Message from the Chief Financial Officer

NOV 4 2015

I am pleased to provide the following “Working Capital Fund Quarterly Execution Report,” which has been prepared by the Office of the Chief Financial Officer.

This document has been prepared in response to requirements in Section 504 of the Fiscal Year 2015 Department of Homeland Security Appropriations Act (P.L. 114-4) and accompanying Joint Explanatory Statement and Senate Report 113-198. Included in the report are the details of planned execution to actual obligations and expenditures, for each Working Capital Fund Activity, through September 30, 2015.

Pursuant to congressional requirements, this report is being provided to the following Members of Congress:

The Honorable John R. Carter
Chairman, House Appropriations Subcommittee on Homeland Security

The Honorable Lucille Roybal-Allard
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable John Hoeven
Chairman, Senate Appropriations Subcommittee on Homeland Security

The Honorable Jeanne Shaheen
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

Inquiries relating to this report may be directed to me at (202) 447-5751.

Sincerely,

Chip Fulghum
Deputy Under Secretary for Management and Chief Financial Officer
Working Capital Fund Quarterly Execution Report
Fourth Quarter, Fiscal Year 2015
(through September 30, 2015)

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I. Legislative Language

This document has been prepared in response to Section 504 of the Fiscal Year 2015 Department of Homeland Security Appropriations Act (P.L. 114-4) and accompanying Joint Explanatory Statement and Senate Report 113-198.

Specifically, P.L. 114-4 states:

Provided further, That the Chief Financial Officer of the Department of Homeland Security shall submit a quarterly execution report with activity level detail, not later than 30 days after the end of each quarter.

The Joint Explanatory Statement includes the following provision:

Section 504. A provision proposed by the House and Senate is continued that prohibits funds appropriated or otherwise made available to the Department to make payment to the Working Capital Fund (WCF), except for activities and amounts allowed in the President's fiscal year 2015 request. Funds provided to the WCF are available until expended. The Department can only charge components for direct usage of the WCF and these funds may be used only for the purposes consistent with the contributing component. Any funds paid in advance or reimbursed must reflect the full cost of each service. The Department shall submit a notification for the addition or removal of any activity to the fund and shall submit quarterly execution reports with activity level detail.

Senate Report 113-198 states:

Section 504. The bill includes a provision relating to the Department’s Working Capital Fund [WCF] that: extends the authority of the Department’s WCF in fiscal year 2015; prohibits funds appropriated or otherwise made available to the Department from being used to make payments to the WCF, except for the activities and amounts allowed in the President’s fiscal year 2015 budget; makes WCF funds available until expended; ensures departmental components are only charged for direct usage of each WCF service; makes funds provided to the WCF available only for purposes consistent with the contributing component; requires the WCF to be paid in advance or reimbursed at rates which will return the full cost of each service; and subjects the WCF to the requirements of section 503 of this act. The WCF table included in the Department’s congressional justification accompanying the President’s fiscal year 2015 budget shall
serve as the control level for quarterly execution reports submitted to the Committee not later than 30 days after the end of each quarter. These reports shall identify any activity added or removed from the fund.
II. WCF 4th Quarter Execution Report

<table>
<thead>
<tr>
<th>FY 2016 Congressional Justification</th>
<th>BOY FY 16</th>
<th>Delta Explanations on low Execution Rates (Column G)</th>
<th>Explanation of FY 2016 Increase (In reference to Column H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015 WCF Service Portfolio</td>
<td>Planned Obligations</td>
<td>Total Obligated</td>
<td>Actual Spending</td>
</tr>
<tr>
<td>Financial Management Support (OF0)</td>
<td>296,216</td>
<td>296,216</td>
<td>-</td>
</tr>
<tr>
<td>National Defense University</td>
<td>883,445</td>
<td>883,445</td>
<td>-</td>
</tr>
<tr>
<td>HQ Human Capital Services</td>
<td>13,283,273</td>
<td>13,283,273</td>
<td>-</td>
</tr>
<tr>
<td>154,881</td>
<td>154,881</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bankcard Program</td>
<td>44,000</td>
<td>44,000</td>
<td>-</td>
</tr>
<tr>
<td>Integrated Audit</td>
<td>14,011,656</td>
<td>14,011,656</td>
<td>-</td>
</tr>
<tr>
<td>GSA RENT</td>
<td>25,513,058</td>
<td>25,513,058</td>
<td>-</td>
</tr>
<tr>
<td>4,875,300</td>
<td>4,875,300</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6,880,557</td>
<td>6,880,557</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2,076,027</td>
<td>1,919,107</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Explanation of FY 2016 Increase**

- Financial Management Support (OF0):
  - The Financial Management Support (OF0) activity fund the annual integrated financial statement and internal controls audit managed by the Office of the Inspector General (OIG). In FY 2015, the OIG reassessment budget increased the priority of its audit work as a result of the Enterprise Data Centers (EDCs) supported by the Computer Science Systems Development Office (CSDO) provides to the Department of Commerce (DOD) through the Enterprise Data Centers (EDC). The audit work was completed under the audit contract with EDSO and OA and is scheduled for FY 2016. The Financial Statement Audit Activity and Internal Controls Audit Activity, which are included in the budget submission. This is an "as budgeted" increase.

- National Defense University:
  - The National Defense University (NDU) provides continuing education and training programs to federal agencies and organizations. The FY 2016 increase was not included in budget submission. This is a "true-up" to actuals. The program is a "true-up" to actuals. The increase is primarily related to increased costs.

- HQ Human Capital Services:
  - The Human Capital Systems (HCS) activity fund the annual integrated financial statement and internal controls audit managed by the Office of Management and Budget (OMB). The HCS audit work was completed under the audit contract with CSC and HP and is scheduled for FY 2016. The Financial Statement Audit Activity and Internal Controls Audit Activity, which are included in the budget submission. This is an "as budgeted" increase.

- Bankcard Program:
  - The Bankcard Program (BCP) activity fund the annual integrated financial statement and internal controls audit managed by the Office of Management and Budget (OMB). The BCP audit work was completed under the audit contract with CSC and HP and is scheduled for FY 2016. The Financial Statement Audit Activity and Internal Controls Audit Activity, which are included in the budget submission. This is an "as budgeted" increase.

- Integrated Audit:
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FY2015 Reassessment Unity | Summary Data

**Explanation of FY 16 increase**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Regulatory Services</td>
<td>1,465,661</td>
<td>1,465,661</td>
<td>-</td>
<td>132,521</td>
<td>1,661,400</td>
<td>1,661,400</td>
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<tr>
<td>Sedan Services</td>
<td>12,175,384</td>
<td>12,175,444</td>
<td>-</td>
<td>272,885</td>
<td>16,573,028</td>
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<tr>
<td>Parking Services</td>
<td>759,606,260</td>
<td>759,264,923</td>
<td>-</td>
<td>29,620,111</td>
<td>713,725,043</td>
<td>742,909,867</td>
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<tr>
<td>Mail Services</td>
<td>18,327,409</td>
<td>18,138,781</td>
<td>-</td>
<td>759,551</td>
<td>22,073,225</td>
<td>23,609,470</td>
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<tr>
<td>15,244,068</td>
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<td>-</td>
<td>4,184,357</td>
<td>10,807,377</td>
<td>8,108,473</td>
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<tr>
<td>138,167,776</td>
<td>138,167,776</td>
<td>-</td>
<td>7,100,845</td>
<td>125,867,931</td>
<td>118,767,086</td>
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<tr>
<td>178,183,610</td>
<td>178,183,610</td>
<td>-</td>
<td>5,998,051</td>
<td>147,844,754</td>
<td>176,183,610</td>
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<tr>
<td>Total Services</td>
<td>64,466,426</td>
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<td>-</td>
<td>1,548,283</td>
<td>65,432,178</td>
<td>65,432,172</td>
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<tr>
<td>Total FY2015 WCF</td>
<td>46,214,790</td>
<td>46,214,790</td>
<td>-</td>
<td>2,021,145</td>
<td>44,196,795</td>
<td>44,196,795</td>
</tr>
</tbody>
</table>

**Plan (in B000s)**

- **544,663:** Increase in FY 2016 funding for WCF contracts that were not renewed for FY 2015 due to a lack of updates.
- **2,021,145:** Optional funding that was not used in FY 2015 due to pending reassessments.
- **1,548,283:** Increase in FY 2016 funding for ongoing contracts.
- **1,321,381:** To cover costs associated with recompetition of a program.
- **2,021,145:** Optional funding that was not used in FY 2015 due to pending reassessments.
- **1,548,283:** Increase in FY 2016 funding for ongoing contracts.

**Evolution of FY 16 Increase**

- The recompetition of a program resulted in a significant increase in funding.
- Optional funding that was not used in FY 2015 due to pending reassessments.
- Increase in FY 2016 funding for ongoing contracts.
- Increase in FY 2016 funding for WCF contracts that were not renewed for FY 2015 due to a lack of updates.

**Note:** The explanation includes details on specific contracts and their impacts on the funding levels.
<table>
<thead>
<tr>
<th>FY 2015 Reassessment Unity of Effort</th>
<th>Planned Execution</th>
<th>Total Cost</th>
<th>Actual Obligations</th>
<th>Actual Expenses</th>
<th>Total Obligations/Expended</th>
<th>Delta</th>
<th>FY 2015 Congressional Authorization</th>
<th>Justification</th>
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</thead>
<tbody>
<tr>
<td>Revenue (In Current Dollars)</td>
<td>494,150</td>
<td>494,150</td>
<td>-</td>
<td>494,150</td>
<td>494,150</td>
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<tr>
<td>FY 2015 Projections</td>
<td>494,150</td>
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<td>0</td>
<td>494,150</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation of FY 2016 Increase (Column C)**

- The balance of EDCA's service for the quarter. The interagency agreement for EDCA service is for the period.
- The funds are obligated for the quarter in October 2015.
- The balance of $126,745 is to pay for e-Docket. The interagency agreement for e-Docket is for the period. The funds are obligated for the quarter in October 2015.
- The requirement to provide additional funding for an electronic software tool to support the Single Audit reporting package on a public website (FY 2015 budget activity 16,170,000). In addition, the requirements are to conduct procurement for electronic contract filing system to support the Single Audit reporting package on a public website (FY 2015 budget activity 3,329,405). The funds are obligated for the quarter in December 2015. The requirement to conduct this work is a result of the need to fulfill the Single Audit requirements.