraded our search engine to Google Search to bring you quicker, more accurate search results in a results interface that you are familiar and comfortable with. Our Google search also brings you the ability to perform advanced Web searches, allowing you to customize your search in a number of ways, such as specific or general search terms or phrases, and even allows you to sort your results by relevance and date.

Future enhancements to the search functionality will include results rich in metadata that will optimize our new search engine and further facilitate your search. This effort will provide you with results that contain NFC-authored, more meaningful and concise descriptions for listings that will help you quickly narrow your search.



Remedy Implementation

In FY 2010, NFC began implementing BMC's Remedy Service Desk software, as its primary service management component. The BMC Remedy Service Desk is an Information Technology Information Library (ITIL)-compliant application that supports effective tracking and resolution of both incidents and problems. Using Remedy positions, NFC can deliver more effective and efficient management, tracking, and status reporting of customer contacts. Remedy relies on customer profiles to more consistently identify who is contacting NFC help desks.

The deployment of Remedy to the various help desks at NFC is continuing to progress. In February 2010, NFC converted the PPS, webTA, and *EmpowHR* help desks into Remedy 7.1. In April 2010, NFC began tracking SPRs in Remedy. In December 2010, the *EmpowHR* IRs were added into Remedy.

In FY 2011 and 2012, NFC set the following schedule to continue this initiative of implementing Remedy across all business lines.

- The ABCO and ABCO/Claims Help Desks are in the process of being converted to Remedy.
- Next to be implemented following ABCO is the Change Management component of Remedy for tracking of SPRs.
- Future plans will also focus on a Remedy Web Portal that will allow agencies to enter incidents and check incident statuses via the Web.
- Perhaps the biggest impact to our improved service offering will be realized when we implement the Knowledge Management component of Remedy. This will allow the technicians and customer representatives the ability to inquire against a data repository of past incidents and the associated solutions.

Payroll/Personnel Call Center Advancements from Remedy

An important advancement supported by the Payroll/Personnel Call Center's use of Remedy is the ability to report on how many incidents were logged into Remedy by department/agency during a specified timeframe. Joining usage data with labor, information technology, and overhead costs should lead to discrete costing of the Call Center in future years. Call Center costs can be proportioned to the customer based on their historical usage.

As a parallel process to the Help Desk Assessment, NFC is making changes to enhance customer service. Initiatives made by the Call Center to improve the quality of delivered service include:

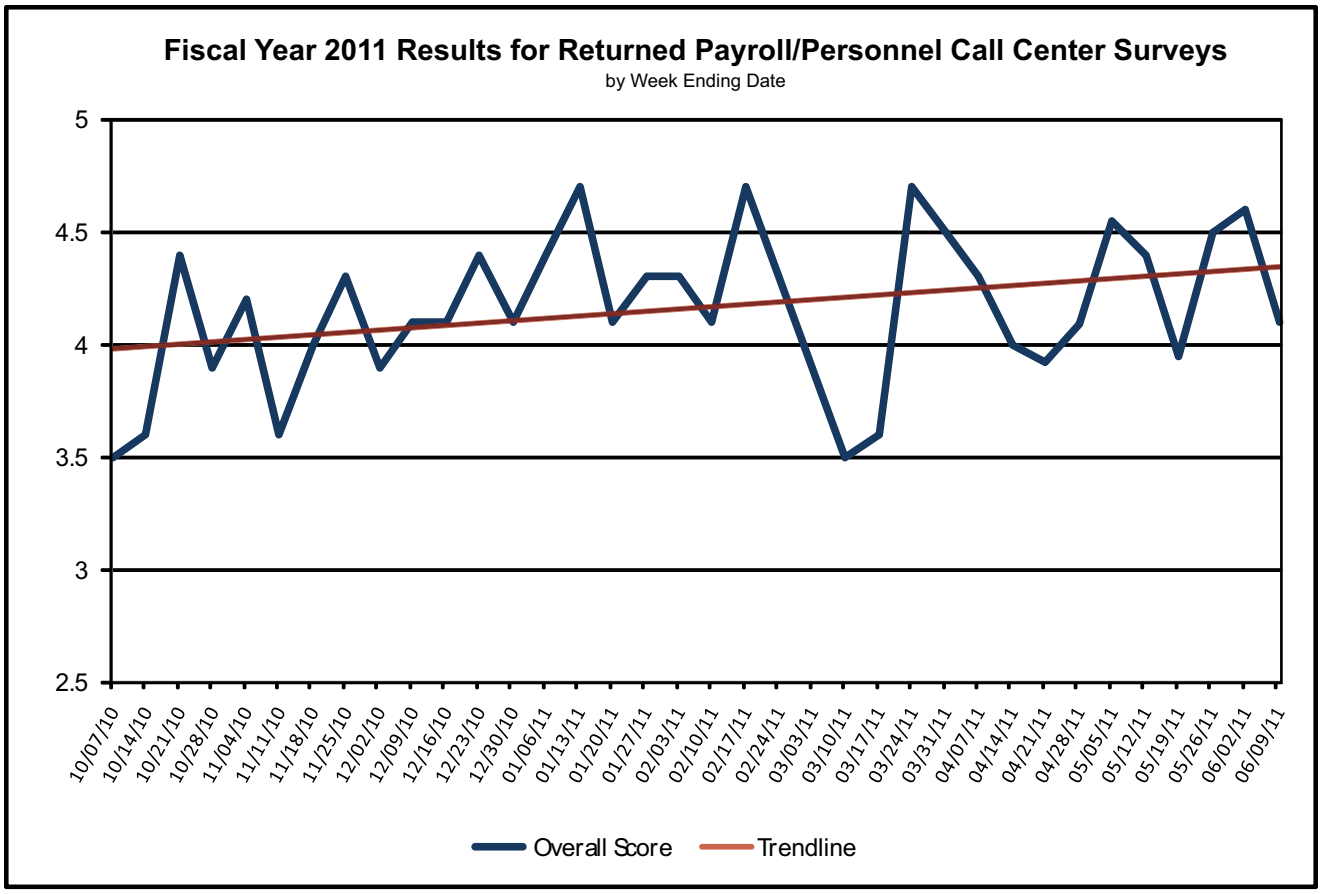
- One-on-one and group coaching sessions on telephone etiquette, clearer resolution statements in Remedy incidents, and avoiding premature resolution of incidents
- Revised desk procedures to provide consistent and clear direction on addressing issues
- New FY 2011 performance standards focusing on timely, complete, and accurate resolution of incidents
- Brainstorming sessions at quarterly all-hands meetings to elicit best practices to resolve common customer issues
- The Knowledge Nuggets initiative that solicits ideas from staff on ways to improve customer service

"We foresee the addition of the Knowledge Management component to our Service offering, converting the rest of NFC's help desks into Remedy, and obtaining the results of our help desk assessment as "must do's" in order to attain the state-of-the-art service management offering NFC is striving for."

Another innovation supported by the Call Center using Remedy for incident management is the ability to solicit customer satisfaction scores on each Remedy incident. When an incident closes, Remedy automatically sends an email with a survey link to the contact and invites him or her to complete a short survey. The customer can rate the Call Center's service on a 1 to 5 scale where 5 is the highest score. Call Center management evaluates survey responses each week and follows up with the customer if a satisfaction score is 3 or lower or if the contact includes a negative comment on the survey. Supervisors seek to address the customer's dissatisfaction. Supervisors share Remedy survey results with each agent and coach where appropriate to improve the quality of delivered services. Call Center managers also share issues owned by other NFC organizations with their managers. As a result of this investment in service, customer satisfaction with Call Center service is reflecting an increasing trend. Call Center managers benchmark customer satisfaction by analyzing customer responses to seven questions:

- Was your call answered in a timely manner?
- Was the NFC representative polite and courteous?
- Do you feel that your issue was understood?
- Was your issue resolved in a timely manner?
- Was the resolution of your issue complete and accurate?
- Overall, were you satisfied with the service provided?
- Please use the box below to provide additional information or comments.

In October 2010, overall satisfaction scores were in the 3 to 4 range on a 5-point scale where 5 is the highest score. Customer satisfaction scores are steadily trending upward. See the graph below.



User Productivity Kit (UPK)

NFC is focused on improving the quality of training provided to our customers and expanding the training options available. We understand the importance of effective training products and application documentation and the role they play in the day-to-day use of the application.

This focus is part of an overall modernization effort NFC has launched to improve our training program for *EmpowHR* and other NFC Payroll/Personnel applications. This modernization effort is in its initial phase with many other planned improvement initiatives forthcoming. NFC has developed content on *EmpowHR* in a self-paced, automated training tool called the User Productivity Kit (UPK). UPK modules can be viewed at http://www.*EmpowHR*.gov/Training/training.html.

UPK offers significant training advantages for *EmpowHR* customers including:

- **Ongoing training of *EmpowHR* users –** UPK allows for timely, on-demand training with context-sensitive simulations. UPK will walk users through specific process keystrokes, greatly reducing reliance on manuals and help desks, thus increasing productivity.
- **Training available on employee's desktop –** UPK allows the user to access the training from their desktop, thus eliminating the dependency on "instructor-based" training. UPK does not require any instructor resources, scheduling, or logistical support.

By using UPK, NFC customer agencies have an opportunity to:

- Enhance training available to employees
- Deploy more sophisticated training methodologies utilizing the latest in training development and delivery
- Increase levels of employee training without substantially increasing staffing resources needed or cost of training delivery
- Expand level of documentation to employees using *EmpowHR*
- Improve workforce capabilities and productivity

Many changes to NFC's training program are planned for the remainder of this and next calendar year. Use of UPK, or a similar product, for other Payroll/Personnel application training is currently being evaluated. NFC is confident that these changes will continue to enhance the NFC training experiences for its customers.

Improving Services

NFC is dedicated to being your provider of choice. We remain focused on providing quality services and fostering improvements wherever possible to enhance our service delivery. We encourage our staff to be proactive with changes that can improve your experiences with us on a daily basis. This section is dedicated to some changes that span many of our business lines. The first change described below has laid the foundation for many other improvements in the future. It represents a major advancement in the system development life cycle process to provide more capabilities to our customers for change validation.

Establishment of the Payroll Personnel System User Acceptance Test Environment

Each year NFC implements hundreds of user system change requests into various applications. In an effort to ensure validity of the software modifications, our users often request participation in testing these software modifications before they are moved into the production environment. Historically, user acceptance testing has been accomplished in a variety of environments which did not necessarily interface with one another. In an effort to streamline and improve that testing process, NFC began a project to create a user friendly, end-to-end CUAT environment to expedite the testing process, provide consistent testing results between applications and greatly benefit the entire NFC user community.

In December 2010, NFC announced Phase I of CUAT. This new environment was established to provide clients the capability of end-to-end testing of all applications included in a scheduled release. The Phase I applications included:

UAT Phase I

- Payroll/Personnel transactions and editing (EPIC Web, FESI, PMSO, PINE/PEPL, DRBS)
- Time and Attendance transactions and editing (TIME, TINQ, TSUS)
- Pay execution processes (ADJP, PAYE, PACS)
- End of Pay Period processes (BEAR)
- Payroll Statement Reporting (EARN)
- History processing (PHIS)
- Inquiry (IRIS/PINQ)
- Mainframe Reporting (FOCUS/CULPRPT)

The GESD, PAPB, User Acceptance Test (UAT) Section conducted NFC's first customer user acceptance test in Pay Period 02, 2011, in support of the Pay Period 04, 2011, scheduled release using the new CUAT environment. Thirteen customer agencies participated in the test period. Testers experienced some issues with the CUAT environment but were able to utilize alternative methods to successfully test the projects in the scheduled release from the beginning to end.

NFC is working diligently to improve the usability of the CUAT environment as well as to expand the usage by incorporating additional applications such as the *EmpowHR* application, which was included in the Pay Period 12, 2011, user acceptance test period. Star Web, and webTA for USDA clients will be included in the future. The Reporting Center and EPP will be included in the spring of 2012.

The UAT Section has enhanced communications and test materials to facilitate strong customer participation for conducting more efficient and productive CUATs. The UAT Section continues to refine the CUAT process by considering customer feedback and assessing and documenting lessons learned. Full participation by customer agencies will lead to a reduced number of application software errors found in production, provide for a quality software product, and ensure customer satisfaction through customer participation and feedback. All agencies are encouraged to participate. Questions regarding the UAT for PPS can be forwarded to NFC.PPSUAT@nfc.usda.gov.

Improvements in Debt Services

The Government Debt and Insurance Services Branch, specifically, the ABCO Section, continues to assist our agencies in the management of employee debts. The ABCO Section is working to implement several improvements to enhance service delivery as highlighted below:

- Yearend Salary Offset notices were sent several times near the calendar yearend explaining the tax consequences of an unpaid debt and encouraging debtors to submit payments before yearend.
- A change to Table Management System (TMGT) is in the development stage, where agencies can identify their Point of Contact information to be used by ABCO for mailing bills and letters. This will be completed by end of FY 2012.
- Beginning in 2012, ABCO will offer scheduled basic, intermediate, and advanced training sessions. These training sessions will also be given upon agency request.
- ABCO is in the review process to migrate the ABCO Help Desk to Remedy, by the end of CY 2012. This will improve customer service, by providing immediate email notification at inquiry initiation and a resolution email notification for those inquiries that do not need phone calls for resolution.
- During FY 2012, ABCO is working to implement Call Monitoring of inquiry calls and provide reports, bills, and letters, via the Reporting Center.

Lean Six Sigma (LSS)

NFC continually looks for ways to expand services to our customers and improve efficiencies in existing processes. Over the last few years, NFC's Lean Six Sigma (LSS)-trained staff members have provided the focus to improve efficiency throughout NFC's organizations, which ultimately benefits our customer. LSS structure requires a fundamental assessment of existing processes in an effort to improve those processes. The capturing of metrics allows us to measure those improvements. NFC's team of trained staff, at the Green Belt and Black Belt levels, have assessed processes across our organization, determined potential cost and time savings, identified steps that added value to the customer, and executed a number of LSS projects with outstanding measured results. We continue using the LSS methodology with several projects currently underway. A prioritized center-wide list of proposed projects is reviewed annually, allowing NFC to improve its processes in a coordinated effort. And, we intend to expand that methodology to processes in which our customers have involvement. With your support and use of the LSS structure, we will continue to look for ways to lower cost and improve our services to you.

Control Measures

We understand the trust placed in us by our customers and take it very seriously. No task is considered without first reviewing what control measures are necessary. We know that we must remain vigilant on this aspect of our service delivery. As such, we have highlighted below our commitment to making this one of our highest priorities.

Statement on Auditing Standards (SAS 70)

During FY 2010, USDA, Office of Inspector General (OIG) conducted an audit of NFC's general control structure. OIG conducted this audit as required by OMB for all service providers. This audit is in accordance with the requirements of the American Institute of Certified Public Accountants Professional Standards AU Sections, 316, 319, and 324 as amended by applicable SAS, and is commonly referred to as an SAS 70 audit. The result of that audit was an unqualified opinion stating that:

- NFC's description presented fairly, in all material respects, the relevant aspects of NFC controls relevant to a customer agency's internal control as it relates to the audit of financial statements.
- The controls included and/or referenced in the description, as updated, were suitably designed to provide reasonable assurance that specified control objectives would be achieved if the described controls were complied with satisfactorily and customer agencies applied the controls specified in the NFC description of controls.
- Such controls had been placed in operation as of June 30, 2010.

A-123

NFC continues to meet the requirements of the Office of Management and Budget Circular A-123, Management's Responsibility for Internal Controls, Appendix A: Internal Control over Financial Reporting process of documenting, assessing, and testing the internal controls. We are proud to report that no material weaknesses in the design or operation of our internal controls through this annual process were found.

NFC Assurance Statement

NFC can provide reasonable assurance that its internal controls over financial reporting as of June 30, 2010, were operating effectively and that no material weaknesses in the description, design, or operation of the internal controls over financial reporting were found.

Continuity Of Operations

NFC enjoys a record of accomplishment that thrives even when business continuity is threatened by natural disasters or other sudden catastrophic events. This is due, in part, to the well developed Continuity of Operations Plan (COOP) whose dual objectives are to minimize or eliminate any negative effects to NFC customers and ensure the safety of employees. The COOP Plan facilitates recovering business operations in a timely manner focusing on business critical functions first to ensure continuity of operations. The objectives, activities, roles, and responsibilities that each organizational entity and employee carries out during a COOP event are documented by trained professionals, communicated to employees and customers, and tested annually to ensure that the agency's mission will be met, even under adverse conditions.

The loss of service from a Federal agency such as NFC could have a disastrous, widespread effect. Beyond the safety and well-being of NFC employees, more than 650,000 Federal employees as well as many other governmental administrative and vendor payments rely on the services rendered through NFC and other OCFO organizations located in New Orleans. Thus, any loss to their capacity to fulfill their mission would have a significant, adverse impact on the economy and ultimately the country.

NFC's COOP adheres to the Federal Emergency Management Agency's Federal Protection Circular 65 and the USDA Departmental Manual 3140-1 which compels agencies to develop and test contingency plans to meet emergencies. While NFC's COOP encompasses multiple scenarios and the courses of action that would be enacted, of special note is the agency's planned response to tropical weather conditions, including hurricanes.

The incredible response to Hurricane Katrina demonstrated NFC's ability to sustain critical services and business operations in the most extreme conditions. Building upon that experience, the COOP outlines a five-phase approach to respond to the threats imposed each year during hurricane season, June 1 – November 30.

In the first phase, the NFC Director collaborates with agency officials to monitor conditions and determine if they warrant the full execution of the COOP. In Phase II, customers and employees receive notification of the agency's plans in response to specific events and a cadre of employees in multiple disciplines is sent to one of four alternate worksite (AWS) locations throughout the nation to continue critical NFC operations. Once the tropical storm or hurricane makes landfall, Phase III is enacted and, if necessary, a second cadre of employees is sent to the AWS locations to bolster the NFC business operations underway. Phase IV begins with a damage assessment of the NFC facility and ends when conditions are favorable enough to enact plans to resume business operations at the permanent worksite in New Orleans. In the final phase, Phase V, business operations and employees transition from the AWS locations to the permanent worksite. Once the transition is complete, the NFC Director declares an end to the COOP event.

This year, NFC's Administrative Management Staff held Hurricane Season Awareness Briefings for all NFC employees to become well acquainted with COOP and the important role that each employee plays. In addition, all employees are part of the Emergency Notification System, which has the ability to send urgent voice, email, and text messages with vital information on current or emerging events. A COOP Web page has been developed to enhance the communication and information provided to NFC employees in advance and during a COOP event. Communications to NFC customers regarding a COOP event will be displayed under the Announcements section of the NFC Home Page. Customers should check this page often during a COOP event for updates. NFC will provide an update at least on a daily basis but may have more frequent updates as vital information needs to be communicated.

Both employees and customers of NFC should rest assured that NFC's COOP will protect people, sustain the critical business operations utilized by customers, and meet the mission of NFC.

Data Center and Security Services

NFC's data center staff continues to enhance information technology security, improve operational availability, and reduce operating costs. Listed below are the major accomplishments we have made in these areas.

Enhanced Information Technology Security

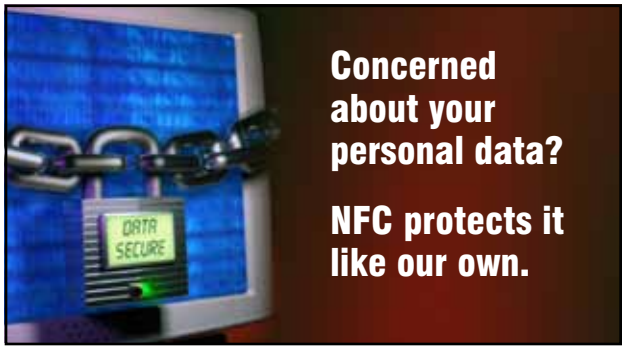
Security continues to be the number one priority for the NFC data center staff. NFC completed full certification and accreditation (C&A) of 7 of its major applications, thereby ensuring that all 12 NFC major applications and general support systems have a full Authority to Operate (ATO). In addition, we have continued to work diligently to ensure that our interconnectivity service agreements (ISA) with all customer organizations are up to date.

All NFC laptop and desktop computers are now fully encrypted to protect sensitive data and only encrypted "thumb drives" are permitted for off-line storage of data. Just recently, NFC completed the implementation of a secure print capability for all network printers. This allows employees to print to any network printer and the actual print is queued up until the employees goes to the printer to retrieve their output using their Homeland Security Presidential Directive 12 (HSPD-12) ID card. This new capability prevents sensitive data from being left unattended on printers.

In October 2010, NFC discontinued printing and distributing microfiche products. The reports that were once sent to microfiche are now sent to a secure, electronic storage facility for online viewing. Another key component of security is disaster recovery. NFC completed a very successful disaster recovery drill this past year. All mission-critical systems were recovered within the prescribed recovery time objectives, thus proving yet again, that NFC can bring these systems back online when needed. Finally, perhaps the most significant security initiative was the realignment of all information technology security functions under NFC's Chief Information Officer. We expect this organizational change to reduce overlap and duplication and accelerate security service delivery.

One of the cornerstones of a successful security program is strong access management and control. The past year was a busy one for NFC's access management team. They processed 12,054 security access requests from 65 Federal Government agencies from January 2010 to December 2010, and created 15,708 User IDs. They completed 95 percent of these security access requests within 5 business days in compliance with NFC's SLAs. Because of this workload, NFC has looked for ways to make access management more efficient and effective. Here's a couple of initiatives that are underway to achieve those objectives:

- SecureAll (SALL) is a security tool for NFC's Web-based applications with Oracle databases. This tool will allow your Agency Security Officers (ASO) to reset passwords for users within their scope of authority and eliminate the need to call the NFC Help Desk to reset passwords for these applications. SALL will also enhance reporting capabilities, allowing the ASO to review who has access to these applications. Current applications that interface with SALL are Reporting Center, FUND, and Financial Statement Data Exchange (FSDE) system. In 2011, we will be adding these applications: Intradepartmental Trans Reconciliation System (ITRS), OCFO Fee Review (OFEE), Telephone Utility Maintenance System (TUMS), and Internet Billing (IBIL).
- NFC has an initiative underway to provide NFC PPS Application Access Reports via Reporting Center. Once completed, this capability will



The men and women of NFC's data center are dedicated to providing you, our customers, with the best possible service as the lowest possible cost.

provide ASOs the capability to view PPS application access reports in one central location and reduce the need for manual reporting. The initial five applications planned for 2011 implementation are: IRIS, PINQ, TINQ, PMSO, and EPIC. These reports will provide ASOs the ability to view employees within their scope of access to the application.

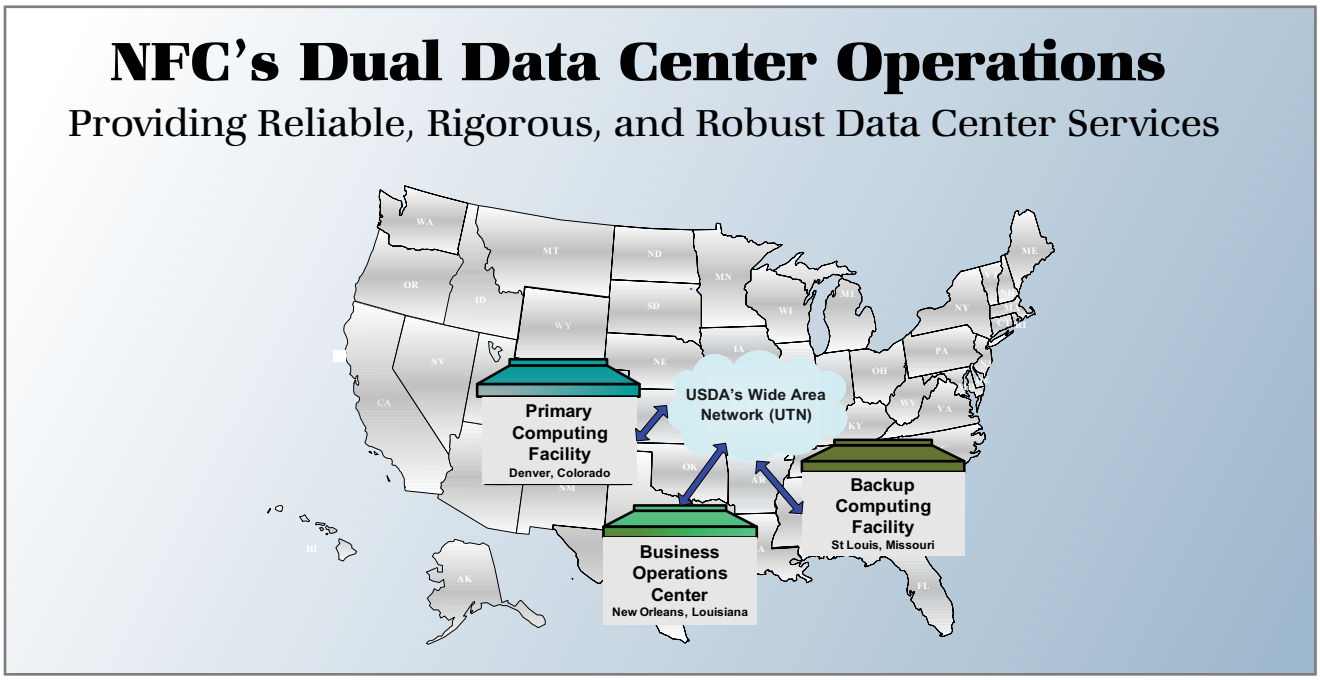
Improved Operational Availability

Maintaining operational availability is another focus area for the data center staff. This means that we strive to have systems available when you need them. For the second year in a row, NFC maintained an unprecedented operational availability rate of 99.9%. Supportability is an essential element of system availability. Over the past year, NFC has upgraded almost 50 software packages that were scheduled to go out of support, thereby ensuring on-going supportability. In addition, we have several projects underway that will replace obsolete hardware with newer, most-cost-effective components.

Reduced Operating Costs

In these times of ever decreasing budgets, it is imperative that NFC's data center reduce the cost of ownership. We completed resizing of some our hardware platforms that decreased maintenance costs as well as software licensing fees. Also, we implemented a new approach to storage management that reduced the cost of storage to our customers by 30%. To increase data center revenue, NFC successfully competed for new data center hosting business. Five new systems were migrated to NFC's data center over the past year. We will continue to take this business approach to data center management so that we can continue to drive down operating costs.

While we have made great strides in the areas of security, system availability, and operational efficiencies, we know that we cannot rest on our laurels. The world of Cyberspace is getting more dangerous every day. It is absolutely essential that we have the tools in place to counter that ominous threat to ensure that we protect your data. Cost effectiveness must be the mantra in everything we do in the data center. It is not about the technology; it is about the business value of the technology.



Financial Updates

We value each of our customers and are committed to providing you superior service and value everyday. Our focus is on managing costs in a manner that allows for the delivery of reliable, high value services to our customers. We appreciate your continued support, especially considering today's budget constraints and uncertainties. We want you to feel that you are important to us and to know that we are constantly striving to control costs and ensure that you only pay for those services you receive. We also want you to know that we have heard you, that we recognize your need to understand our rates and to understand how you can exert more influence and control over those rates.

Basic Rate Information

As a working capital fund activity of USDA, NFC operates under the Economy Act on a fee-for-service basis and receives no direct appropriations from Congress. Under this "break-even" model, annual costs cannot exceed revenue. As a result, NFC's revenue and costs are identified by major business lines and applications (i.e., PPS, *EmpowHR*, and webTA) allowing for NFC's rates to reflect this break-even mandate. Additionally, NFC provides SLAs for each of its major lines of business. These SLAs describe the specific services provided and the performance measures collected and reported on service delivery.

On an annual basis, NFC determines the total cost of operations, identifying costs by major lines of business. Direct costs such as labor, contracts, supplies, etc., are aggregated into cost pools. Indirect costs for administrative support (rent, utilities, security, etc.) and data center operations support (mainframe, mid-tier resources, operations, database support, telecommunications, etc.) are allocated to each cost pool based on appropriate metrics. After the cost for each pool has been determined, specific cost drivers and prior year usage and volumes are used to determine the per-unit rate. The per-unit rate for each pool is then applied to customer's specific usage and transaction volumes to derive the final rates for service.

EmpowHR Pricing Update

Currently, *EmpowHR* has a universal rate and is charged based on the number of Wage and Tax Statements (W-2) processed on behalf of your agency. We heard from many of you that you desire a more discrete costing module based on utilization for each module within *EmpowHR*. We want you to know that we have begun work on developing cost models that would allow us to do just that. We anticipate that the new cost models will be developed by FY 2013. In the meantime, *EmpowHR*-related costs are shared by all users regardless of usage.

Costing Methodology for webTA

webTA costs are comprised of operations and maintenance costs, licenses, and migration costs for selected customers. These costs cover a standard footprint that is available to all webTA users and all users share in these costs regardless of usage. Licenses and migration costs are charged only to those customers that directly benefited from those initiatives.

NFC Value Proposition

- Working in concert to deliver mission results while attaining the goals of improved Government
  - Secure, reliable, and dependable
  - Effective cost management
  - Constantly expanding and improving services
  - Strong relationships with OMB and OPM

New PPS Cost Matrix

You have asked what you can do to control your costs. You have asked for more information and transparency into the specific rates and line items charged to you. You have asked for assurances that you are paying for only those services that you utilize. We want you to know that we have heard you, loud and clear.

New for FY 2012 is a new PPS cost matrix that will allow you to easily understand your charges and to see exactly which services are being used. With this information, you will be able to analyze your operations to better take advantage of NFC's services and/or improve business processes to help you control your costs.

The new matrix contains two sections: 1) Base Rate Section and 2) Utilization Section. The Base Rate Section will be identical for all customers and represents the cost to process a single employee's pay from start to finish – that is, from receiving the T&A data to disbursing the net pay to disbursing benefits and withholdings to quarterly tax reporting to issuance of a W-2. The Utilization Section will contain those services that will be charged based on your utilization. Transaction counts will be used to determine unit rates and final billings. Examples of items included under this section are Help Desk Inquiries, Manual Pay Transaction Processing, Debt Management Processing, FOCUS/CULPRIT Minutes, etc. Below is a sample template.

Fiscal Year 2012 Payroll Processing Costs Detail Sheet

Cost Area	Cost Driver	Proposed Rate	Proposed Volume	Proposed Cost
Baseline Payroll Processing Services:	Average Number of Bi-weekly Employees Payments			
Additional Payroll Processing Services:				
Postage - Earning & Leave Statements	Pieces of Mail			
Postage - Benefits Statements	Average Number of Employees Paid			
Postage - W2s	W-2s			
Treasury FMS Postage Charges for Single Address Checks	Number of Checks Mailed			
Debt Management	Receivables Established - Weighted			
Claims	Number of Claims Processed			
Third-Party Garnishment Processing	Manual Garnishment Accounts Established			
Post-56 Retirement Processing	Manual Post-56 Retirement Accounts Established			
Ad-Hoc Reporting (FOCUS and CULPRIT)	CPU Minutes Used			
International Organization Appointments	Number of International Oganization Employees by Agency			
Retirement/Separation Processing	Number of Retirement/Separation Cases Processed			
Payroll Manual Payment	Number of Manual Payments Processed by NFC			
T&A Suspense Corrections	Number of T&A Corrections Processed by NFC			
TOTAL:				

Looking Forward

The National Finance Center's vision as a HRLOB Shared Service Center is to provide you and other Federal organizations with an integrated end-to-end human capital solution that is reliable, flexible, and affordable. We will achieve this vision by applying these core principles:

- **Integration –** We will develop integrated solutions to meet the diverse needs of our customers.
- **Knowledge –** We will attract and cultivate internal expertise to meet our customer's needs and provide innovative solutions in the marketplace.
- **Reliability –** We will be dependable in everything we deliver to our customers.
- **Value –** We will deliver our proven expertise to our customers.
- **Responsiveness –** We will forecast and fulfill the changing needs of our customers.

We are fully vested in this vision and focused on its full achievement. In concert with this vision, we are also focused on fostering the working relationship we have with our customers. Together we are making great strides in improving the way Government manages its human capital, its greatest asset. Jointly, NFC and our customers, are moving forward in a positive direction towards the ultimate vision of the HRLOB initiative.

We thank you for taking the time to learn about the recent developments and planned enhancements in our service delivery that are reflected in this report. Our goal is to provide solutions that can be undertaken at low risk. We understand the trust placed in us and remain vigilant in protecting that trust relationship. You have our commitment that serving you, our customers, is our first and primary mission.

United States Department of Agriculture • Office of the Chief Financial Officer • National Finance Center