



FY21 Annual Report

# **Coast Guard Finance Center**

DHS Shared Service Provider  
for USCG, TSA, CWMD

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## CO's PAGE



Greetings from the Coast Guard Finance Center! As Fiscal Year 2021 has come to a close, I am glad for the opportunity to reflect and report on our achievements and accomplishments in a very challenging environment. The Finance Center has always been a customer focused operation and I am fortunate that my outstanding staff share that outlook. We aim to provide world class service and a key component is providing transparency into our operation.

This past year was particularly notable; our dedicated staff maintained some very impressive business metrics while preparing for a monumental sea change in the way accounting is done in DHS. Our Integrated Project Team drew upon leadership and subject matter experts from within and outside of FINCEN to prepare for and execute the Coast Guard's transition to FSMS. This was a monumental lift for our organization and involved untold hours of testing, establishment and documentation of hundreds of new business processes, and cleaning up tens of thousands of data line items. Even as you read this, our organization as a whole will still be collaborating with the FSMS project management office at DHS to fine-tune system operations, and it will still be working within our own user base to improve the business processes which govern its use. These ongoing efforts are entirely expected given such a large scale change. However, despite the work to still be done, our staff, customers, and service can be proud of getting this system online and implemented considering the wide array of challenges they overcame to pull off such an achievement.

Also worthy of note are the extensive contributions made by FINCEN leading to the downgrade of the Coast Guard's material weakness in Financial Reporting associated with its management of Journal Vouchers. Reducing this long-standing issue to merely a significant deficiency was a huge achievement for the Coast Guard and FINCEN. As an entity which responds to approximately 25% of all Audit Provided-By-Client (PBC) requests of the Coast Guard, FINCEN can rightfully tout that through its support and commitment to numerous audit initiatives it played a significant role in helping DHS earn its 9th clean financial audit opinion.

Notably, these feats were accomplished in the COVID-19 operating environment. Not to be thwarted by pandemic challenges, FINCEN diligently adapted to a remote work environment while collaborating in a seemingly endless stream of brainstorming and problem solving sessions focused on fulfilling its mission set, meeting audit requirements, establishing new business practices, and shepherding FSMS over the finish line. I am proud of each and every FINCEN member, and I am proud to continue our outstanding service to our customers throughout DHS. Semper Paratus!

A handwritten signature in blue ink, appearing to read "Jeffrey V. Moore".

# OVERVIEW AND BY THE NUMBERS

The Coast Guard Finance Center is the central accounting and payables management entity for the entire service. It also provides Cross Servicing support to the Transportation Security Administration (TSA) and the Countering Weapons of Mass Destruction (CWMD) Office.

## Mission

To provide professional financial services to our customers through exemplary stewardship and innovation.

## Vision

To be the Financial Service Center of Excellence within the Department of Homeland Security.

## Annual Customer Budgets



U.S. Coast Guard

USCG

\$10.7 Billion



Transportation Security Administration

TSA

\$ 7.8 Billion



Countering Weapons of Mass Destruction Office

CWMD

\$ 0.4 Billion

| Manpower:     |     |
|---------------|-----|
| Military      | 19  |
| USCG Civilian | 277 |
| TSA Civilian  | 75  |
| CWMD Civilian | 13  |
| Miscellaneous | 17  |
| Total:        | 401 |
| Contractors:  | 117 |

## FY21 Key Highlights

- For FY21, the Department of Homeland Security (DHS) received a clean audit opinion on its financial statements for the ninth consecutive year
- Successfully prepared for a major transition to a completely new financial management system... during a global pandemic!
- Provided quality customer support of our field units, members and other agencies with 95% customer satisfaction (15,000 users/99.7% system availability)
- Completed 77,656 CGFIXIT tickets
- Processed approximately 933,000 payments for Coast Guard, TSA, and CWMD amounting to over \$6.9 billion in disbursements, while achieving a 99.8% payment accuracy rate
- Processed approximately 15,000 utility and telephone invoices received via Electronic Data Interchange (EDI) transmissions, eliminating manual data entry
- Processed and paid over 5,800 Personally Procured Moves (PPM), paying USCG members almost \$10.8 million within the 30 - day target
- Cash reconciliation and reporting of \$11.8 billion for CG, TSA, and CWMD, including commercial payments, collections, and inter-governmental fund settlement
- Processed over \$3.3 billion in Intra-Government and Payment and Collections (IPACs) for CG, TSA and CWMD
- Property support to approximately 900 Coast Guard units with more than 248,000 assets (21,000 capital and 203,000 non-capital assets) at a gross cost of \$27 billion

## **ACCOUNTING OPERATIONS DIVISION**

The Accounting Operations Division provides professional accounting services, payments, receivables and collections for three DHS components: Coast Guard, TSA and CWMD. It is the largest division at the Finance Center and includes two branches: Accounts Payables and General Accounting.

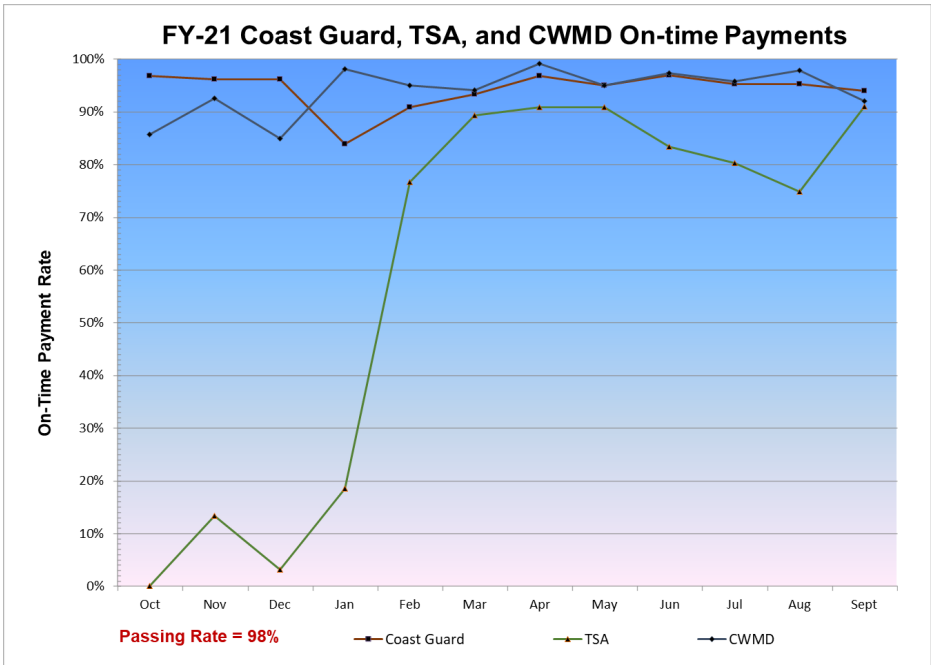
### **ACCOUNTS PAYABLE BRANCH (OP)**

Successfully completed TSA migration to DHS Financial System Modernization Solution (FSMS), involving a complete migration of data while minimizing operational down time.

Processed approximately 933,000 payments for Coast Guard, TSA, and CWMD that amounted to over \$6.9 billion in disbursements, while achieving a 99.8% payment accuracy rate.

Personally Procured Moves (PPMs): The Transportation Team and volunteers from several other Accounts Payables teams processed and paid over 5,800 PPMs, paying USCG members almost \$10.8 million within the 30- day target.

- Provided continued subject matter expert for USCG configuration and migration to FSMS.
- Trained staff and refined processes for the implementation of FSMS.
- Developed integration tools to interface legacy processes to FSMS.
- Implemented organizational plan to better align staff with FSMS architecture.



## GENERAL ACCOUNTING BRANCH (OG)

**Cash reconciliation and reporting of \$11.8 billion** for CG, TSA, and CWMD, including commercial payments, collections, and inter-governmental fund settlement.

**Processed** over \$3.3 billion in IPACs for CG, TSA and CWMD.

**Actively assisted** in configuration sessions, training guide reviews, migration clean up, migration plan deployment, and process mappings to prepare for CG deployment to FSMS.

**Managed and reconciled \$61 Million in transactions** for subsistence, fuel, hazmat, and uniforms for the Supply Fund.

## FY21 CG Receivables/Collections

| AR Type                         | # of Invoices | Amount (\$M) |
|---------------------------------|---------------|--------------|
| Reimbursable (Selling Services) | 3,300         | \$178.5      |
| Certificate of Inspection       | 21,301        | \$12         |
| Civil Fines and Penalties - Oil | 1,336         | \$73         |
| Notice of Violations            | 2,112         | \$1.5        |
| Supply Fund                     | 3,861         | \$11         |
| MISC AR                         | 3,133         | \$34         |
| <b>Total</b>                    | <b>35,043</b> | <b>\$310</b> |

## FY21 TSA Receivables/Collections

| AR Type         | Amount (\$M)   |
|-----------------|----------------|
| Passenger Fees  | \$2,400        |
| Civil Penalties | \$4.5          |
| Reimbursement   | \$10.4         |
| Other           | \$5.9          |
| <b>TOTAL</b>    | <b>\$2,421</b> |

## FY21 CWMD Receivables/Collections

| AR Type | Amount    |
|---------|-----------|
| CWMD    | \$425,068 |



## ACCOUNTING SYSTEMS DIVISION

The Accounting Systems Division has direct responsibility for USCG's Core Accounting Suite (CAS); Oracle e-Business Suite with approximately 15,000 users worldwide.

Branches include the **Functional Applications Services**, **Functional Accounting Services**, and the **TSA Liaison Office**.

### **Significant accomplishments in 2021:**

***Data validation for migration to FSMS:*** FINCEN participated in the data validation of CG data sets in support of CG migration to FSMS. This validation included the review of over 20 CG data sets for accuracy.

***Participated in User Acceptance Testing (UAT) for USCG, TSA and CWMD:*** Participated as testers and support staff for both USCG, TSA and CWMD for testing in the UAT environment to support CG Go Live to FSMS. This included coordination of testers required for daily participation and execution of over 1,160 test scripts.

***Data Scripts:*** 500 corrective data scripts were reviewed, evaluated, approved, and executed during FY21. These scripts are used to correct data in the CAS suite that are uncorrectable from the front end application or volume is too significant causing excessive workload to be performed manually. This incorrect data is typically a result from gap in functionality of existing systems.

### **Functional Accounting Services and Functional Applications Services Branch**

Payroll accounts for high dollar value, high volume transactions within CAS. SA processes the files, reconciles volume and amounts, and performs the monthly cash reconciliation with treasury while ensuring the accuracy of expenditures recorded to support financial reporting.

## FY21 Payroll Transactions

| Agency       | Count              | Amount (\$M)   |
|--------------|--------------------|----------------|
| TSA          | 154,401,278        | \$5,200        |
| USCG (Civ)   | 4,711,486          | \$1,100        |
| CWMD         | 65,021             | \$44.9         |
| <b>TOTAL</b> | <b>159,177,785</b> | <b>\$6,400</b> |

Responsible for managing manual journal vouchers that flow through CAS, we process each journal voucher in a copy of the production environment to ensure accuracy and approval prior to entry into the production General Ledger. Additionally, all working papers supporting a journal voucher request are maintained for future auditability.

| Agency       | Manual Journals Processed | Number of Adjusting Entries | Amount                   |
|--------------|---------------------------|-----------------------------|--------------------------|
| CWMD         | 165                       | 3,715                       | \$1,345,695,015          |
| TSA          | 36                        | 230                         | \$47,004,475,613         |
| USCG         | 709                       | 786,488                     | \$301,264,317,896        |
| <b>Total</b> | <b>910</b>                | <b>790,433</b>              | <b>\$349,614,488,524</b> |

**The Field Services Section** is the customer service hub for all customer service support. This team consists of a call in center help desk supporting approximately 15,000 end users of Financial Procurement Desktop (FPD) and CAS Suite. They have a training division that provides training to end users, and field vendor and customer calls related to the collections and disbursements processed at FIN-CEN. They are responsible for internal controls and annual reviews of system users and data pulls for agency access reviews.

### Customer Service Highlights:

- ◆ Number of users for CAS Portal = 14,575
- ◆ Number of CGFIXIT tickets = 77,656
- ◆ Number of Automated Access Request System (AARs) = 15,132
- ◆ Number of CGFIXIT's for Account Tables = 1,139

- ◆ Close/Open monthly accounting periods for CG in CAS TSA and CWMD in FSMS.
- ◆ Handle 19,779 member and vendor inquiries regarding payment status.
- ◆ Customer Satisfaction Rate = 95%

## **DHS FSMS/ALM Tier 1 Helpdesk**

- ◆ Total Number of ServiceNow (SNOW) tickets received at Tier1 = 9,268
- ◆ SNOW Tickets resolved at Tier1 = 2,812
- ◆ SNOW Tickets escalated to Tier 2 and 3 groups = 6,456

FINCEN produced daily payment files for transmission to Treasury including:

- ◆ 1,047 Treasury payment batches for CG
- ◆ 488 Treasury payment batches for TSA
- ◆ 326 Treasury payment batches for CWMD
- ◆ 1,638 batches for Reclass/IPACs/NonTreasury payments for CG
- ◆ 819 batches for Reclass/IPACs/NonTreasury payments for TSA
- ◆ 493 batches for Reclass/IPACs/NonTreasury payments for CWMD
- ◆ Processed approximately 15,000 utility and telephone invoices received via Electronic Data Interchange (EDI) transmissions, eliminating manual data entry.
- ◆ Procure to Pay (P2P) Tier 2 level issue remediation efforts by the branch included resolution and closure of approximately 1,503 SNOW and 4,970 CGFIXIT tickets.



## TSA LIAISON OFFICE (TLO)

The **Liaison Office** is TSA's primary point of contact for questions, concerns, and issues regarding the financial & accounting services provided by the Finance Center. Since FY 2005, TLO has been facilitating resolution of a wide spectrum of issues for TSA, FINCEN's largest interagency customer. Working directly with all FINCEN subject matter experts, TLO **provides one-stop customer service shopping for TSA**. On a typical day, TLO coordinates a multitude of issues ranging from employee travel, to property management, to commercial payments, to interagency Intra-Governmental Payment and Collection (IPAC) matters.

During FY2021, TLO played a key role in TSA's transition to the Department of Homeland Security's Financial Management System Solution. In support of this effort, TLO:

- ◆ Coordinated the transfer of three (3) unique TSA databases (for pay, property, and a data warehouse) to the new FSMS platform.
- ◆ Assisted with the resolution of the transaction backlog (i.e., commercial payments, travel voucher, IPACs, etc.) created during TSA's four (4) week transition period to FSMS.
- ◆ Coordinated TSA's FSMS transition lessons learned for use by USCG's transition team.
- ◆ Scheduled, facilitated, and coordinated TSA's first fiscal year closing and opening schedule of activities from FY21 to FY22 in FSMS.
- ◆ Coordinated and facilitated a plethora of meetings with TSA, FINCEN, and DHS's Joint Program Management Office (JPMO) to resolve FSMS systems issues.
- ◆ Drafted & finalized a new Interagency Agreement for FINCEN services to TSA w/in FSMS.
- ◆ Provided all interagency metrics and deliverables including; the quarterly personnel report & IAA invoice, the monthly balance scorecard and status report, and a variety of weekly and ad-hoc reports.

## COMPTROLLER DIVISION

The Comptroller Division includes the Administrative Services Branch, Logistics Branch, and Process Improvement and Training Branch. The division performs budget planning and execution, procurement, contracting and administrative support for over 500 military, civilian, and contract personnel, facility management services for a 100,000+ square foot facility, as well as oversees process improvement and training throughout the command. Additionally, the division functions as the Imprest Fund Manager for the Coast Guard and is also designated as Head of Agency for authorizing certifying officials, payment approval officials, and data entry operators for various U.S. Treasury payment systems.

### **PROCUREMENT (CP) and ADMINISTRATIVE SERVICES BRANCH (CA)**

- ◆ Effected planning and execution of \$14.6M in budget authority, including mission critical personnel support contracts
- ◆ Oversaw more than 1,315 line items of general purpose property valued at \$1,806,615
  - ◆ Oversaw real property assets valued at \$44,015,291
  - ◆ Executed 476 property transactions totaling >\$48,000; in addition to the disposition of more than 75 line items totaling another \$104,639 for a total of execution of more than 550 transactions valued at >\$152,639.
  - ◆ Administered \$31,524 in CGMA loans, quick loans, and supplemental education grants.

#### **Significant accomplishments in 2021:**

***Imprest Fund Support:*** Facilitated the disbursement of \$350K in Imprest Funds to provide immediate relief to areas impacted by Hurricanes Ida. These funds were utilized to procure emergency supplies and services in support of reconstitution, cash, mutual assistance loan checks, and provide emergency travel advances for CG personnel in need of temporary relocation.

***Operational Support:*** FINCEN active-duty members assisted with the backlog processing of 1,700 Transportation Security Administration invoices in accordance with Federal Acquisition Regulations and the Prompt Pay Act. Their expertise and diligence contributed to FINCEN's Accounts Payable Division clearing out the invoice backlog and reducing interest penalty payments.

***CG Workforce Support:*** Processed Coast Guard Mutual Assistance (CGMA) applications for civilian, active duty and reserve Coast Guard families with benefits totaling \$32K, during and unprecedented COVID-19 pandemic posture and natural disasters. By providing over \$32K in mutual assistance loans and \$7K disaster grant conversion throughout FY21, the branch helped CG families meet rent, child care, utility, disaster loan/grant conversion and critical financial obligations in times of need.

## **PROCESS IMPROVEMENT & TRAINING BRANCH (CQ)**

During FY21, CQ Branch was heavily focused on the TSA FSMS go-live, and the subsequent USCG FSMS cutover preparations. CQ supporting efforts included serving on the FINCEN Integrated Project Team (FIPT); kicking off, facilitating, and out-briefing 12 I-Team Working Groups; mapping 24 processes throughout FINCEN; facilitating numerous ad-hoc FSMS-related Tiger Teams, and conducting exhaustive baseline process timings in order to better identify future potential efficiencies. Lean Six Sigma (LSS) projects included an analysis of the FINCEN Employee Recognition Program as well as the ServiceNow / Helpdesk procedures.

FINCEN Mandatory Training compliance improved from 84% to 94% while consistently remaining well above USCG average. FINCEN employees earned over 1,200 Continuing Education Units (CEUs) through professional training procured by CQ Branch – thereby ensuring our professionals stay current and certified.

## **LOGISTICS BRANCH (CL)**

Ensured a clean, healthy and functional work environment spanning 100K square feet for those that were working onsite, with new COVID guidelines to follow cleaning frequency of horizontal and high touched areas were increased. We added new sanitizing stations throughout both buildings to make sure employees had products available to keep their work areas clean. We also went touchless with our hand-sanitizer and soap dispensers throughout both buildings. The normal building load is over 600 military, civilian and contractor personnel (500+ at FINCEN, 100+ detached duty and tenant command personnel); diagnosed and remedied 341 building trouble tickets; had 326 check-ins/check-outs/transfers/moves.

Completed a \$1.4M tenant improvement project to improve appearance, habitability, and compliance of all building spaces. This includes new carpet, luxury vinyl plank flooring, wallpaper removal, combining the two Annex lounges into one, new furniture in various areas, new Closed Circuit TV (CCTV) cameras to increase security visibility and parking lot curb stops in all spaces that line the buildings. These projects were phased and planned to minimize disruptions to employees' work. Without the cooperation of FINCEN employees during a COVID work environment, we would have struggled even more to get these complete.

Installed Safety Barriers on all private offices, lounges, conference rooms, training rooms and bathroom doors. This will ensure an extra step in safety if an active shooter event were to occur at FINCEN.

Continued to pursue Energy Efficient solutions, such as the replacement of all standard lighting with light-emitting diode (LED) technology.

Completed a \$123K Audio-Visual Modernization Project for the Hamilton and Eagle conference rooms to replace outdated equipment. This digital technology upgrade will help boost collaboration between offices and improve meeting productivity.

## FINANCIAL INFORMATION & CONTROL DIVISION

The Financial Information and Control Division executes the Coast Guard wide Office of Management and Budget (OMB) budgetary reporting and financial statement reporting program.

The Division is responsible for monthly, quarterly, and annual reporting to Treasury, Congress, the OMB and DHS for 111 CG Treasury Account Fund Symbols (TAFS) and 43 Counter Weapons of Mass Destruction TAFS.

They also perform compilation and preparation of the CG's principal financial statements and applicable financial reports and reconciliations mandated by the CFO Act, OMB Circular A-11, Federal Accounting Standards Advisory Board (FASAB Standards), Generally Accepted Accounting Principles (GAAP), and the Treasury Financial Manual (TFM).

Significant accomplishment in 2021:

***Audit Opinion.*** The Finance Center contributed to continued improvement in our financial processes and data in FY21, supporting DHS' eighth consecutive clean financial statement audit opinion.

The entire 2021 DHS Agency Financial Report can be found at the following link:

<https://www.dhs.gov/publication/annual-performance-report-fiscal-years-2019-2021>

Additionally, the FY2021 consolidated Coast Guard financial statements are printed in the Appendix to the FINCEN Annual Report. You may need to refer to footnotes in the DHS report for context for many of the balances. With questions pertaining to the Coast Guard's financial statements, you may contact the Headquarters Financial Reporting and Analysis Division (CG-842) or the FINCEN Financial Information and Control Division (FC).

***Additional Highlights:***

- ◆ Implemented the ‘C’ TAFs for Construction in Progress balances for those appropriations that were cancelled in previous years for asset balances moved to active appropriations.
- ◆ Downgrade of Financial Reporting Journal Voucher (JV) On Top Adjustment (OTA) from ‘material weakness’ to ‘significant deficiency’ by KPMG.
- ◆ Passed ALL Test of Design and Test of Effectiveness controls for financial reporting processes from Internal Controls.
- ◆ Implemented an automated JV database for on top adjustment coversheets and population files.
- ◆ Financial Statements were presented fairly, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles.

**FINANCIAL REPORTS AND ANALYSIS BRANCH (FF)**

The Financial Reports and Analysis Branch completes monthly analysis for each Treasury Fund Symbol for USCG and CWMD, which encompasses a dynamic group of fund types including:

**General Funds**

Operations & Support (O&S)  
Procurement, Construction &  
Improvement (PC&I)  
Research and Development  
(RDT&E)  
Environmental Compliance &  
Restoration (EC&R)  
Miscellaneous Receipts

**Other Funds**

Trust Funds  
Revolving Funds  
Budget Clearing  
Reserve Training (RT)  
Special Funds  
Retired Pay (RP)  
Abandoned Seafarers

Due to system deficiencies and timing differences, processed 2,699 Standard General Ledger adjustments for TIER (Treasury Information Executive Repository) reporting for the year. These adjustments result in increased accuracy of the financial statements.

Processed 1,806 TPIN (Trading Partner Identification Number) adjustments for the year.

For the FY21 financial statement, the branch responded to 165 audit Prepared By Customer (PBC) requests with an on-time rate of 100%.

**Financial Reporting FY21 Key Statistics**

| <b>Process</b>       | <b>Annual Number</b> | <b>Annual Absolute Dollar Value</b> |
|----------------------|----------------------|-------------------------------------|
| TIER Adjustments     | 2,699                | \$187B                              |
| TPIN Adjustments     | 1,806                | \$153B                              |
| Abnormal Balance     |                      |                                     |
| Explanations (TIER)  | 211                  | \$670B                              |
| Analytic Difference  |                      |                                     |
| Explanations (TIER)  | 136                  | \$42B                               |
| Fluctuation Analysis |                      |                                     |
| Explanation (TIER)   | 113                  | \$67B                               |
| Prior Year Recovery  |                      |                                     |
| Adjustments          | 3,126                | \$135M                              |



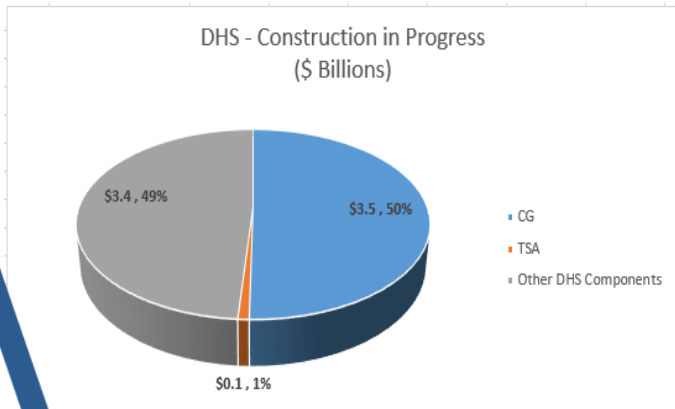
## PROPERTY OPERATIONS DIVISION

For FY21, DHS received a clean audit opinion on its financial statements for the ninth consecutive year. DHS is the only federal agency required by law to obtain an opinion on internal controls over financial reporting. In FY21 the hard work and dedication provided by the FINCEN Property Control Branch assisted significantly towards DHS achieving a downgrade of its property, plant and equipment material weakness to a significant deficiency.

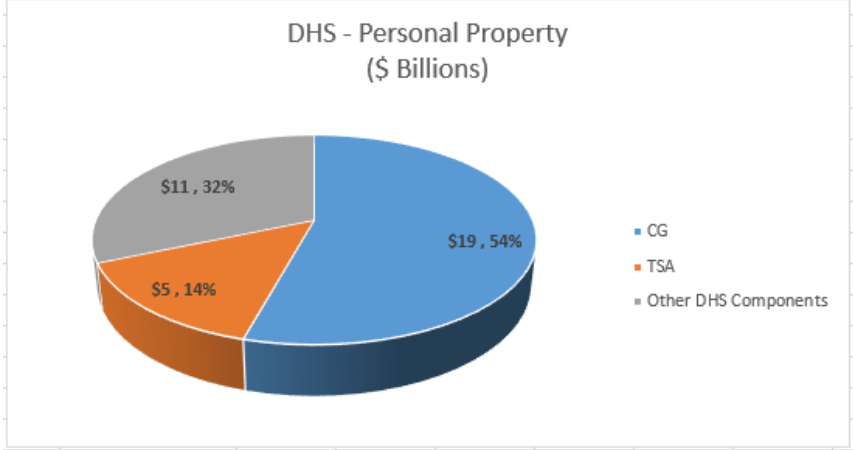
In FY21, the Property Control Branch provided support to over 1,200 Coast Guard units with more than 248,000 assets (21,000 capital and 203,000 non-capital assets) at a gross cost of \$27 billion. The Property Control Branch also provided support to TSA for approximately 11,000 capital assets at a gross cost of \$4.9 billion.

| Agency       | Capital Assets | Gross Cost       | Net Book Value   |
|--------------|----------------|------------------|------------------|
| CG           | 21,191         | \$ 27.3 B        | \$ 14.8 B        |
| TSA          | 10,993         | \$ 4.9 B         | \$ 4.6 B         |
| CWMD         | 15             | \$ .01 B         | \$ 0 B           |
| <b>Total</b> | <b>32,199</b>  | <b>\$ 32.2 B</b> | <b>\$ 19.4 B</b> |

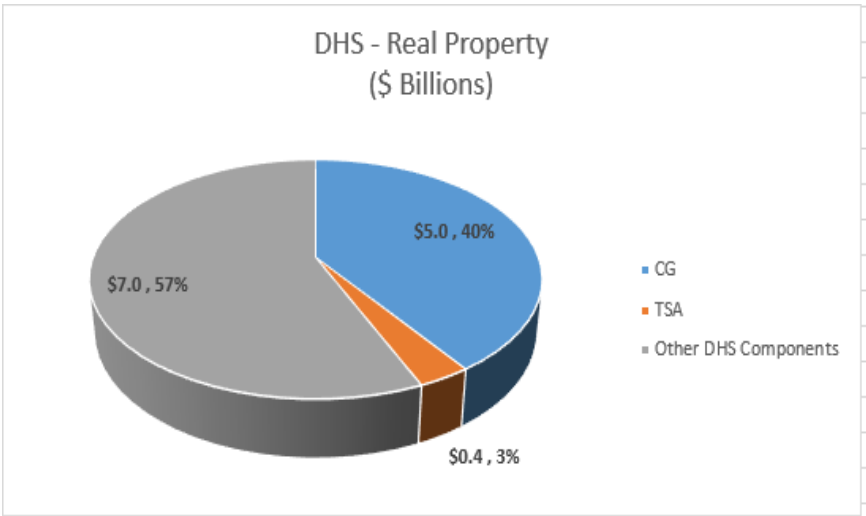
This chart represents the overall DHS Construction in Progress balances. The Property Branch was responsible for reporting 50% of the overall DHS balance for FY21. \*\*



This chart represents the overall DHS Personal Property balances. The Property Branch was responsible for reporting 56% (Coast Guard and TSA balances) of the overall DHS balance for FY21. \*\*



This chart represents the overall DHS Real Property balances. The Property Branch was responsible for reporting 39% (Coast Guard and TSA balances) of the overall DHS balance for FY21. \*\*



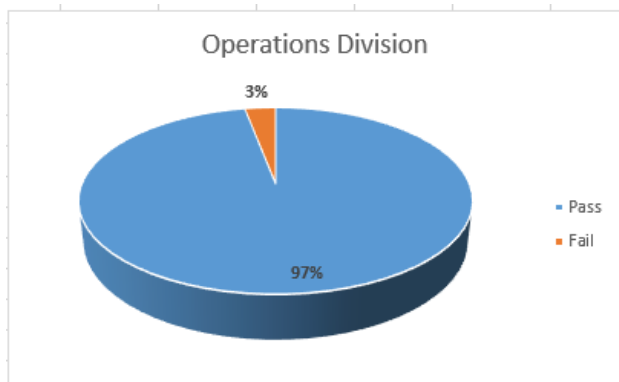
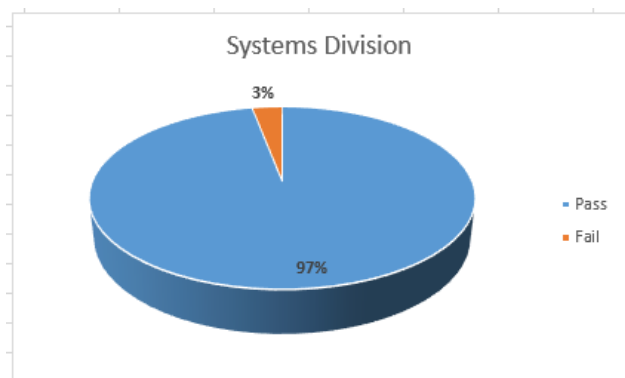
**\*\*These charts are based on figures from the DHS TIER Balance Sheet for period 12**

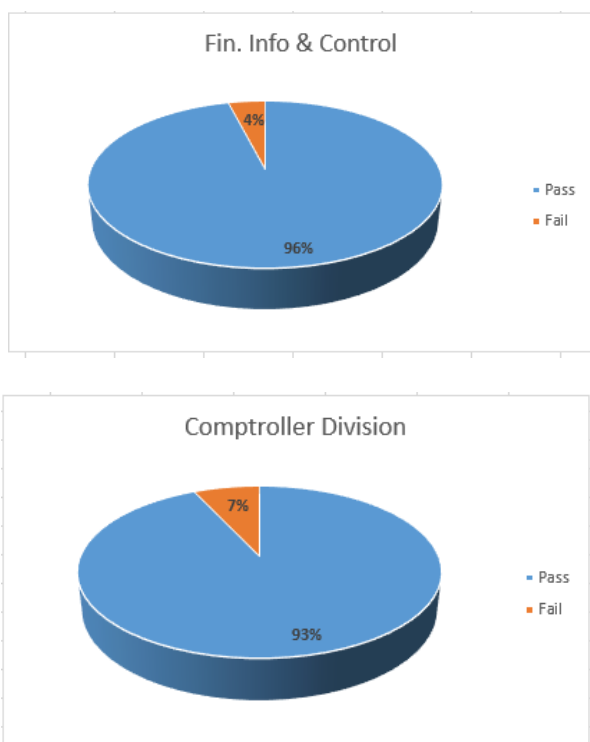
## INTERNAL CONTROL DIVISION

### Internal Control Branch Testing:

The Internal Control Branch performed control testing of **over 3,900** samples totaling **\$1.6B** in support of the Commandant's annual internal control efforts as required by the Federal Manager's Financial Integrity Act (FMFIA) of 1982, OMB Circular A-123, and the DHS Financial Accountability Act.

The following charts provides a summary of the process areas tested during fiscal year **2021** by FINCEN's Internal Control Branch.



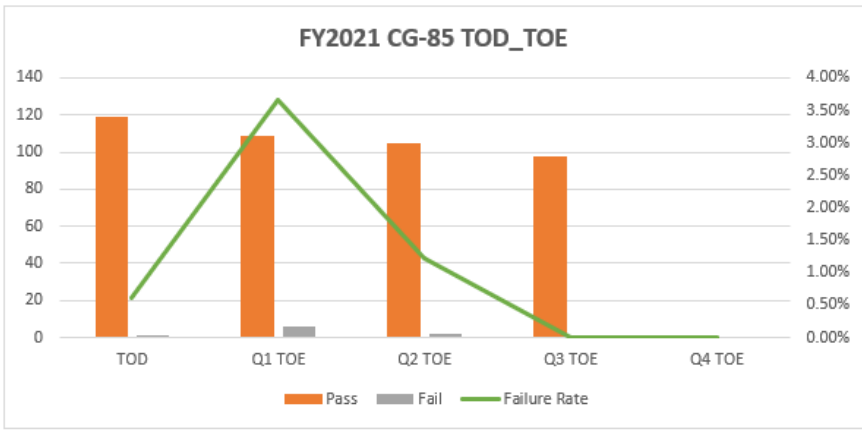


### **CG-85 Test of Design (TOD) and Test of Effectiveness (TOE) Testing:**

Components are required to assess whether their overall system of Internal Controls over Financial Reporting is designed and operating effectively to prevent or detect material misstatements in financial reporting. Specific controls identified as "Key" are evaluated through a robust Test of Design (TOD) and Test of Operating Effectiveness (TOE) process as required by OMB Circular A-123, Appendix A.

FINCEN Internal Control Branch responded to Management Control Requests (MCR's) from the Coast Guard Headquarters (CG-85) Office of Internal Controls, below is a summary of the results for FY2021:

| FY2021<br>TOD_TOE | Key<br>Controls      | Pass       | Fail     | Prior Period<br>Failure | Not<br>Tested | Failure<br>Rate |
|-------------------|----------------------|------------|----------|-------------------------|---------------|-----------------|
| TOD               | 164                  | 119        | 1        | 44                      | N/A           | 0.61%           |
| Q1 TOE            | 164                  | 109        | 6        | 45                      | 9             | 3.66%           |
| Q2 TOE            | 164                  | 105        | 2        | 51                      | 6             | 1.22%           |
| Q3 TOE            | 164                  | 98         | 0        | 52                      | 6             | 0.00%           |
| Q4 TOE            | Roll Forward<br>(RF) | RF         | RF       | RF                      | RF            | RF              |
| <b>Totals</b>     | <b>656</b>           | <b>431</b> | <b>9</b> | <b>192</b>              | <b>21</b>     | <b>1.37%</b>    |



## **FINCEN Notice and Findings and Recommendations (NFR) Corrective Action Plans (CAPs):**

The Internal Controls Branch works with process owners on their NFR Corrective Action Plans and tracks the progress on a monthly basis. This chart represents corrective action plans (CAPs) in place at the beginning of fiscal year 2021 and the remediation progress at fiscal year-end.



| FY20 NFR       | Title   | Completion Date  | Status   |
|----------------|---|--|--|
| CG-20-01       | Ineffective Design of FBWT Reconciliation Control   | 10/01/2021<br>10/01/2022<br>10/01/2023   | Partial Completion<br>Work Started<br>Work Started   |
| CG-20-02 (MAP) | Ineffective Controls Over Opening Balances  | 01/31/2021<br>06/30/2021<br>06/30/2021<br>10/01/2021   | Completed<br>Completed<br>Completed<br>Substantial Completion  |
| CG-20-03       | Ineffective Controls over the Receipts of Goods/ Performance of Services                              | 11/17/2021   | Substantial Completion   |
| CG-20-04       | Ineffective Design and Implementation of Controls over IPAC Processing                                | 09/30/2021<br>09/30/2022   | Cancelled<br>Cancelled   |
| CG-20-06       | Inappropriate Design of Controls over Property, Plant and Equipment Transaction Compliance with FMFIA | 04/15/2021<br>10/1/2021  | Completed<br>Completed   |
| G-20-08        | Ineffective Design of Controls over Intragovernmental Activity and Balances                           | 1B: 01/31/2021<br>2B: 02/28/2021<br>3B: 03/31/2021<br>4B: 10/01/2021<br>5B: 10/01/2021<br><br>1C: 01/31/2021<br>2C: 10/01/2021<br>3C: 10/01/2021<br>4C: 10/01/2021<br>5C: 10/01/2022<br>6C: 10/01/2023 | 1B: Completed<br>2B: Completed<br>3B: Completed<br>4B: Partial Completion<br>5B: Work Started<br><br>1C: Completed<br>2C: Partial Completion<br>3C: Completed<br>4C: Cancelled<br>5C: Work Started<br>6C: Work Started |
| CG-20-19       | Ineffective Design of Controls over Management's Review of (AP) Accrual Calculation                   | 10/01/2020<br>01/04/2021<br>11/17/2021   | Completed<br>Completed<br>Work Started   |
| CG-20-20 (MAP) | Ineffective Controls over Manual Journal Entries and On-Top Adjustments                               | 01/31/2021<br>05/30/2021<br>05/28/2021<br>10/01/2021   | Completed<br>Completed<br>Completed<br>Partial Completion  |
| CG-20-21       | Inappropriate Design of Controls over PC&I Labor Reclass to CIP                                       | 10/31/2020<br>05/30/2021<br>06/30/2021<br>09/30/2021   | Completed<br>Completed<br>Completed<br>Completed   |
| CG-20-22       | Ineffective Design of Controls over Suspense Account Balances for Year-End Financial Reporting        | 10/01/2021<br>12/31/2021   | Cancelled<br>Work Started  |

**TSA Internal Corrective Action Plans (ICAPs):** The Internal Controls Branch works closely with the TSA Internal Controls office to ensure all FINCEN processes are operating effectively. During the May 2021 review, all FINCEN processes were deemed effective.

| Summary by Process Area:               | Rating    |
|--|-----------|
| Accounts Payable and Payments          | Effective |
| Accounts Receivable and Revenue        | Effective |
| Financial Reporting and General Ledger | Effective |
| Payroll                                | Effective |



## DEPUTY DIRECTOR



This year, the Finance Center faced a perfect storm of two major paradigm shifts: a continuing global pandemic that resulted in a remote workforce and the transition to a new financial management system (the Financial Systems Modernization Solution – FSMS), replacing a legacy collection of 13 separate financial systems and requiring the transfer of years and years of financial data. Facing either of these issues separately would have been challenging enough, but faced concurrently, they represented a potentially disastrous situation for the Finance Center and all of our customers. Therefore, I am happy to report that despite these significant challenges, the Finance Center still managed to process nearly one million payments totaling approximately \$7 billion, process over \$3 billion in IPACs, provide property support to approximately 900 USCG units with almost 250k assets and a gross cost of \$27 billion, complete over 75k CGFixit tickets, as well as all the other achievements presented in this report.

We accomplished these feats this year despite the significant challenges we faced because of our firm belief that our most important asset is our people. By taking a very intentional approach to how we invested in our people, such as through carefully curated professional training and development opportunities and by building trust and commitment through leadership, professional development, and teamwork initiatives over the years, we empowered our employees to be both professionally knowledgeable and exceptionally resilient. They faced the challenges of FY21 head-on, and due to their effort and unwavering dedication, we are today a better Finance Center and a better Coast Guard!

# APPENDIX

## FY21 Payments by Doc Type

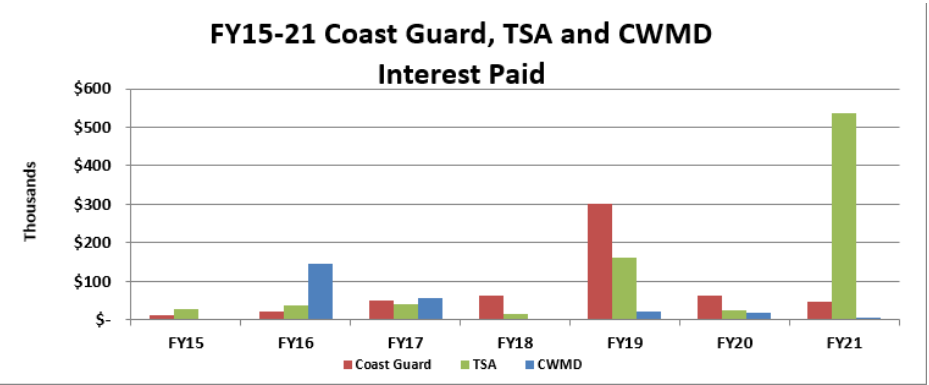
| DOC TYPE  | COAST GUARD |                 | TSA        |                 | CWMD       |               |
|---|-------------|-----------------|------------|-----------------|------------|---------------|
|   | FY21 COUNT  | FY21 AMOUNT     | FY21 COUNT | FY21 AMOUNT     | FY21 COUNT | FY21 AMOUNT   |
| 11 - Travel   | 75,624      | \$81,444,105    | 108,689    | \$70,517,663    | 736        | \$809,168     |
| 13 - Continuous Travel  | 18,441      | \$36,417,643    |            |                 |            |               |
| 12 - Permanent Change of Station  | 26,098      | \$57,823,472    |            |                 |            |               |
| 12 - Temporary Lodging Allowance  | 2,737       | \$7,786,450     |            |                 |            |               |
| 14 - Government Travel Account (GTA)/Centrally Billed Account             | 42,076      | \$10,127,591    |            |                 |            |               |
| 14 - Military Entrance Processing Station (MEPS) GTA                      | 680         | \$714,203       |            |                 |            |               |
| 15 - Syncada Commercial Transportation Approval Payment                   | 12,599      | \$13,407,179    |            |                 |            |               |
| 15 - Syncada Household Goods  | 14,188      | \$78,783,521    |            |                 |            |               |
| 15 - Manual HHG Govt Bill of Lading                                       | 135         | \$120,687       |            |                 |            |               |
| 17 - Syncada Non-Temporary Storage  | 11,145      | \$5,457,585     |            |                 |            |               |
| 17 - Personally Procured Move (PPM)                                       | 5,789       | \$18,150,487    |            |                 |            |               |
| 17 - Manual Non Temporary Storage   | 610         | \$67,846        |            |                 |            |               |
| 17 - Mass Transit   | 159         | \$31,296        |            |                 |            |               |
| 17 - PPM Advance  | 253         | \$703,289       |            |                 |            |               |
| 19 - Miscellaneous Obligations  | 6           | \$7,112         | 1,779      | \$417,369       |            |               |
| 20 - Imprest Fund   | 4           | \$549,945       |            |                 |            |               |
| 22 - SF-44 Purchase Orders (PO)   | 0           | \$0             |            |                 |            |               |
| 23 - Purchase Orders (PO)   | 12,832      | \$108,683,216   |            |                 | 1,078      | \$164,507,153 |
| 24 - Contracts  | 17,603      | \$2,655,775,801 | 21,170     | \$2,244,178,542 |            |               |
| 26 - Food Provisional   | 1           | \$30,830        |            |                 |            |               |
| 27 - Auxiliary  | 7,495       | \$1,426,674     |            |                 |            |               |
| 28 - Inter Service Support Agreement MIPR Cat 2 - Commercial Vendors      | 113         | \$9,021,492     |            |                 |            |               |
| 30 - Training   | 1,501       | \$8,933,089     | 114        | \$3,277,826     |            |               |
| 32 - Fleet Fuel Card  | 10,151      | \$6,583,302     | 386        | \$363,807       |            |               |
| 32 - Purchase Card  | 285,618     | \$221,502,357   | 52,017     | \$29,825,312    | 235        | \$366,531     |
| 32F - Federal Express   | 82,979      | \$1,239,310     | 2,544      | \$1,119,748     |            |               |
| 33 - Miscellaneous Payments   | 3,478       | \$144,012,998   | 1,856      | \$2,017,944     |            |               |
| 33 - Grants   | 412         | \$94,650,950    |            |                 | 999        | \$26,269,478  |
| 34 - Reimbursable Work Authorization (RWA)/Oil Spill Liability Trust Fund | 16          | \$1,278,249     |            |                 |            |               |
| 35 - Air Card/Sea Card  | 794         | \$14,970,195    |            |                 |            |               |
| 38 - Blanket Purchase Agreement   | 0           | \$0             |            |                 |            |               |
| 39 - Intra-Governmental Payment and Collection (IPAC) Payments            | 5           | \$5,655,504     | 81,326     | \$379,256,850   | 2,903      | 127,892,526   |
| 40 - Leases   | 9,478       | \$30,647,214    |            |                 |            |               |
| 44 - Utilities - Electric   | 23,339      | \$46,585,016    | 161        | \$640,838       |            |               |
| 45 - Utilities - Phone  | 14,033      | \$15,516,777    |            |                 |            |               |
| 46 - Utilities - Water  | 10,092      | \$12,462,693    |            |                 |            |               |
| 49 - Utilities - Natural Gas  | 12,282      | \$5,456,262     |            |                 |            |               |
| 66 - Public Voucher for refunds   | 858         | \$484,682       | 111        | \$3,697,573     |            |               |
| TOTALS  | 703,624     | \$3,696,509,021 | 270,153    | \$2,735,313,473 | 5,951      | \$319,844,856 |
| Yard Total  | 7,570       | \$169,612,089   |            |                 |            |               |
| FINCEN and Yard Total   | 711,194     | \$3,866,121,110 |            |                 |            |               |
| Grand Total (CG, TSA & CWMD) Accts Pay                                    | 987,298     | \$6,921,279,439 |            |                 |            |               |

APPENDIX

Interest Paid FY15-FY21

|             | FY15     | FY16      | FY17      | FY18     | FY19      | FY20      | FY21      |
|-------------|----------|-----------|-----------|----------|-----------|-----------|-----------|
| CG - FINCEN | \$10,709 | \$18,632  | \$31,731  | \$46,920 | \$272,307 | \$60,295  | \$43,621  |
| CG-YARD     | \$507    | \$2,271   | \$16,980  | \$16,475 | \$30,347  | \$3,397   | \$4,452   |
| TSA         | \$28,984 | \$37,953  | \$40,650  | \$15,174 | \$161,355 | \$23,190  | \$536,519 |
| CWMD        | \$259    | \$145,261 | \$55,261  | \$718    | \$22,877  | \$16,821  | \$6,542   |
| Total:      | \$40,460 | \$204,117 | \$144,622 | \$79,287 | \$486,886 | \$103,703 | \$591,135 |

|                   |         |         |          |         |           |  |  |
|-------------------|---------|---------|----------|---------|-----------|--|--|
| CG-ALC (not used) | \$6,824 | \$4,747 | \$11,902 | \$5,026 | \$113,935 |  |  |
|-------------------|---------|---------|----------|---------|-----------|--|--|



Statement of Net Cost (as of 30SEP 2021 and 2020) in \$Millions

20212020

Summary, Department of Homeland Security Programs

|   |        |        |
|---|--------|--------|
| (1) Gross Cost  | 13,777 | 13,703 |
| (2) Earned Revenue  | -331   | -435   |
| (3) Net Cost of Operations  | 13,446 | 13,268 |
| (4) Gain or Loss on Pension   | 1,498  | 2,960  |
| (5) Net Cost of Operations Including Assumption Changes                   | 14,944 | 16,228 |
| (5a) Net Cost of Operations for Funds from Dedicated Collections          | 132    | 96     |
| (5b) Net Cost of Operations for all other Funds                           | 13,314 | 13,172 |
| Gain/Loss on Pension, ORB, or OPEB Assumption Changes for all other Funds | 1,498  | 2,960  |
| Gross Cost - Eliminations   | 0      | 0      |
| Gross Cost - Federal (F/G/Z)  | 2,061  | 1,812  |
| Gross Cost with the Public (N/Blank)                                      | 11,716 | 11,892 |
| Earned Revenue - Eliminations   | 0      | 0      |
| Earned Revenue - Federal (F/G/Z)  | -190   | -181   |
| Earned Revenue with the Public (N/Blank)                                  | -142   | -254   |
| Net Cost of Operations before Gain/Loss on Pension or Assumption Changes  | 13,445 | 13,269 |
| Gain/Loss on Pension, ORB, or OPEB Assumption Changes                     | 1,498  | 2,960  |
| Net Cost of Operations Including Assumption Changes                       | 14,943 | 16,229 |

# APPENDIX

| <b>Balance Sheet (as of September 30, 2021 and 2020) in Millions</b>                           |  |  | <b>2021</b>    | <b>2020</b>    |
|--|--|--|----------------|----------------|
| <b>Intragovernmental Assets</b>  |  |  |                |                |
| Fund Balance with Treasury   |  |  | 10,898         | 10,316         |
| Investments, Net   |  |  | 10,087         | 9,425          |
| Accounts Receivable  |  |  | 19             | 26             |
| Accounts Receivable, net   |  |  | 81             | 56             |
| Transfers Receivable   |  |  | 158            | 116            |
| <b>Other Intragovernmental Assets</b>  |  |  |                |                |
| Advanced Prepayments   |  |  | 124            | 100            |
| Total Other Intragovernmental Assets   |  |  | 124            | 100            |
| Total Intragovernmental Assets   |  |  | <b>21,367</b>  | <b>20,039</b>  |
| <b>Non-Governmental Assets</b>   |  |  |                |                |
| Cash and Other Monetary Assets   |  |  |                |                |
| Accounts Receivables, Net  |  |  | 859            | 960            |
| Inventory and Related Property, Net  |  |  | 2,282          | 2,127          |
| General Property Plant and Equipment, Net  |  |  | 14,803         | 13,865         |
| <b>Other Non-governmental Assets</b>   |  |  |                |                |
| Other Assets   |  |  | 4              | 5              |
| Total With the Public  |  |  | 18             | 17             |
| Total Assets   |  |  | <b>39,311</b>  | <b>36,991</b>  |
| <b>Intergovernmental Liabilities</b>   |  |  |                |                |
| Accounts Payable   |  |  | 196            | 180            |
| Transfers Payable  |  |  | 1,552          | 1,370          |
| <b>Other Intergovernmental Liabilities</b>   |  |  |                |                |
| Advances from others and deferred credits  |  |  | 16             | 18             |
| Other liabilities (without reciprocals)  |  |  | -6             | 1              |
| Other Liabilities  |  |  | 27             | 28             |
| Liability to the General Fund of the U.S. Government for custodial and other non-entity assets |  |  | 7              | 9              |
| Total Intergovernmental Liabilities  |  |  | <b>1,792</b>   | <b>1,606</b>   |
| <b>Non-Governmental Liabilities</b>  |  |  |                |                |
| Accounts Payable   |  |  | 550            | 515            |
| Federal Employee and Veteran Benefits  |  |  | 66,881         | 63,228         |
| Environmental and Disposal Liabilities   |  |  | 396            | 386            |
| <b>Other Non-Governmental Liabilities</b>  |  |  |                |                |
| Other Liabilities  |  |  | 390            | 386            |
| Total With the Public  |  |  | 68,216         | 64,516         |
| Total Liabilities  |  |  | <b>70,009</b>  | <b>66,121</b>  |
| <b>Net Position</b>  |  |  |                |                |
| Unexpended appropriations - Funds from Dedicated Collections                                   |  |  | 0              | 0              |
| Unexpended Appropriations - All Other Funds  |  |  | 9,920          | 9,312          |
| Cumulative Results of Operations - Funds from Dedicated Collections                            |  |  | 9,675          | 9,213          |
| Cumulative Results of Operations - All Other Funds   |  |  | -50,201        | -47,659        |
| Total Net Position   |  |  | <b>-30,606</b> | <b>-29,134</b> |
| Total Liabilities and Net Position   |  |  | <b>39,403</b>  | <b>36,987</b>  |

## APPENDIX

| <b><u>Statement of Budgetary Resources</u></b>    | <b><u>2021</u></b>   | <b><u>2020</u></b>   |
|---|----------------------|----------------------|
| <b>Budgetary Resources</b>                        |                      |                      |
| Unobligated Balance from Prior Year, Net          | 4,053                | 3,790                |
| Appropriations                                    | 13,092               | 12,284               |
| Spending Authority from Offsetting Collections    | 499                  | 456                  |
| <b>Total Budgetary Resources</b>                  | <b><u>17,644</u></b> | <b><u>16,530</u></b> |
| <b>Status of Budgetary Resources</b>              |                      |                      |
| New Obligations and Upward Adjustments            | 13,529               | 12,568               |
| <b>Unobligated Balance, end of year</b>           |                      |                      |
| Apportioned, Unexpired Accounts                   | 3,799                | 3,739                |
| Exempt from Apportionments, Unexpired Accounts    | 3                    | 3                    |
| Unapportioned, Unexpired Accounts                 | 62                   | 1                    |
| <b>Unexpired Unobligated Balance, end of year</b> | <b>3,864</b>         | <b>3,744</b>         |
| Expired Unobligated Balance, end of year          | 250                  | 217                  |
| <b>Total Unobligated Balance, end of year</b>     | <b><u>4,114</u></b>  | <b><u>3,961</u></b>  |
| <b>Total Budgetary Resources</b>                  | <b><u>17,643</u></b> | <b><u>16,528</u></b> |
| <b>Outlays, net</b>                               |                      |                      |
| Distributed offsetting receipts                   | -155                 | -157                 |
| <b>Agency Outlays, net</b>                        | <b><u>12,141</u></b> | <b><u>11,347</u></b> |

### **Statement of Custodial Activity**

**(as of September 30, 2021 and 2020) in Millions**

|  | <b><u>2,021</u></b> | <b><u>2,020</u></b> |
|--|---------------------|---------------------|
| <b>Revenue Activity</b>                              |                     |                     |
| <b>Sources of Cash Collections</b>                   |                     |                     |
| Miscellaneous- User Fees                             | 19                  | 18                  |
| Miscellaneous- Fines and Penalties                   | -1                  | 0                   |
| Miscellaneous- Interest                              | 0                   | 0                   |
| Miscellaneous  | 9                   | 2                   |
| <b>Total Cash Collections</b>                        | <b>27</b>           | <b>20</b>           |
| Accrual Adjustment                                   | -1                  | 1                   |
| <b>Total Custodial Revenue</b>                       | <b><u>26</u></b>    | <b><u>21</u></b>    |
| <b>Disposition of Collections</b>                    |                     |                     |
| Transferred to Federal Entities                      | 27                  | 20                  |
| Increase or Decrease in Amount Yet to be Transferred | -1                  | 1                   |
| <b>Total Disposition</b>                             | <b><u>26</u></b>    | <b><u>21</u></b>    |

# APPENDIX

## Statement of Change in Net Position

(as of September 30, 2021 and 2020) in Millions

|  | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| <b>Unexpended Appropriations:</b>                    |             |             |
| Beginning Balance                                    | 9,310       | 8,792       |
| Beginning Balance, as Adjusted                       | 9,310       | 8,792       |
| <b>Budgetary Financing Sources:</b>                  |             |             |
| Appropriations Received                              | 12,799      | 12,033      |
| Appropriations Transferred In/Out                    | -89         | -2          |
| Other Adjustments                                    | -92         | -156        |
| <b>Appropriations Used</b>                           | -12,098     | -11,353     |
| Net Change in Unexpended Appropriations              | 521         | 523         |
| Total Unexpended Appropriations                      | 9,831       | 9,314       |
| <b>Cumulative Results of Operations:</b>             |             |             |
| <b>Beginning Balance</b>                             | -38,447     | -34,390     |
| Beginning Balance, as Adjusted                       | -38,447     | -34,390     |
| <b>Budgetary Financing Sources:</b>                  |             |             |
| Appropriations Used                                  | 12,098      | 11,353      |
| Non-Exchange Revenue                                 | 1,245       | 1,264       |
| <b>Donations and Forfeitures of Cash/Equivalents</b> | 3           | 3           |
| Transfers in/out Without Reimbursement               | -615        | -600        |
| <b>Other Financing Sources</b>                       |             |             |
| Transfers in/out Without Reimbursement               | 0           | 156         |
| <b>Imputed Financing</b>                             | 73          | 54          |
| Other  | 61          | 0           |
| Net Cost of Operations                               | -14,943     | -16,287     |
| <b>Net Change</b>                                    | -2,079      | -4,057      |
| Cumulative Results of Operations                     | -40,526     | -38,447     |
| Net Position   | -30,695     | -29,132     |





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CAPT Jeff Yarosh,  
Commanding Officer  
Mr. John Melchers  
Deputy Director



*Information collected and  
compiled by the  
Comptroller Division,  
Process Improvement and  
Training Branch  
Process Improvement Team  
December, 2021*